



**UTTARAKHAND STATE LEGAL SERVICES AUTHORITY: STANDARD
OPERATING PROCEDURE (SOP) FOR UTILIZATION OF COST FUNDS
RECEIVED BY ORDERS OF COURT**



UTTARAKHAND STATE LEGAL SERVICES AUTHORITY

High Court Campus, Nainital - 263001, Telefax: 05942-236552, e-mail: slsa-uk@nic.in,

Website: <https://uttarakhand.nalsa.gov.in>

Portal For Free Legal Aid: <https://nyaymitraslsa.uk.gov.in>

Facebook Link: <https://www.facebook.com/uttarakhand.slsa>

Youtube Link: <https://www.youtube.com/@ukslsa-uttarakhandstateleg6415>

Toll Free No:- UKSLSA-18001804000, NALSA-15100

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**UTTARAKHAND STATE LEGAL SERVICES AUTHORITY: STANDARD
OPERATING PROCEDURE (SOP) FOR UTILIZATION OF COST FUNDS
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This Standard Operating Procedure (SOP) is formulated by the Uttarakhand State Legal Services Authority (UKSLSA) to regulate the proper utilization of cost funds received pursuant to orders of various court. This SOP is framed in consideration of the directives issued by the National Legal Services Authority (*hereinafter as NALSA*) vide its Office Memorandum F.No. G/7/2025-26/NALSA/Guidelines/1348/J dated 19th July 2025 regarding instructions/guidelines on effective management and utilization of Legal Aid Fund by SLSAs, HCLSCs and DLSAs which expressly states that cost amounts kept in savings bank accounts or Fixed Deposit Receipts (FDRs) lead to audit observations. Since cost amounts form an integral part of the State/District Legal Aid Fund, the said amount shall be utilized in strict accordance with the provisions of Sections 16 and 17 of the Legal Services Authorities Act, 1987.

1. Extent, Applicability and commencement

- 1.1. This Procedure shall be called Uttarakhand State Legal Services Authority: Standard Operating Procedure (SOP) for utilization of cost funds received by orders of court (*hereinafter as 'the SOP'*) and shall be applicable to Uttarakhand State Legal Services Authority (*hereinafter as UKSLSA*), High Court Legal Services Committee (*hereinafter as HCLSC*), all District Legal Services Authorities (*hereinafter as DLSAs*) and Tehsil Legal Services Committee (*hereinafter as TLCS*) in the State of Uttarakhand.
- 1.2. It shall come into force from the date of its approval by UKSLSA.*

2. Statutory Provisions

2.1 Legal Services Authorities Act, 1987-

- i. Section 16 of the Legal Services Authorities Act, 1987 – State Legal Aid Fund-Section 16 mandates that every State Authority shall establish a fund to be called the State Legal Aid Fund, wherein shall be credited:
- (a) All sums of money paid to it or any grants made by the Central Authority for the purposes of this Act;
- (b) Any grants or donations that may be made to the State Authority by the State Government or by any person for the purposes of this Act;

- (c) Any other amount received by the State Authority under the orders of any court or from any other source.
- ii. **Application of State Legal Aid Fund (Section 16(2)):** A State Legal Aid Fund shall be applied for meeting:
 - (a) The cost of functions referred to in Section 7;
 - (b) The cost of legal services provided by the High Court Legal Services Committee;
 - (c) Any other expenses which are required to be met by the State Authority.
- iii. **Section 17 of the Legal Services Authorities Act, 1987 – District Legal Aid Fund-** Section 17(1) provides that every District Authority shall establish a fund to be called the District Legal Aid Fund, wherein shall be credited:
 - (a) All sums of money paid or any grants made by the State Authority to the District Authority for the purposes of this Act;
 - (b) Any grants or donations that may be made to the District Authority by any person, with the prior approval of the State Authority, for the purposes of this Act;
 - (c) Any other amount received by the District Authority under the orders of any court or from any other source.
- iv. **Application of District Legal Aid Fund (Section 17(2)):** A District Legal Aid Fund shall be applied for meeting:
 - (a) The cost of functions referred to in Sections 10 and 11B;
 - (b) Any other expenses which are required to be met by the District Authority.
- v. **Section 11A(5)** expressly provides that the administrative expenses of the Taluk Legal Services Committee shall be defrayed out of the District Legal Aid Fund by the District Authority.
- vi. **Section 11B of the Legal Services Authorities Act, 1987 – Functions of Taluk Legal Services Committee-**Section 11B outlines the functions of the Taluk Legal Services Committee, which include coordinating and monitoring the activities of legal services in the Taluk/Tehsil, organizing Lok Adalats and performs such other functions as District Authority may assign to it.
- vii. **Section 8A of the Legal Services Authorities Act, 1987 – High Court Legal Services Committee-**Section 8A establishes the High Court Legal Services Committee and Section 16(2)(b) specifically provides that the State Legal Aid Fund shall be applied for meeting

the cost of legal services provided by the High Court Legal Services Committee.

2.2 NALSA Guidelines vide its Office Memorandum F.No. G/7/2025-26/NALSA/Guidelines/1348/J dated 19th July 2025.

The National Legal Services Authority, in its guidelines dated 19th July 2025, has directed that:

- i. Cost amounts shall not be retained in savings bank accounts or Fixed Deposit Receipts (FDRs), as this leads to audit observations.
- ii. Cost amounts are integral components of the State/District Legal Aid Fund.
- iii. Such amounts must be utilized in accordance with the provisions of Sections 16 and 17 of the Legal Services Authorities Act, 1987.

3. Objectives

The primary objectives of this SOP are to:

- i. Ensure compliance with NALSA guidelines dated 19th July 2025 regarding the utilization of cost funds.
- ii. Prevent audit observations arising from retention of cost amounts in savings bank accounts or FDRs.
- iii. Facilitate proper utilization of cost funds for permissible legal aid activities under Sections 16 and 17 of the Legal Services Authorities Act, 1987.
- iv. Maximize the benefit of cost funds in furthering the cause of free and competent legal services to the weaker sections of society in the State of Uttarakhand.
- v. Ensure that no TLSC faces financial constraints in carrying out its statutory functions due to inadequacy of funds at the District level.

4. Permissible Utilization of Cost Funds

In accordance with Sections 16, 17, 11A and 11B of the Legal Services Authorities Act, 1987 and NALSA guidelines dated 19th July 2025, the cost funds received by orders of court may be utilized for the following purposes:

4.1 Legal Awareness Programmes (at TLSCs Level)

- i. Conducting legal literacy camps in rural and urban areas.
- ii. Organizing workshops, seminars and street plays on legal rights and entitlements.
- iii. Printing and distribution of legal awareness materials (pamphlets, booklets, posters).

- iv. Legal awareness campaigns through print, electronic and social media.
- 4.2 Establishing Front Offices in TLSCs**
- i. Setting up and maintaining Front Offices at Taluk Legal Services Committees.
 - ii. Providing administrative and temporary infrastructural support for Front Office operations.
 - iii. Procurement of office equipment, furniture and stationery for Front Offices.
- 4.3 Organizing Lok Adalats**
- i. Conducting Regular Lok Adalats at District and Taluk levels.
 - ii. Organizing Special Lok Adalats (e.g., Matrimonial, Bank Recovery etc.).
 - iii. Providing honorarium and expenses for Lok Adalat functionaries.
 - iv. Publishing and publicity of Lok Adalat activities.
- 4.4 Implementing Community Mediation Programme** (In accordance with NALSA and UKSLSA SOP on Community Mediation):
- i. Expenditure in establishing and operationalizing Community Mediation Centres.
 - ii. Training and capacity building of Community Mediators.
 - iii. Conducting awareness programmes on community mediation.
 - iv. Administrative and temporary infrastructural support for mediation activities.
 - v. Procurement of office equipment, furniture and stationery for Community Mediation Centres.
- 4.5 Expenditure for High Court Legal Services Committee (HCLSC)-** In accordance with Section 16(2)(b) of the Legal Services Authorities Act, 1987:
- i. Cost of legal services provided by the High Court Legal Services Committee.
 - ii. Conducting Lok Adalats for High Court cases.
- 4.6 Other Permissible Expenditures-** Any other expenditure that is:
- i. Necessary for the effective implementation of legal services programmes in conformity with the provisions of the Legal Services Authorities Act, 1987 with the prior approval of the competent authority (Chairman, DLSA or Executive Chairman, UKSLSA).
 - ii. Payment of honorarium to the Mediators.
 - iii. Expenses of meetings conducted by TLSCs.

4.7 Mobilization of State Fund in case of insufficient DLSA Funds- In accordance with Section 16(2)(c) read with Section 11A(5) of the Legal Services Authorities Act, 1987:

- i.** Where a District Legal Aid Fund has insufficient funds to meet the expenses of Taluk/Tehsil Legal Services Committees under its jurisdiction or for the other purposes of mentioned in this SOP, the concerned DLSA shall request UKSLSA for funds from the State Legal Aid Fund.
- ii.** UKSLSA may, upon receipt of such request and after due verification of the financial position of the concerned DLSA, sanction/grant requisite funds from the State Legal Aid Fund to enable the DLSA to defray the administrative expenses of TLSCs or for the other purposes of mentioned in this SOP.
- iii.** Such mobilization of State Fund shall be treated as a grant to the District Authority under Section 17(1)(a) and shall be utilized exclusively for TLSC administrative expenses and other permissible activities under Section 11B or for the other purposes of mentioned in this SOP.

5. Procedure for Receipt of Cost Funds

5.1 Credit to State/District Legal Aid Fund

- i.** All cost amounts received shall be immediately credited to the State Legal Aid Fund (in case of UKSLSA and HCLSC) or District Legal Aid Fund (in case of DLSA).
- ii.** No separate account or FDR shall be opened exclusively for cost funds.
- iii.** Cost funds shall be merged with the general Legal Aid Fund and cost fund shall be utilized exclusively for the purposes mentioned in this SOP.

5.2 Documentation

The following documents shall be maintained for each cost fund receipt:

- i.** Copy of the court order awarding costs.
- ii.** Proof of receipt (bank challan, cheque or online transfer confirmation).
- iii.** Entry in the cash book and ledger.
- iv.** Utilization certificate upon expenditure.

6. Procedure for Utilization of Cost Funds

6.1 Approval Process

- i. Expenditure up to ₹15,000: May be approved by the Secretary of the respective Authority/Committee.
- ii. Expenditure from ₹15,001 onwards: Requires approval of the Chairman concerned.

6.2 Procedure for Mobilization of State Fund for TLSC Expenses or other purposes mentioned in this SOP

Step 1: Request by DLSA

- i. Where a DLSA anticipates insufficiency of funds to meet TLSC administrative expenses or purposes mentioned in this SOP, the Secretary, DLSA concerned shall submit a written request to the Member Secretary, UKSLSA.
- ii. The request shall include:
 - o Justification for the mobilization request.
 - o Proposed utilization plan for the mobilized funds.

Step 2: Verification by UKSLSA

- i. Upon receipt of the request, UKSLSA shall verify the requirement of the DLSA concerned.
- ii. The Member Secretary, UKSLSA may seek additional information or clarification, if necessary.

Step 3: Approval and Sanction

- i. Upon verification, the Member Secretary, UKSLSA shall place the request before the Executive Chairman for approval.
- ii. Upon approval, UKSLSA shall sanction the requisite amount from the State Legal Aid Fund as a grant to the DLSA under Section 17(1)(a).

Step 4: Release of Funds

- i. The sanctioned amount shall be released to the DLSA through bank transfer.
- ii. The DLSA shall credit the amount to the District Legal Aid Fund.

Step 5: Utilization and Reporting

- i. The DLSA shall utilize the funds exclusively for TLSC administrative expenses and other permissible activities and purposes mentioned in this SOP.
- ii. A utilization certificate shall be submitted to UKSLSA within 30 days of completion of expenditure.
- iii. The expenditure shall be included in the annual report of the DLSA.

6.3 Disbursement

- i. All disbursements shall be made through bank transfers or account payee cheques only.
- ii. Proper vouchers, bills and receipts shall be obtained and maintained for all expenditures.

6.4 Monitoring and Review

- i. A quarterly review of cost fund utilization shall be conducted by UKSLSA.
- ii. UKSLSA shall specifically monitor requests for mobilization of State Fund and ensure timely disposal of such requests.
- iii. An annual statement of cost fund receipts and expenditures, including details of mobilized State Funds, shall be included in the Annual Report to UKSLSA by DLSAs and HCLSC.

7. Accounting and Audit Compliance

7.1 Accounting Entries

- i. All cost fund receipts shall be credited under a separate head of account within the State/District Legal Aid Fund.
- ii. All expenditures from cost funds shall be debited under appropriate expenditure heads as per the budget.
- iii. Mobilized State Funds received by DLSAs shall be credited under a separate head titled "*Grant from State Legal Aid Fund (Section 17(1)(a))*" and shall be separately tracked.

7.2 Audit Requirements

- i. Account Department of every and each Authority will maintain records and documents and the accounts of UKSLSA/DLSA shall be audited annually by the concerned Chartered Accountant as per the letter no. 1001/UKSLSA/2022 dated 27th August, 2022.
- ii. Audit objections regarding retention of cost funds in savings bank accounts or FDRs shall be immediately addressed by ensuring timely utilization.
- iii. Auditors shall specifically verify mobilization of State Funds and ensure that such funds have been utilized for the intended purposes.
- iv. A compliance report shall be submitted to the auditors within the prescribed timeframe.

7.3 Record Retention

All records, vouchers, bills and documents relating to cost fund receipts, mobilization requests and utilization shall be preserved for a period of two audits as prescribed by UKSLSA.

8. Roles and Responsibilities

8.1 Secretary, HCLSC

- i. Ensuring receipt and proper accounting of cost funds at the High Court level.
- ii. Preparation of utilization plans in consultation with the Chairman, HCLSC.
- iii. Approval of expenditures within delegated financial powers.
- iv. Submission of utilization certificates and reports to UKSLSA.

8.2 Secretary, DLSA

- i. Ensuring receipt and proper accounting of cost funds at the District level.
- ii. Approval of expenditures within delegated financial powers.
- iii. Submission of utilization certificates and reports to UKSLSA.
- iv. Ensuring that administrative expenses of TLSCs are defrayed from District Legal Aid Fund as per Section 11A(5).
- v. Identifying potential shortfalls in District Legal Aid Fund well in advance and initiating timely requests for mobilization of State Fund.

8.3 Concerned Accounts Official/Assistant

- i. Maintaining proper accounts and ledgers for cost funds.
- ii. Ensuring timely entry of receipts and expenditures.
- iii. Preparation of monthly, quarterly and annual statements.
- iv. Coordination with auditors for audit compliance.
- v. Maintaining separate ledgers for mobilized State Funds received and utilized.

9. Power to remove difficulties or to amend the SOP

If any difficulty arises in giving effect to the provisions of this SOP, the Hon'ble Executive Chairman, UKSLSA may, if considered necessary, approve such amendments or modifications to this SOP as may be required for its effective implementation, including but not limited to the following:

- i. Incorporate changes in statutory provisions.
- ii. Reflect new guidelines issued by NALSA.
- iii. Address practical difficulties in implementation.
- iv. Improve efficiency and effectiveness of cost fund utilization and mobilization of State Funds.

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