

Annexure A

**Finance
and
Accounts Manual**

Reproductive and Child Health Program Phase II

Finance & Accounts Manual for State Committees on Voluntary Action (SCOVA) & District RCH Societies



**Government of India
Ministry of Health and Family Welfare
New Delhi**

(First edition: April 2005)

Disclaimer

While all care has been taken to bring conformity with the General Financial Rules (GFR), Fundamental Rules and Supplementary Rules (FR & SR), Government of India, in case of any dispute or ambiguity regarding any provision of this manual, the GFR, FR & SR will take precedence over the provisions of this manual.

Preface

The country has initiated the RCH Phase II program as scheduled from 1 April, 2005. This program implies a “paradigm shift” looking upfront at performance and upholding the desired standards of quality and client sensitivity.

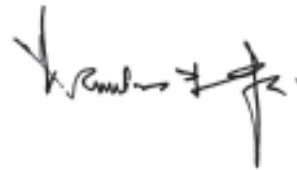
This program evolves a shared vision and a common program encompassing the entire Family Welfare sector, lending a strong focus on results, especially improving the use of RCH services by the poorest and the underserved populations and thereby contributing to the national and international goals. This takes into account needs as identified in the district plans and available capacities. This program also allows states to have greater flexibility to use the allocated funds and enhance accountability to results by allocating a part of the funds to the achievement of agreed results especially among the poorest. At the same time, use of innovative approaches, enhancing the participation of the private and the NGO sector are hallmarks of this program.

This program was designed in a process of extended and intensive consultation with the states, development partners, NGOs, experts and other stakeholders.

This intense effort will be tested against the changes perceived in service delivery, improved performance and ownership at decentralized levels in times to come.

The efforts of all those who contributed to this process, especially the design team led by Dr N Chatterjee and her colleagues, is acknowledged with appreciation.

We hope this National Plan for RCH Phase II will provide guidance to all stakeholders and implementers of this process. This, however, is an evolving document and will be enriched in due course especially in its association as an integral part of the National Rural Health Mission.



Prasanna Hota
Health & Family Welfare Secretary
Government of India

Acknowledgements

Development of Finance and Accounts Manual for the guidance of State Committees on Voluntary Action and District Health/RCH Societies is a maiden attempt to streamline the process of financial management system in the health sector. It is hoped that the manual will bring uniformity and objectivity in compliance of various procedures and submission of financial reports amongst all the states and UTs in the country.

I gratefully acknowledge the encouragement and guidance given by Shri Prasanna Hota, Secretary, Health and Family Welfare. I am also grateful to Shri S.S. Brar, Joint Secretary (RCH) for his continuous support during the finalization of the manual.

I would also like to acknowledge the contributions of Shri Venkatesh Srinivasan, UNFPA and Shri Hari Singh for their initial support. My deep thanks are due to Dr. Nandita Chatterjee, NPO, WHO for her leadership during the whole process. I am also thankful to Shri Mohan Gopalakrishnan, World Bank, for qualitative inputs which he tirelessly provided at each stage of development of the manual.

I would like to express sincere appreciation for the hard work and contributions put by Shri Rajesh Kumar, Shri Sanjay Saxena and Shri Anil Garg, Financial Consultants in bringing out this manual. The manual in its final shape is the result of Shri Rajesh Kumar's tireless contributions.



(P.K. Aggarwal)

Director (RCH-Finance)

RCH PHASE II PROGRAM - Finance and Accounts Manual

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Overview of Reproductive and Child Health Program

- 1.1 Reproductive and Child Health (RCH) Program is the flagship program of the Department of Family Welfare, Government of India. The program was launched on 10th October, 1997, amalgamating the previous programs of Maternal and Child Health (MCH), Child Survival and Safe Motherhood and Family Planning. The program is primarily offered through the Primary Health Infrastructure. The overall goals of the program are to reduce maternal and infant mortality and morbidity and unwanted fertility and thereby contribute to stabilisation of population. The program provides the overarching framework for all the Family Welfare activities. The program receives funding support from World Bank, DFID, European Commission, UNFPA, USAID and other bilateral donors.
- 1.2 The program has been extended to all the districts of the country and is currently in the 8th year of implementation. Besides implementing and strengthening various activities/interventions of the program, efforts are being made to provide quality services to all and basic services to the unmet pockets.
- 1.3 During the Tenth Five Year Plan (2002-2007), the main approach of the RCH and Family Welfare Program has been:-
 - To assess the reproductive and child health needs of the community and to provide need based, client centred and demand driven RCH care,
 - To strengthen the infrastructure for service delivery and bridge the gap in essential infrastructure and manpower,
 - To provide additional assistance to identified poor performing districts by ensuring uninterrupted supply of essential drugs and contraceptives, and
 - To promote male participation in planned parenthood.

- 1.4 The National Population Policy adopted in February 2000 affirms the commitment of the Government towards stabilising population of the country by enabling its citizens to make voluntary and informed decisions about their family size. The Policy envisages certain national socio-demographic goals to be achieved by 2010 in order to pave the way for stabilizing population in the country by 2045, at a level consistent with the requirements of sustainable economic growth and social development. It also provides a policy framework for advancing goals and prioritising strategies during the next decade, to meet the reproductive and child health needs of the people of India, and to achieve net replacement levels of fertility (Total Fertility Rate viz. TFR = 2.1) by 2010. A range of schemes/ programs have been undertaken to implement the strategic themes listed in the Population Policy for achieving the immediate objective of meeting the unmet needs for contraception, healthcare infrastructure and trained health personnel and to provide integrated service delivery, basic reproductive and child healthcare.
- 1.5 After completion of the first phase in 2004-05, the Government of India is entering into a Development Credit Agreement with the World Bank for financial assistance of US \$ 350 million for the second phase and DFID would be providing an assistance grant of Pound Sterling 250 million. RCH Phase II program will run from 2005-06 to 2009-10.

Reproductive and Child Health Phase II

(A State Plan Based Approach)

- 1.6 RCH Phase II strives to give a sense of ownership to the States and UTs for running the program. A paradigm shift is being envisaged whereby states are required to prepare and submit state specific Annual Work Plans (AWPs) which reflect the local (state and district) priorities and needs. Government of India would appraise/review the plan and provide lump sum flexi fund to the states and UTs to implement the approved plan.
- 1.7 The greater ownership being given by GoI to the states to plan and implement the program requires capacity (program as well as financial management) to prepare work plans, implement the program and report on performance against the approved plan.
- 1.8 The development partners (World Bank and Department for International Development – DFID) have agreed to pool their resources to partly finance this program. The development partners have also agreed to mainstream their financial management and procurement requirements wherein they would depend on internal systems of GoI/ states on the assurance that these would be strengthened and that a sound financial management system would be in place to ensure adequate timely and periodic financial and physical reports and audited financial statements.
- 1.9 The financial reports/financial statements are powerful management tools. Information from these reports/statements, if analyzed and interpreted properly, leads to better decision-making. It also helps monitor the progress of program implementation and check variance from planned activities and budgets. However, to achieve this, it is necessary to have standardized tools. Hence, this manual has been prepared to assist Program Managers to cull out the relevant information and to assist them in managing the program.
- 1.10 This 'Finance and Accounts Manual' is an attempt to codify the procedures for budgeting, accounting, financial reporting and auditing systems to enable the implementing agencies of the program to meet the conditions agreed to in the Development Credit Agreement.

RCH Program Components

1.11 Phase II of the RCH program aims to:

- Minimize the regional variations in the areas of Reproductive and Child Health and population stabilization through an integrated, focused, participatory program and meet the unmet demands of the target population.
- Reduce maternal mortality ratio (MMR), infant mortality rate (IMR), total fertility rate (TFR), increase couple protection rate and immunization coverage of children to hundred percent.
- Make provision for common essential package of service delivery mechanisms.
- Ensure that the supply side strategies are oriented to the demand side sensitivities to bring about assured, equitable, responsive and quality service.
- Ensure that the system is geared up to mission mode by using performance benchmarking and accountability tools.
- Overcome the regional variations, differential approaches have been adopted for a group of states at homogenous levels of achievement while designing the program.

1.12 In order to accomplish the above objectives, the program has been divided into following components:

- Infrastructure
- Personnel
- Drugs and supplies
- Operations and Maintenance
- Behavioural Change and Communication and
- Human Resource Development

Program Size

1.13 The indicative program size is approx Rs. 40,000 crores, partially funded by the development partners, and would be made available for 5 years beginning April 2005. Out of this, funds will be allocated to states through the treasury route and to the SCOVAs directly, as earlier. The funds allocated through the treasury route (through the finance department of the states) will be reflected in the respective state budgets and will take care mainly of the salary component of the state government employees involved in the family welfare activities, apart from a few small interventions. Most of the interventions on the service delivery part and actual implementation of the activities will happen with the help of funding through SCOVAs. The flexi-funding will also be at the disposal of the SCOVAs to bring in state/district specific innovations. *An indicative flow chart of the program is given at the end of this chapter.*

Creation of the Financial Management Capacities

1.14 Financial Management brings together planning, budgeting, accounting, financial reporting, internal control including internal audit, external audit, procurement, disbursement of funds and the physical

performance of the program, with the main aim of managing resources efficiently and achieving pre-determined objectives. Sound financial management is, therefore, a critical input for decision-making and program success. Accurate and timely financial information provides a basis for better decisions about physical progress of the program, availability of funds, reducing delays and bottlenecks if noticed. This helps the wheels of progress to move speedily.

- 1.15 Under RCH Phase II it has, therefore, been the endeavour of the GoI to bring in greater financial management capacities for managing the funds provided through SCOVAs. States found wanting in this respect have been provided with State Program Management Units (PMUs) and District Management Units (DMUs) by the GoI with various key personnel to manage finances professionally.
- 1.16 It is not enough to have professionally qualified people to man the posts unless they are provided with sector specific knowledge. Financial management cannot operate in a water tight compartment. Thus, induction training for the newly recruited personnel will be provided by the GoI to bring them on board. In addition, the existing finance and accounts staff in all the States/UTs will also be provided with periodic training to keep the finance and accounts managers abreast with latest developments.

Role of Finance & Accounts Managers in Optimum Utilisation of Funds

- 1.17 Under RCH Phase I it has been observed that in many states/UTs, the level of fund utilization has been very poor. While many reforms have been attempted during the implementation phase to increase the level of utilization, they have not shown results in the poor performing states/UTs. On the eve of the launch of RCH Phase II Program, the central government has committed to increase the spending on the health sector from the present level of 0.9% to 2-3% of the GDP. The concern of the central government is that when the states are not able to absorb the present level of funding, increased of finances will lead to greater level of unutilized money. Thus, the main focus of the DoFW under RCH Phase II is to increase the absorption capacity of such states and UTs. While all attempts are being made to strengthen the Program Management Units at state and district levels, it is felt that it is better financial management practices which will ultimately help the managements to aim for greater absorption capacity within the system. The accounts and finance personnel, thus, have a very vital role in the overall scheme of things under the RCH Program.

Finance Management Group At GoI Level

- 1.18 In order to manage and provide overall guidance and support during the transition to state based planning and program implementation, and to drive the overall financial management arrangements, a Finance Management Group (FMG), headed by Director (RCH Finance) and supported by professionals from various areas of expertise, has been created. In a departure from the earlier practice, all funds of all program divisions will be released centrally by the FMG. The FMG will also monitor the fund utilization centrally. The Finance Managers of the states and UTs will have a dotted line relationship with the central FMG, which will monitor their performance on a continuous basis.

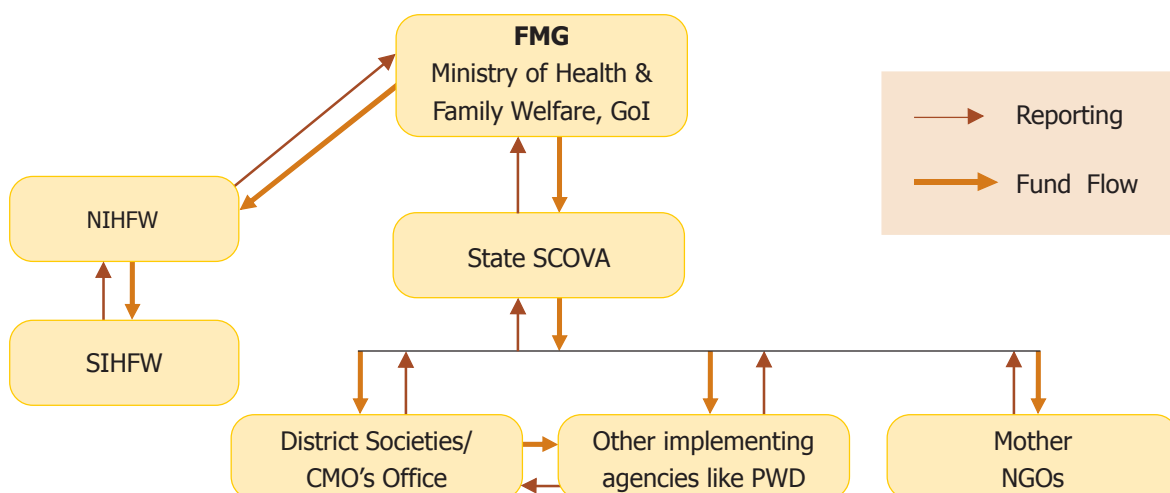
Responsibilities of the FMG

- Process all the fund releases to states/SCOVAs
- Monitor utilization level of states and districts
- Monitor submission of SoEs/ financial reports
- Monitor submission of UCs
- Compile various MIS
- Monitor financial performance indicators
- Take reimbursement from the World Bank
- Oversee the audit arrangements of the SCOVAs
- Monitor submission of audit reports in a timely manner
- Release of advance to NPSA
- Adjustment from non-plan to plan
- Monitor the performance of the bank accredited under e-banking arrangement
- Interact with state-specific divisions on a case to case basis
- Closing and reconciliation of accounts of RCH Phase I
- Training of financial and accounting personnel of states/districts

Finance Management Set-up at State and District Levels

1.19 DoH&FW, GoI has recently strengthened state and district program management units in EAG states by facilitating state and district societies to recruit contractual consultants, including in the fields of finance and accounts. The qualifications and terms of reference for the finance and accounts consultants in the state and district health/RCH societies are given in **Appendix-C**. It is desirable that other states and UTs may also strengthen their financial management capabilities at state and district levels on similar lines.

Figure 1.1 Funds Flow/Reporting Diagram



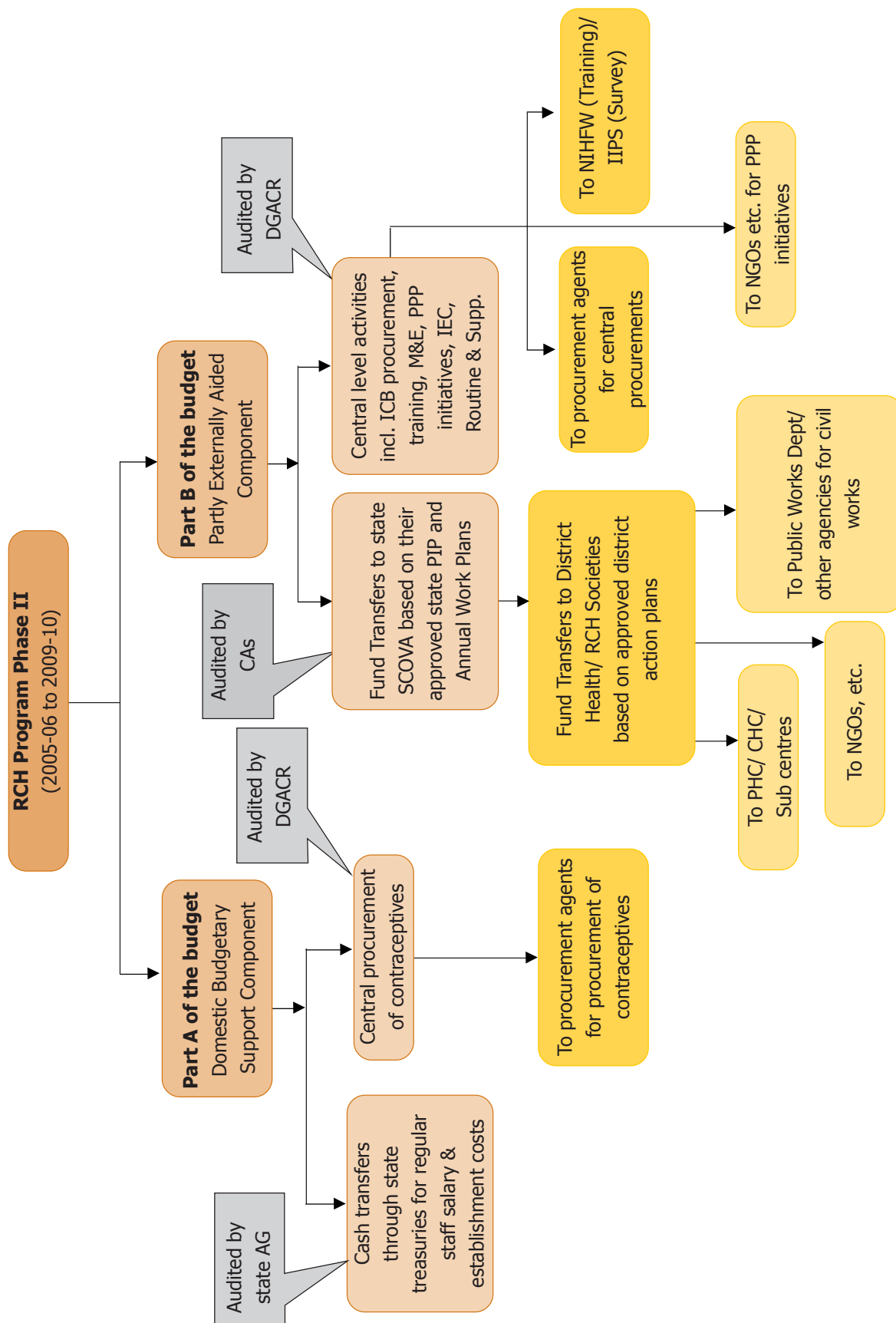
Important: Funds transferred to State SCOVA will be based on the State PIP and subject to the fulfilment of benchmark indicators in second and subsequent years.

Clarifications

1.20 For any clarifications on matter relating to financial management, enquiries can be made from the Director (RCH-Finance), Financial Management Group, Department of Health & Family Welfare, Government of India, Room No. 349-A, Nirman Bhavan, New Delhi (Phone: 011-23019205) (e-mail: fmg.mohfw@gmail.com).

(The FMG welcomes receipt of all correspondence and financial reports on this e-mail address).

Figure 1.2 Funds Flow Diagram of the RCH Program



Budgeting and Annual Work Plans

Budgeting & Annual Work Plans

- 2.1 To implement and monitor the activities during the year, each Implementing Agency in the State (i.e. State Committee on Voluntary Action-SCOVA) and District RCH Society is required to prepare a plan of action indicating inter-alia, the physical targets and budgetary estimates in accordance with the approved pattern of assistance under the scheme, covering all aspects of the program activities for the period from April to March each year, and send it to Department of Family Welfare for approval well before the start of the financial year. The action plan should be realistic and correlate the financial and physical terms.
- 2.2 From the financial year 2005-06 onwards, funds for RCH related activities would be released from the Department of Family Welfare to SCOVAs based on the approved Program Implementation Plans (PIPs) by way of a flexible pool fund, and to the district RCH societies by the respective SCOVA societies based on their district plans. In order to have a clear idea about the State's RCH budget (SCOVA), funds received from time to time and released to districts at one place, a 'Budget Receipt & Control Register' is required to be maintained at State SCOVA and district RCH Societies in the format given at **Appendix – 1**.
- 2.3 The monitoring by the GoI will be at the program level. However, to evaluate performance, progress under each activity as proposed by the state in the Annual Work Plan (AWP) and agreed by the GoI, will be monitored. Any changes in the approved AWP may be discussed during the quarterly and annual reviews and implemented by mutual consent. The states/UTs may amend their approved AWP within 10% of any of the sub item(s) so as to have flexibility in inter-component use of funds without affecting the overall outlay approved for the state/UT for the year. Activity-wise performance evaluation will then be synchronized with the revised work plan. In all such cases FMG, GoI will necessarily be informed of this revision.

Figure 2.1: An Outline of the RCH Phase II Implementation Process at the National Level

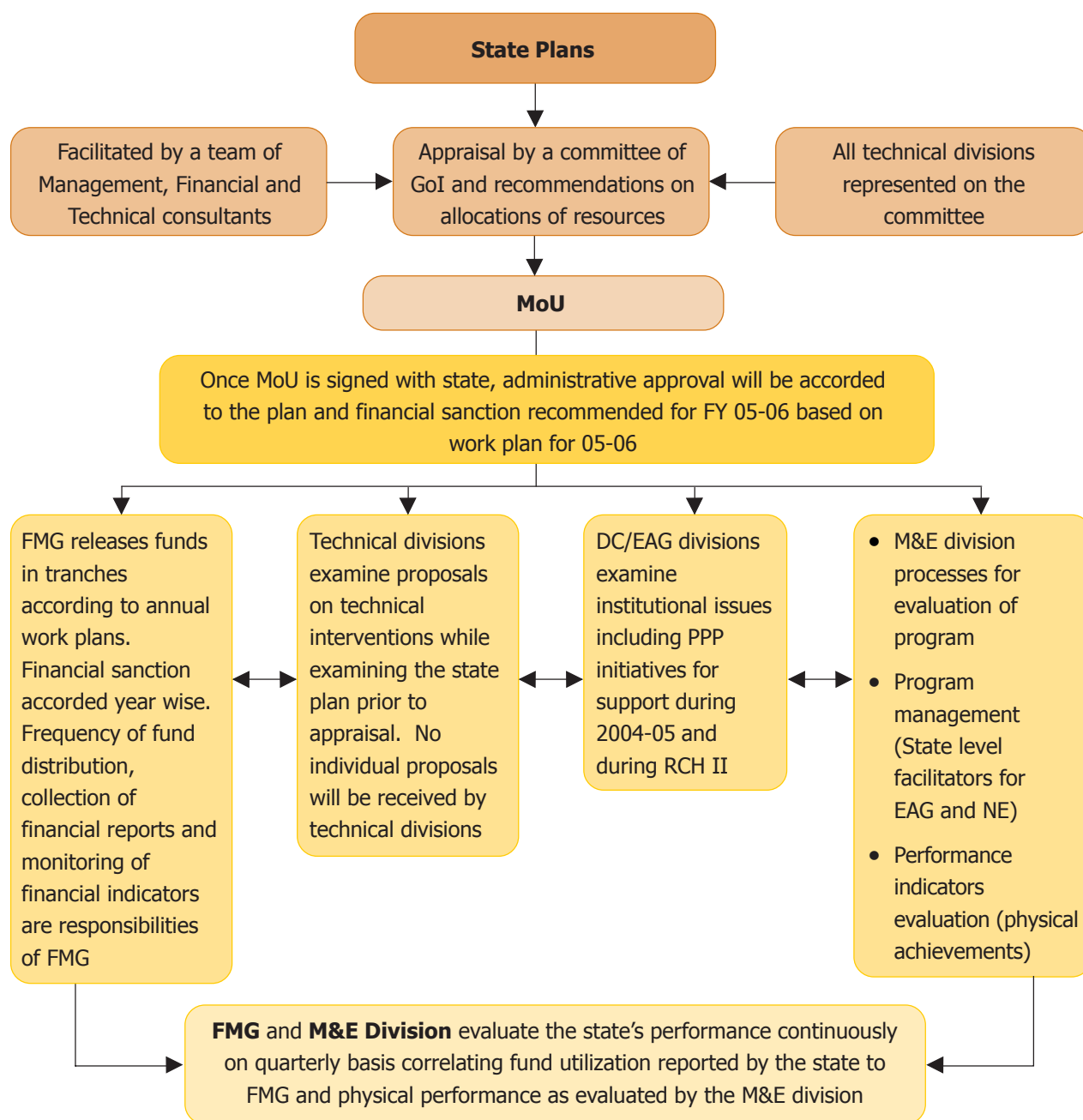


Figure 2.2 Important Dates for Submission and Approval of Annual Work Plan

Activity	Date
Last date of submission by state/UT to GoI	31 st December of the previous financial year
Last date for approval by GoI	28 th February of the previous financial year

Funds Flow Arrangements

- 3.1 The Government of India, Department of Family Welfare would be providing the funds to SCOVAs through its budgetary resources.
- 3.2 **Funds of the State Committee on Voluntary Action (SCOVA)**
 - The funds of the SCOVAs would consist of grants-in-aid made by or through Government of India, Ministry of Health and Family Welfare, Department of Family Welfare or the State Government.
 - All moneys received by way of grants, gifts, donations, and benefactions, transferred in any other manner from any source other than the government.
- 3.3 **Transition arrangements for unspent funds from RCH Phase I**
 - Since RCH Program is an ongoing program, the unspent balances lying with the SCOVAs as on 31st March 2005, will be carried forward to RCH Phase II Program, which will be launched on 1st April 2005, if the same activities for which funds were granted during RCH I find place in the approved PIP of the states/UTs under RCH Phase II. Funds granted during RCH I for the activities which are not planned under RCH II need to be refunded to the MoH&FW, GoI.
 - **However, funds carried forward from RCH I to RCH II need to be reported to the FMG, GoI for reallocation to RCH II.** Since the funds under RCH I were provided for specific activities, Utilization Certificates (UCs) would need to be furnished for the amount which is carried forward to RCH II separately. The SCOVAs will need to furnish the Utilization Certificates for each activity under which unspent balances have been carried forward at the end of March 2005 in the following manner in form GFR 19A:

"Certified that out of Rs. _____ of grants-in-aids sanctioned during the financial year (YYYY-YYYY) in favour of the State SCOVA (Name of State) by the Department of Family Welfare, Govt. of India vide letter nos. (mentioned above in format of UC) and Rs. _____ on account of unspent balance of the previous year (s), a sum of Rs. _____ has been utilized for the purpose for which it was sanctioned and that the balance of Rs. XXXX remained as unutilized at the end of the year, will be adjusted towards the grants-in-aid payable during the next year. " (excerpt from **Appendix-6**)

- The states/UTs will need to utilize this re-allocated amount preferably in the first year of RCH II (i.e., 2005-06) itself so that the UCs for the amount can be furnished separately and from the second year onward this complication is not faced.

Frequency of Funds Release and Conditions Precedent

- 3.4 Based upon the approval of the Program Implementation Plans (PIPs) and Annual Work Plans (AWPs) of the states/UTs by National Program Coordination Committee (NPCC), and the submission of Letter of Undertaking/Understanding by the states/UTs, the first tranche of funds will be released in the first year, which will be 50% of the first year's requirements. The release of second tranche of funds from Ministry of Health and Family Welfare (MoH&FW), Government of India in the first year would be made subject to fulfilment of basic Financial Management Indicators relating to *HRD and Empowerment* (Parts A & B of the Financial Management Indicators). Fulfilment of all Financial Management Indicators (Parts A, B & C of FM Indicators) would be necessary for release of funds in the second and subsequent years. In addition, from the second year onwards it will be necessary for the states/UTs to sign a Memorandum of Understanding (MoU) with the MoH&FW, GoI and achievement of at least half the institutional process targets specified in Annex III A of the MoU to access further funds. The NPCC will determine the value of releases from fiscal year 2008/09 onwards in the light of state/UTs achievement of the output targets specified in Annex III B of the MoU, as verified by means of mid-term and end-line survey.
- 3.5 Funds will be released biannually, subject to above mentioned conditions precedent.
- 3.6 The financial management indicators have been evolved for ensuring smooth flow of funds from the center to the states/ UTs and from states/ UTs to the districts and timely reporting of funds utilisation, for taking timely corrective action, wherever needed and for overall financial management of RCH Phase II Program. (*Financial Management Indicators are at **Appendix - 2***).
- 3.7 Information on financial management indicators as per **Appendix-2** need to be furnished to the FMG, MoH&FW on half yearly basis before every release of tranche during the first year of the start of the program. The dates for submission of FM indicators will be **30th September** and **31st March** during the year 2005-06. In the subsequent years it will be required to be sent once on 31st March.
- 3.8 50% of the annual funds requirement for the first year as per the approved Annual Work Plan (AWP) shall be released upon execution of the MoU, approval of State's Annual Work Plan and launch of the RCH Phase II program, thereafter biannually, based on the agreed milestones of performance and the RCH program spending pattern according to the work plans in the PIP.

Figure 3.1: Tranche Release Arrangements

	Tranche	Month	Conditions Precedent
YEAR – 1	First Tranche	by 30th April	<ul style="list-style-type: none"> As per approved annual plan for first 6 months.
	Second Tranche	by 15th November	<ul style="list-style-type: none"> Based on the expenditure reported in the first two quarters. Fulfilment of basic financial management indicators relating to HRD and empowerment (Appendix – 2, Parts A & B). Submission of Letter of Undertaking/Understanding by the states/UTs to GoI.
YEAR – 2 onwards	First Tranche	by 15th May	<ul style="list-style-type: none"> As per the approved annual plan for first 6 months. If the unspent balance with SCOVA is less than 6 months requirement, full first tranche will be released. If the unspent balance with SCOVA is more than first 6 months requirement, then no fund will be released. Fulfilment of all Financial Management Indicators (Parts A, B & C) in Appendix-2. MoU has been signed between the State/UT Government and the MoH&FW, GOI. Achievement of at least half the institutional process targets specified in Annex III A of the MoU.
	Second Tranche	By 15th November	<ul style="list-style-type: none"> Provided audited accounts, UCs are submitted for the first year and SOE for the first two quarters is also submitted. All other conditions as mentioned for the first tranche are met.

3.9 Funds will be passed on directly into the savings bank accounts of the SCOVAs by the Department of Family Welfare, GoI.

Release of Funds by State SCOVA to Districts

3.10 It has been the experience during RCH Phase I that funds received from the GoI remain idle in the bank account of SCOVA for months together. This is tantamount to sheer wastage of national resources in the pipeline when the money meant for the beneficiaries does not reach them in time. **Therefore, it will be mandatory on the part of SCOVAs to transfer funds to the districts within 15 days of the receipt of funds from the GoI. A certificate to the effect that the funds have been transferred to district societies as per their district Annual Action Plans, has to be furnished to the FMG, GoI.**

Figure 3.2

The following certificate should be furnished to the FMG, GoI on the dates specified below by the State Finance Manager/Project Director/ED	
<p>"Certified that out of Rs._____ received through the (FIRST/SECOND) tranche of the year 200_-200_ from the GoI on (dd/mm/yyyy), Rs._____ have been transferred to the account of District Societies on (dd/mm/yyyy) as per their District Action Plans."</p>	
	Date on which the certificate needs to be furnished to the FMG, GOI
For Year 2005-06	
First Tranche	By 30 th May
Second Tranche	By 15 th December
For Year 2006-07 onwards	
First Tranche	By 15 th June
Second Tranche	By 15 th December

3.11 Procedure for release of funds

- The Society funds shall be drawn through cheques and/or bank drafts.
- All cheques shall be signed by two authorized signatories of the Finance and Administration Division on the basis of a written authorization from the concerned program manager/consultant and/or Head of concerned Division and/or Executive Director and/or Director Health Services.
- Wherever releases are decided to be made through bank drafts, the authorization letter to the bank shall be signed by the concerned authorized signatories.
- In case electronic banking (e-Banking) is introduced by the Government of India for fund release and day-to-day payments for program implementation, separate detailed guidelines will be issued by the Government of India for effecting fund transfer and execution of payments.
- In all cases where funds are to be released on the basis of approved plans, the concerned program manager shall prepare a 'request for release' proposal for issue of cheque/draft by the Finance and Administration Division. The 'request for release' shall be routed to the Finance and Administration Division through the concerned Head of Division and shall be accompanied by (a) a copy of the agenda papers of the relevant meeting of the Governing Body/Executive Body and (b) a copy of the minutes of the relevant meeting indicating approval of the proposals.
- In all other cases, proposals shall be initiated by the concerned division and sent to Finance and Administration Division after obtaining the approval of the appropriate authority, depending on the sum involved.

Maintenance of Bank Accounts by State Scova Society

- 3.12 All moneys credited to the funds of the society under RCH Program shall be deposited in a savings bank account of a RBI scheduled bank approved by the Department of Family Welfare, Government of India. The societies having an account with the existing bank may continue unless otherwise intimated by the Government of India. For speedy release of funds from the centre to the states/UTs and from the states to the districts, an e-banking solution is likely to be introduced soon by the Department of Family Welfare, GoI. The detailed guidelines for the same will be provided in due course.

Accounting Policies, Heads of Account & Financial Reporting

- 4.1 The state and the district societies which receive funds in addition to the proposed flexible pool of funds against approved annual work plans shall maintain separate bank accounts and separate books of accounts in respect of funds received under other bilateral projects viz. DFID, USAID, EU, UNFPA, WHO, etc. under the RCH program.

Accounting Policies

- 4.2 In order to ensure uniformity and consistency in the method of accounting for program funds and financial reporting, the following accounting policies will be applicable. The periodic financial reporting and the annual financial statements will be guided by these accounting policies and principles. In some cases there are some deviations from the accounting standards prescribed by the Institute of Chartered Accountants of India, e.g. Depreciation Policy.

Some of the key accounting policies are:

Maintenance of Accounts

- 4.3 The accounts of the Society shall be maintained on double entry book keeping principles, on cash basis of accounting. Standard books of accounts (cash book, journal, ledger, etc.) shall be maintained in accordance with the accounting policies being given hereunder:

- Basis of preparation of Financial Statements

The financial statement has been prepared on the cash basis of accounting and the applicable accounting standards issued by the Institute of Chartered Accountants of India subject to certain exceptions which are listed below.

■ **Fixed assets**

Fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses relating to acquisition. Capital fund, equivalent to cost of fixed assets purchased during the year, is created.

For the purpose of fixed assets only those assets are counted which are directly purchased for the use in the premises of the state and district society offices and the vehicles purchased for the use of society. (see Chapter-VI under the para 'Register of Fixed Assets' for details).

■ **Investments**

Investment in FDRs or any other instruments are current investments and are stated at cost.

■ **Depreciation**

Depreciation on fixed assets is not provided as assets are generated out of Grants-in-Aid (GIA). However assets are disposed of/ condemned as per the provisions under General Financial Rules (GFR) of state/UT governments or GoI.

■ **Recognition of Income / Expenditure**

- The Grant-in-Aid (GIA) is accounted on cash basis
- The Grant-in-Aid (GIA) is reflected in the Income & Expenditure accounts as income to the extent of fund utilization against it.
- The Grant-in-Aid to the extent it remains utilized at the end of the financial year is shown as liability in the balance sheet.
- The advances to the hospitals/CHC/PHC/medical officers etc. are treated as expenditure if the individual advance was Rs.5000/- or below. All the advances above this limit will stand as advance in the books of account and will be adjusted as expenditure only when the accounts, utilization certificates are submitted by these agencies as proof of utilization.
- The funds released against the works are considered as 'Deposit' under capital work in progress. The 'deposit' will be cleared on the basis of progressive report on work completion and the reported amount for which the work has been completed will be booked as final expenditure.
- 'Other income' – interest income, income from investments are accounted on cash basis.
- The Grants-in-Aid to NGOs are treated as expenditure at the time of release; however monitoring is done through 'Memorandum Accounts'.
- Commodity grants received from the Government of India relating to the RCH program are not reflected in the financial statements of the society.

■ **Accounting of assets acquired under assisted program (other than GoI)**

The assets acquired out of funds from agencies (other than GoI) are also capitalized and equivalent amount is transferred to 'Capital Fund'.

■ **Notes and disclosure of accounting policies**

- The basis of preparation of financial reports and significant accounting policies related to material items shall be disclosed. Any changes from earlier policy may be disclosed along with the impact of such a change on financial indicators.

- The notes should provide additional information, which is not readily discernible from the financial reports but is necessary for a fair presentation of the entity's financial performance and position.
- Notes to the financial reports should be presented in a systematic manner. Each item in the statements should be cross-referenced to any related information in the notes.

Maintenance of Accounts Records

- 4.4 A record of all program transactions shall be maintained with appropriate supporting documentation for the transactions. These supporting documents should be cross-referenced so as to link them to each item of expenditure with budget heads, project components, expenditure categories (summary and detailed) compatible with classification of expenditure and sources of funds indicated in the project implementation plan and project cost budget sheets. These books of accounts together with supporting documents and project management reports should be maintained for at least three years after the completion of audit of the entire program expenditure, i.e., at least three years after the completion of RCH Phase II Program.

Heads of Accounts

- 4.5 In order to keep proper financial information on the program activities, the standard ledger heads for each component and sub-ledger heads for all the categories under these components shall be maintained. All expenditure incurred by a society shall be booked under the account heads maintained in respect of various items of expenditure relating to these components. A statement of ledger account heads is indicated in **Appendix - 3**.
- 4.6 Detailed procedures and guidelines for maintenance of books of accounts at district RCH societies and state SCOVA are given in the next chapter.

Submission of Financial Reports

- 4.7 All the districts would send a monthly financial report to the state SCOVA by the 10th of the following month in respect of expenditure incurred by them as per the format given in **Appendix – 4**. In case the information is not received from the districts by 10th, the state SCOVA will immediately contact the district RCH Society/CMO to get the information expeditiously. In some cases concerned district officials may have to be asked to personally bring the information to ensure compliance. In case districts neither furnish the information nor bring the information personally, the state officials may be deputed to look into the problems of the district in giving the information and set it right for future.
- 4.8 A format of financial report which is required to be furnished quarterly within 30 days from the close of each quarter by the state SCOVAs to the center is given in **Appendix - 5**. As stated in the above para, the state SCOVA must ensure receipt of information from all the districts, compilation, and furnishing of the same to the MoH&FW, GoI within the stipulated date without fail and no excuse will be acceptable on this count.

Figure 4.1: Various Reports and Important Dates for Districts

S. No.	Report	Date on which to be sent	Responsibility	Assisted by	To whom	Remarks
1.	Monthly Financial Report	By 10 th of the following month	CMO/CDMO/CHMO/CS	District Accounts Manager/Accounts Officer/Accountant	ED/Proj. Dir./State Finance or Accounts Manager	The timeliness of submission will be monitored and entered in the evaluation sheet of the District Accounts Manager by CMO.
2.	Monthly Program implementation report	By 10 th of the following month	CMO/CDMO/CHMO/CS	District Program Manager/AO/Accountant	ED/ Proj. Dir./State Program Manager	The timeliness of submission will be monitored and entered in the evaluation sheet of the District Program Manager by CMO.

Figure 4.2: Various Reports and Important Dates for State/UT SCOVA

S. No.	Report	Date on which to be sent	Responsibility	Assisted by	To whom	Remarks
1.	Quarterly Financial Report (Append - 5)	<ul style="list-style-type: none"> ■ 1st Quarter (April-June): 31st July ■ 2nd Quarter (July-Sept) : 31st Oct ■ 3rd Quarter (Oct – Dec): 31st Jan ■ 4th Quarter (Jan-March): 30th April 	Executive Director/ Project Director SCOVA	State Accounts Manager/Accounts Consultant/AO	FMG, GoI	<p>The Consolidated Financial Report of the state/UT shall be sent on due date to GOI without fail. The reports of the districts which have not submitted the report to state SCOVA on time will be excluded and will be included in the financial report of the next quarter. The state will inform the names of the districts whose accounts have been excluded, along with the details of period of delay, i.e., the months for which the accounts of a particular district have been excluded.</p> <p>The state/UT will also inform the GOI about the reasons for delay and steps taken to avoid such delays in future.</p> <p>The timeliness of submission will be monitored and entered in the evaluation sheet of state Accounts Manager by the ED/Proj. Dir. SCOVA.</p>

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S. No.	Report	Date on which to be sent	Responsibility	Assisted by	To whom	Remarks
2.	Audited Statement of Accounts and Audit reports of SCOVA	By 31 st July of the following year	Executive Director/ Project Director SCOVA	State Program Manager	FMG, GoI	The timeliness of submission will be monitored and entered in the evaluation sheet of State Program Manager by the ED/Proj. Dir. SCOVA.
3.	Utilisation Certificate	By 31 st July along with the Audited statements	Executive Director/ Project Director SCOVA	State Program Manager	FMG, GoI	<p>There will be ONE consolidated Utilisation Certificate (UC) for the grants received from GOI during a particular year.</p> <p>The UC will be submitted in Form No. GFR 19A (Appendix-6)</p> <p>There will be no differentiation between types of grants – recurrent or non-recurrent – in this regard.</p> <p>Separate UCs will be required for funds carried forward from RCH Phase I.</p>

- 4.9 The state SCOVA will evaluate the performance of the contractual Finance and Accounts staff by suitably devising a performance appraisal format/sheet which will inter-alia include her/his performance vis-à-vis Financial Performance Related Indicators as mentioned in paras C.1, C.2 & C.3 of the Financial Management Indicators (**Appendix – 2**). A copy of this performance appraisal sheet will be forwarded to the Financial Management Group (FMG), GoI for getting concurrence for the yearly extension of tenure of the Finance and Accounts personnel. Pending feedback from the Central FMG, the SCOVAs will be empowered to extend the tenure up to six months.
- 4.10 A similar procedure may be followed by the state/UT SCOVAs to evaluate and monitor the performance of accounts and finance staff of the district RCH societies.

Utilization Certificate

- 4.11 In respect to the grants-in-aid received from the Government of India, the Society shall furnish a "Utilization Certificate" (UC) in Form No. GFR 19A duly signed by the ED/Project Director to Department of Family Welfare, GOI along with the audited annual financial statements. A copy of the format of Utilization Certificate is at **Appendix-6**. The UC is required to be submitted by 31st July every year along with the audited statement of expenditure. Since under RCH-II, there would be a lump-sum sanction of grant-in-aid to SCOVA for various activities, a single UC would suffice for the sanctions of RCH. However, separate UCs would be necessary for grants-in-aid released for Pulse Polio, EC-SIP project, UNFPA IPP area projects, etc. for which separate sanctions and funds were released.

- 4.12 All Grants-in-Aid sanctioned and released by the Government of India to SCOVA in a particular financial year shall be indicated by the Society in its Utilization Certificate of that financial year, irrespective of the fact that the amount is received by the society in the subsequent financial year.

Review / Revision of Financial Powers

- 4.13 The Governing Body may review and revise the financial powers of the office bearers of the bodies of the Society on an annual basis and revise the same, if considered necessary.

Delegation of Financial Powers

- 4.14 To ensure smooth, fast and efficient utilization of funds for the purpose(s) for which these are released by the Government of India, the GoI has prescribed a model Delegation of Financial and Administrative Powers to State/UT Governments both at State SCOVA and District Health/RCH Society levels. Model Delegation of Financial and Administrative Powers is annexed at **Appendix-A** and **Appendix-B**. Financial Management Indicators at **Appendix-2**, read with Para 3.4 of this Manual, makes it clear that the states need to delegate financial and administrative powers to the functionaries of state SCOVA and District Health/RCH Societies before the release of second tranche of the first year of launch of RCH Phase II Program to access further funds.
- 4.15 The society shall function on the basis of the delegation of such financial and administrative powers, which have been delegated by the Governing/Executive body of the society or through the Government Order of the state/UT Government.

Miscellaneous

- 4.16 The income and property of the society, howsoever derived, shall be applied towards the promotion of the objectives thereof, subject nevertheless to financial discipline in respect of the expenditure of grants imposed by the central government from time to time.
- 4.17 If on the winding up or dissolution of the Society there shall remain after satisfaction of its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members or any of them, but shall, consistent with the objectives of the society, be dealt with in a manner determined by the Central Government.

Audit of Accounts of State SCOVAs and District Health/RCH Societies

- 5.1 In order to have satisfactory financial accountability it is essential to have an effective audit system for all state SCOVAs and District RCH Societies in each state/UT, which are implementing and monitoring RCH Phase II Program.
- 5.2 Audit will be of two types – Internal and External.

External Audit

- 5.3 **Purpose:** The purpose of external audit is to decide whether the financial statements of the state and district SCOVA represent a true and fair view of the financial position as at end of the financial year and of the operations for the year ended on that date. Primarily external audit, for the purpose of the submitting audited financial statements to the MoH&FW, GoI, will be carried out by a firm of chartered accountants appointed from a list provided by the MoH&FW, GoI. In addition, the C&AG of India through State AGs may carry out a supplementary audit under the C&AG "Duties, Powers & Conditions of Services Act, 1971."

Internal Audit/Management Audit

- 5.4 **Purpose:** The purpose of internal/ management audit is to determine whether the financial management arrangements including internal control mechanism as developed are working effectively and to identify areas for improvement and enhancing efficiency. The primary internal audit / management audit will be carried out by the DoFW either on its own or through an outsourced arrangement. In addition, the SCOVA may be audited by Internal Audit by the State Directorate of Health & Family Welfare or by State Finance Department or by any other agency

assigned the task by the state/UT or by the audit team of the Chief Controller of Accounts, Ministry of Health and Family Welfare, Government of India.

5.5 Indicative guidelines for conducting various kinds of audit are given in **Appendix – 13.**

Brief Description About Audit Systems

5.6 Internal checks

- The Executive Director/Project Director of state SCOVA, State RCH Program Officer, Consultant (Finance) and District RCH Program Officer will ensure that the returns and statements about expenditure and physical progress are prepared accurately and submitted to the authority concerned within the prescribed time limit.
- Above mentioned officers will also ensure that District Profiles, District Plans, Perspective Plan and Annual Work Plan and Budget Estimates are prepared correctly by state SCOVA & each district RCH society and are submitted to the higher authorities.
- Critical report about Budget provision V/s Physical Progress and expenditure incurred shall be prepared after analyzing the SoEs and Program Progress Reports with due care and attention by the Consultant (Finance) and submitted to the chairperson of Executive Committee of state SCOVA and DoFW as per time schedule.
- Visits of officers of state SCOVA to the district RCH societies and visits of officers of the DoFW, especially the officers of Financial Management Group (FMG) at state and district level for spot inspection of accounts and financial management system on random basis.
- Consultant (Finance) shall form a team and chalk out program for field visits and ensure that each district RCH society or any other program implementing agency are visited at least twice in a financial year.

5.7 An indicative checklist on basic financial controls is given in **Appendix-13A.**

Internal Audit System

5.8 Internal Audit is a method of control that functions by examining and evaluating the adequacy and effectiveness of other controls throughout the organization. The internal audit activities should include pre-payment audit as well as independent appraisals of the financial, operational and control activities of the program. The responsibilities of internal auditors should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with RCH II financial norms and procedures of the manual.

Procedure For Internal Audit System

5.9 District level

- The Executive Director/Project Director of SCOVA with the help of the State Finance Manager/ State Accounts Manager/Consultant (Finance) shall ensure proper arrangement for internal audit of each district RCH society and other program implementing agencies in the state, which should be finalized well before the close of each financial year.

- This internal audit will be carried out by the team of State Finance Manager/State Finance Consultant and State Accounts Manager/State Accounts Consultant on a sample basis. The sample of district societies will be chosen by the Executive Director/Project Director SCOVA. A system should be put in place which will ensure that each major program implementation district society is audited at least once in two years.

5.10 State level

The state SCOVAs and other RCH program implementing agencies will be audited by the teams from the MoH&FW, GOI on a sample basis. In addition the internal audit team of the Chief Controller of Accounts, Ministry of Health and Family Welfare, GoI will also conduct audits on a sample basis.

Notes: A List of Points to be kept in view while conducting audit is given in **Appendix – 14**.

Appointment of External Auditors

- 5.11 DoFW, GoI will furnish a panel of Chartered Accountant firms drawn from the panel maintained by the Comptroller and Auditor General of India (CAG). The firm would be selected out of this panel by states/UTs based on certain criteria like experience of firm, experience of partners, and strength of partner. The selection process should be transparent and well documented. The selection process will be subject to review by the Internal Audit parties of the Chief Controller of Accounts, Ministry of Health and Family Welfare, GoI, and the audit team of the CAG. A chart giving the criteria for evaluating CA Firms is given at **Appendix- 14-A**.

Figure 5.1: Important Activities and Dates for External Audit

S. No.	Activity	Date	Remarks
1.	List of Chartered Accountant Firms from GoI to States/ UTs	By 31 st December of the year for which audit is to be done	
2.	Contacting the firms from the list provided by GoI	By 31 st January of the year for which audit is to be done	<ul style="list-style-type: none"> ■ The firms will be contacted by sending Request for Proposal – including Letters of Invitation & TOR by registered post with acknowledgement. ■ It should be made clear in the invitation letter that only 'Technical Bids' will be accepted in a sealed envelope. No financial bid is to be provided by the CA Firms. ■ It should also be made clear at this stage that only the firm found most suitable in the evaluation of technical bid will be awarded the audit work.

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S. No.	Activity	Date	Remarks
			<ul style="list-style-type: none"> ■ The dates for opening the 'Technical Bid' will be clearly mentioned in the invitation letter. ■ It will also be mentioned in the invitation letter that the 'Technical Bid' will be opened in the presence of representatives of the Chartered Accountant firms who have applied. ■ A copy of the Terms of Reference (TOR) should be given to each firm.
3.	Last date for accepting the technical bids	By 28/29 th February of the year for which audit is to be done	
4.	Date for opening the Technical Bids	Same date as of accepting the technical bids	Same day of accepting the technical bid. Evaluation etc. Give criterion of evaluation – Standard Evaluation Form.
5.	Date for intimating the selected auditor	Within next FIFTEEN WORKING DAYS of opening the Technical Bids	The technical bids will be evaluated by a committee duly appointed by the Executive Body of the state SCOVA as per the Standard Evaluation Sheet given at Appendix-14A.
6.	Last Date for appointing the auditor	By 31 st March of the year for which audit is to be done.	<ul style="list-style-type: none"> ■ The appointment letter will clearly mention the date on which the accounts of the SCOVA and district societies will be made available to the auditor for audit. ■ A copy of this 'Finance and Accounts Manual' will be made available to the auditor along with the appointment letter.
7.	Completion and finalisation of accounts of all the district health/RCH societies	30 th April of the following year	
8.	Completion of audit of district health/RCH societies	31 st May of the following year	If the accounts of the SCOVA and the district societies are not made available to the auditor, the auditor will be free to inform the GoI about the delay.
9.	Consolidation of accounts of all districts health/ RCH societies with the accounts of state SCOVA	15 th June of the following year	

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S. No.	Activity	Date	Remarks
10.	Completion of audit of state SCOVA	30 th June of the following year	
11.	Submission of audit report to MoH&FW, GoI along with management letter and society's comments on it and UCs	31 st July of the following year	
12.	Signatories to audited Statement of Accounts		Executive Director/ Project Director/ State Program Manager/ State Finance Manager and the Auditor.

- 5.12 The appointment of External Auditor shall be made by the governing board of the concerned state SCOVA, on the recommendations of its Executive Committee. It is recommended to appoint the same auditors for all centrally sponsored schemes being undertaken through state SCOVA. This would ensure annual audit for the SCOVA society as a whole and the same audit report could then be used to submit the Income Tax Return. For short-listing the firms of Chartered Accountants, expression of interest may be obtained as per the format in **Appendix – 15**.
- 5.13 As being done presently, the auditors at the state level, who would be the 'Principal Auditors' for the SCOVA society will be appointed after inviting both technical and financial bids from the firms empanelled with CAG or DoFW not necessarily located in the state/UT concerned.
- 5.14 The audit of accounts shall cover the SCOVA society office and all district societies. Auditors appointed for the audit of state SCOVA should preferably do the audit of district health/RCH societies. In addition, a few other RCH Program implementing agencies like the CHCs/PHCs may be selected on a random basis for audit of their RCH implementation activities. The Chartered Accountant firm should complete the audit work by 30th June every year.
- 5.15 The objective of the audit of the financial statements is to enable the auditor to express a professional opinion on the financial position of the progress as at 31st March of the previous year and the funds received and expenditure incurred for the accounting period ended March 31 of each financial year. In addition to the audit report, the auditor will prepare a 'Management Letter' to comment upon accounting policy, internal control, specific deficiency or area of weaknesses noted in the system etc.
- 5.16 Indicative terms of reference (TOR) of audit by Chartered Accountants firm is given in **Appendix – 16**.
- 5.17 After completing the audit work of the state SCOVA society and its district societies, the external auditor has to express his opinion on the financial statements prepared by the state SCOVA staff. The audit report must accompany the following financial and other statements:
- Receipt and Payment account (**Appendix - 17**)

- Income & Expenditure account (**Appendix - 18**)
- Balance Sheet (**Appendix - 19**)
- Statement of fixed assets in the form of a schedule (**Appendix - 20**)
- Schedule of loans and advances
- Auditor's report as per the format given in the appendix (**Appendix - 21**)
- Management Letter with comments of the state (**Appendix - 22**)
- All significant accounting policies
- Notes to accounts
- List of outstanding liabilities as notes to accounts
- Utilization Certificate (**Appendix - 6**) and
- Bank Reconciliation Statement (**Appendix - 9**)
- Compliance report on pending Audit observations of last year(s)
- Comparison between the audited accounts and the SoEs/financial reports submitted to GoI by the SCOVA

5.18 The above documents shall be prepared by the State Accounts Manager/State Finance Manager/ Associate Consultant (Accountant) with the help of Data Manager/Computer Accountant at SCOVA and by the District Accounts Manager/Accounts Executive with the help of Data Manager/General Assistant (I.T.) at District Health/RCH Society latest by 30th April. These will be thoroughly examined by the Chartered Accountant and authenticate by putting their signature and seal of the office. All such formalities shall have to be completed by 30th June every year by the external auditor and submit three original sets of the annual audited accounts.

5.19 The Executive Director/Project Director of each state SCOVA/UT shall submit audited accounts before the Executive Committee in its next meeting along with his comments on the points mentioned in the Management Letter and notes on accounts by the external auditor. After approval the accounts shall also be submitted to the Governing Body of the State SCOVA for its approval. Thereafter these accounts along with Utilization Certificate will be submitted to the Director (Finance-RCH) in the DoFW, GoI, New Delhi by **31st July** every year for further action.

Note:

- If it is not possible for annual audited accounts to be approved by the Governing Body of the state SCOVA, these may be submitted to the Financial Management Group and head of concerned state division, DoFW by 31st July without approval. Intimation about the approval of the Governing Body on audited accounts shall be sent to DoFW latest by 31st August.
- This procedure shall only be adhered to as an exception to the prescribed procedure.
- The auditors are expected to provide a management letter addressed to the Governing Body, state/UT SCOVA, wherein observations (other than those which in his opinion materially affect his opinion on the financial statements) in respect weaknesses in the systems, procedures, internal controls and checks, physical achievements, etc.

- The audited statements have to be submitted in triplicate addressed to the Director (RCH-Finance), Department of Family Welfare, Nirman Bhawan, New Delhi-110 011. Report should also contain on the face of it full name, address, phone/fax numbers, e-mail address and mobile number etc. of the concerned officials and of the Financial Consultant engaged in the implementation of RCH Program Phase II.
- There shall be a consolidated audit of the accounts of SCOVA and district RCH societies. Audit for the year will include all the components of the RCH, Immunization Strengthening Project (inclusive of Pulse Polio Immunization), and European Commission supported Sector Investment Program (EC-SIP). The concerned auditor will specifically mention in the audit report about the coverage of audit on these components and will also ensure that the releases and expenditures are duly separately reflected in the program financial statements.

Superimposed Audit

- 5.20 The accounts of each SCOVA society along with its district societies shall also be subject to audit by the Comptroller and Auditor General of India as per the "CAG (Duties, Powers & Service Conditions Act 1971)". The Act also provides for a special audit/ performance audit of SCOVA societies by the team of auditors of the CAG which can be undertaken as and when found necessary.
- 5.21 This audit will be at the discretion of the C&AG and its AG offices and will not be a pre-requisite for submitting the audited statements to the MoH&FW, GoI.

Management Audit by MoH&FW, GoI

- 5.22 The Financial Management Group (FMG) at DoFW and any other agency appointed for the purpose may undertake the Management Audit of state SCOVAs and district RCH societies to improve the efficiency and effectiveness of the financial system. The following areas would be commented upon by the management audit:
- Management structures, policies and practices
 - Rate of activity delivery - Financial/Physical
 - Fixed assets management system
 - Budgeting practices
 - Program evaluation
 - Examining the expenditure statements against approved budget provision be monitored on six monthly basis by analyzing quarterly and six monthly expenditure and physical progress reports
 - The receipt of funds from DoFW and its subsequent releases to district and sub-district level may be monitored on half yearly basis by examining the financial report received from state SCOVAs
 - Augmentation of state program management unit and district PM units can be analyzed from the reports about staff position required to be sent in the prescribed format by state SCOVAs along with financial report and physical progress reports
 - By deputing senior officers of the concerned state division located at DoFW, to the state SCOVAs and some RCH districts

- Whether good governance practices are followed.

Compliance of Audit Observations and Providing Complete Facility for Auditing

- 5.23 All the state SCOVAs and their district program management units, along with CHCs/PHCs and other RCH Program implementing agencies shall be under legal obligation to provide all facilities including production of books of accounts, prescribed registers, files regarding purchases of all types of goods/items, files of construction works etc. These shall be handed over to the in-charge of audit party of any agency as mentioned in the beginning of this chapter and receipt of such record obtained on plain paper which shall be returned back to the in-charge of audit party when such records are given back.
- 5.24 All the above noted Program Implementation Agencies shall also be responsible to make compliance of audit observations, made in any inspection/audit report within the time limit prescribed by the controlling authority.
- 5.25 It will be the responsibility of the Executive Director/Project Director/State Finance Manager of the SCOVA to send an **Action Taken Note** on the audit observations of all types of audits to the FMG, MoH&FW, GoI within 6 months of the completion of a particular audit.
- 5.26 **The auditors will also comment on the status of the settlement of old audit paras in their audit report.**

Financial Management, Internal Control & Accounting System at SCOVA & District Health/RCH Societies

Guiding Principles of Financial Management

- 6.1 Any officer of a state SCOVA or of a district FW/RCH/Health Society, who is authorized to incur expenditure or draws money out of the RCH Phase II funds (Bank Account) for disbursement, should treat himself as a trustee of the funds of such society or district unit and would therefore, manage all types of financial affairs in the capacity of a sincere Executive Trustee.
- 6.2 The officer, who is authorized to draw and incur expenditure out of a state SCOVA or a District FW/RCH/Health society fund, is expected to exercise same vigilance, which a man of ordinary prudence exercises while incurring his own money. He should keep in mind that:
 - Funds should not be drawn if they are not required for immediate disbursement.
 - The expenditure on any item/work/article etc. should be incurred according to the approved work plan & budget provision.
 - Funds should not be utilized directly or indirectly on himself or on any family member or relative of the officers who operate the funds of the society or a unit for the time being.
 - The Executive Director at state SCOVA and district RCH Program Officer at District FW/RCH/Health Society level will ensure, with the help and assistance of Consultant (Finance) & Accounts Executive, respectively, that an efficient system of internal financial control is introduced, for which they should visit district FW/RCH/Health Society & RCH Program implementing agencies

frequently & make instant inspections/examinations of cash book, bank pass book, ledgers & some vouchers of more than Rs.1,000/- value and satisfy themselves that all of these are being maintained properly.

- Officers authorized to incur expenditure must ensure that financial order and strict economy are enforced at every step and see that all relevant financial rules, orders, directions and instructions are observed.
- It should be seen that not only the total expenditure is kept within the limits of the budget provision but also that the funds allotted/transferred, are spent strictly in the interest and service of the program and upon the objects for which provisions have been sanctioned.
- He will also see that items of expenditure are of obvious necessity and are at fair and reasonable rates, sanction of the competent authority obtained and calculations are correct.
- In order to exercise proper financial control, he should keep himself closely acquainted with the progress of receipts, expenditure, commitments or liabilities incurred but not paid.

Cautions Before Withdrawal & Disbursement of Funds

- 6.3 Money from the society's fund should be drawn only when it is required for immediate payment/disbursement to any party or person or firm. It shall always be paid through account payee cheques/demand draft.
- 6.4 Before authenticating a cheque for any payment/disbursement, the cheque drawing officer, in this regard, shall ensure that:
- There is a proper and formal statement of claim (Bill) or invoice through which payments have been demanded by the concerned person or party or firm.
 - That the purchases made or services received are according to the approved plan and the claimant is entitled to get it.
 - That the particulars of the claim (i.e. rates, calculations, net payable amount etc.) have been examined/checked by the computer accountant or by an authorized accounts person and have also been entered in appropriate stock/store register wherever necessary and certification on this account has been made on the bill/claim itself by an authorized officer.
 - A competent sanction to incur expenditure is attached with the claim. In case of petty payments signing of a cheque on the basis of a voucher shall tantamount to be a competent sanction for payment, provided that on the voucher concerned "Passed and Authenticated for Payment" orders have been mentioned signed by one of the cheque drawing officer.

Procedure for Utilization of Funds

- 6.5 ■ The society funds shall be drawn through cheques and/or bank drafts.
- All cheques shall be signed by two signatories of the finance and administration division, authorized by the Governing/Executive body of the society, on the basis of a written authorization from the concerned program manager/consultant and/or head of concerned Division and/or Executive Director and/or Director Health Services.

- Wherever releases are decided to be made through bank drafts, the authorization letter to the bank shall be signed by the concerned authorized signatories.
- In case electronic banking (e-Banking) is introduced by the Government of India for fund release and day-to-day payments for program implementation, separate detailed guidelines will be issued by the Government of India for effecting fund transfer and execution of payments.
- In all cases where funds are to be released on the basis of approved plans, the concerned program manager shall prepare a 'request for release' proposal for issue of cheque/draft by the Finance and Administration Division. The 'request for release' shall be routed to the Finance and Administration Division through the concerned Head of Division and shall be accompanied by (a) a copy of the agenda papers of the relevant meeting of the Governing Body/Executive Body and (a) a copy of the minutes of the relevant meeting indicating approval of the proposals.
- In all other cases, proposals shall be initiated by the concerned Division and sent to Finance and Administration Division after obtaining the approval of the appropriate authority, depending on the sum involved.

Operation of Saving Bank Account

6.6 In all state SCOVAs and district societies, the operation of the savings bank account would be permissible only with joint signatures as per following norms:

- At state SCOVA level; the Executive Director & state RCH Program Officer. In the absence of any one above noted officer, Consultant (Finance) may be authorized, if found appropriate, to sign the letters of authority to transfer funds to a district health/RCH society based on the well set norms.
- At district health/RCH Society level; Chief Medical & Health Officer and District RCH Program Officer.

Note:

In case of payment of an amount more than Rupees two lakhs at a time to a firm or party or person, approval from the Chairperson of the Executive Committee of the state SCOVA and Chair-person of Governing Council of the district health/RCH society, shall be obtained on the file, before cheques are signed by the authorized signatories.

6.7 In view of above, separate books of accounts and prescribed registers shall be maintained for each saving bank account in the formats enclosed with the manual. Similarly books of accounts of a particular financial year should be closed at its end and a new set of books and registers should be opened/started with effect from 1st April every year.

Treatment of Interest Earned in the Bank Account

6.8 Interest earned on the grants-in-aid received and deposited in the bank account can be utilized for the purpose for which grant was received provided the same is properly reflected in the books of account. This also should be appropriately shown in the utilization certificates and the audited annual accounts separately.

6.9 **The expenditure out of the interest earned will also be subjected to the same administrative and financial approvals as the main grant.**

Preparation of Cheques

- 6.10 ■ All the cheques shall be entered in the prescribed register before they are submitted for signatures, indicating its number, amount, name of the person or party, purpose and date of issue.
- Cheque books, new or used or under used shall be kept in the personal custody of one of the officer who are authorized to put their signature on the cheques.
 - Acknowledgement of a cheque shall be obtained from the payee (receiver) in the prescribed format.
 - Dated signatures shall be obtained in the cheque issue register from the cashier/accountant for each cheque, which is endorsed in his favor or handed over to him for obtaining cash payment from the bank.
 - All persons handling cash and keeping valuable stores should be required to provide Fidelity Guarantee Bond in favor of the state SCOVA of not less than Rs.50,000/- from a nationalized insurance company or bank against which monthly security allowance will be paid on the basis of 1% of the 'Fidelity Guarantee Bond' value per month.

Writing of Cash Book

- 6.11 ■ All payments which are received in the state SCOVA or in a district Health/RCH Society, either in cash or through cheques/bank drafts/money orders/bankers cheque etc. shall be first entered in the prescribed register and then entries in the Cash Book shall be made, on the same day. Likewise all payments/disbursements shall be entered in the cash book on the day of the payment.
- Vouchers for each receipt and payment shall correctly be prepared by the writer of the Cash Book in the prescribed format, and checked by the computer accountant.
 - Receipts shall be issued, for the cash/bank drafts/banker cheque and money orders on its entry in the prescribed register, signed either by one of the fund operator or by an authorized officer.
 - Cash Book shall be written on daily basis and closed on the same day at 4 PM and put up for checking & authentication to one of the cheque signing officer as decided by the chairperson of the Executive Committee of a SCOVA or district health/RCH society.
 - Totals of the Cash Book should be got checked by the Data Manager or by any other person other than the writer of the cash book, and a certificate to this effect shall be recorded at the end of each page with dated signatures of any one of the cheque signing authorities or by an authorized officer.
 - Heavy cash balance, more than Rs.5,000/-, should not be kept in office, as far as possible.
 - In case of any emergency, cash balance in the custody of the cashier, should be permitted to be kept to the extent of his/her security amount mentioned in the fidelity guarantee bond.
 - Peons/messengers or temporary employees should not be engaged or authorized to obtain cash from the bank. Escort should be provided to the cashier when he is required to carry the amount more than Rs.10,000/- from the bank at a time. If possible the cashier should be provided vehicle to obtain heavy cash form the bank.

- The Cash Book is the principal record of all money transactions taken place every day and all other registers are subsidiary. It should be maintained on the basis of double entry system as per format appended with the manual.
- Each entry of receipt and expenditure should be descriptive but brief in nature. Each voucher should be assigned a serial number and ledger folio number, which should be noted against each entry in the Cash Book.
- Cash Book should be closed daily and if no transactions have taken place in a day/s the entry **"No Transaction"** has to be noted in the cash book on that day/s in red ink and balances are to be carried over to next day.
- All cash/cheques/demand drafts etc. received should be deposited into bank as far as possible on the same day it self, otherwise on the next day positively. If any cash remains in office on any day it should be kept in the cash chest/vault which should have double lock system. The cash kept in the chest should be deposited in the bank account on the next day and the entry in the cash book should be verified physically by the authorized officer. A 'double lock register' will be maintained in the format enclosed with the manual. One key of the cash chest should be kept by the cashier and another by the authorized officer.
- Over-writing should be avoided and corrections, if any, should be attested by the authorized officer under his dated initials.
- Account payee cheques should only be issued to third parties/firms etc. and the issue of bearer cheques should be avoided as far as possible.
- While making payments through cheque, its number should invariably be noted in the Cash Book for cross checking.
- Format of cash book to be maintained at state SCOVA and district RCH societies is at **Appendix – 7.**

Verification of Cash Balance

- 6.12 The contents of the cash chest/cash box should be counted by the Consultant (Finance) at SCOVA and RCH Program Officer at health/RCH society level at least once in a month at the close of the month or on the first day (immediately after opening of office) of the next month and the amount will be compared with the cash book balance shown in the Cash Book.
- 6.13 The result of verification should be recorded in the cash book each time as under.
- 6.14 A cash balance certificate shall be obtained at the end of each year as per the format provided in appendix. In case the cash balance is found to be less or in excess then the balance shown in the cash book, the fact should be recorded in the cash book and a formal report should also be submitted to the next higher authority for further necessary action.

Maintaining Books of Account

- 6.15 Complete and correct accounts in respect of each monetary transaction occurring at state SCOVAs or at district RCH societies shall be maintained through prescribed books of account including registers as indicated below:
 - Cash book with cash & bank columns based on mercantile system.

- Petty Cash Book
- Cheque issue register
- Register of money orders and bank drafts received
- Bank pass book
- Register of bank drafts dispatched.
- Ledger
- District program management unit-wise ledgers at State/UT SCOVAs (Control Account)
- Journal
- Registers for temporary advances as below
 - Advance to the staff (control account)
 - Advances to the contractors/suppliers/CHCs/PHCs(control account)
 - TA/DA advance (Control Account)
- Register for staff payments
- Stock Registers for:
 - Civil Works
 - Machinery & Equipment
 - Furniture & other non-consumable articles
 - Register for drugs & medicines
 - Register of consumable articles
- Register of advances to NGOs and other voluntary agencies implementing RCH II Program
- Register of investments
- Dispatch register
- Office attendance register
- File register

Notes: Any other book of accounts and registers, which may be considered necessary for the day-to-day work of the state SCOVA, the health/RCH society shall maintain the same with the approval of the Consultant (Finance) at SCOVA and RCH Program Officer at district health/RCH society level.

- 6.16 The name of the district should be indicated against each entry in the cash book, till the accounts are not computerized, for the purpose of preparation of district wise accounts. At the end of the month, the district wise abstract should be prepared showing monthly disbursement in respect of each district.
- 6.17 The state SCOVA and its district health/RCH society shall maintain dead stock registers, separately for machinery & equipment's and other non-consumable articles and shall also arrange for physical verification of stores articles of permanent or long duration nature, at least once a year in the

month of April. If any item of permanent nature is purchased at CHC/PHC level, entry in the concerned register of district RCH society shall be made on the basis of the voucher or bill etc.

- 6.18 All functionaries should ensure that only actual expenditure incurred is treated as expenditure and not the normative costs in accounting. Therefore, fund released by the state SCOVA to District RCH Societies or to any other implementing agency by the district RCH society such as CHC/PHC etc. shall initially be classified as advance and the same is indicated as such in the books of accounts. The advances shall be adjusted based on the expenditure statement/utilization certificate received from the advancee. Advance, if not actually spent or if spent but accounts not settled should be shown as advance and not as expenditure and all such outstanding/unsettled advances should be shown in the SoEs separately.
- 6.19 Advances to hospitals/PHC/CHC, etc. up to Rs. 5000 (Rs. five thousand only) will be treated as expenditure for the purpose of reporting the expenditure in the financial reports. However, for all advances, including advances up to Rs.5000, societies will maintain a separate advance register in the format given at **Appendix-10** and track the advances in the format given at **Appendix-11**.
- 6.20 The audit will verify the status of settlement of all advances.

Codification of Expenditure/Account Heads

- 6.21 For the sake of uniformity in booking of the expenditure under a specific head of account, a list showing account heads is enclosed with this manual as **Appendix -3**. All the state SCOVAs and their district RCH societies are required to follow the suggested heads of account and book the expenses accordingly in cash book & ledgers irrespective of the fact whether the accounts are maintained on hand written basis or in computers.

MIS-Classification of Expenditure

- 6.22 If any item of receipt or payment (cheque), belongs to one head of account has been wrongly classified under different head, the error can be corrected by making an adjustment entry in the journal and posting of the same in the related ledger account heads. It should be noted that such corrections in the cash book or ledgers can be made before the accounts of a financial year are closed to prepare annual accounts for audit purposes.

Journal

- 6.23 Journal is one of the most important account books but its use is restricted to recording adjustment entries only other than cash transactions. Vouchers shall support each adjustment entry passed through a journal. Brief narration of each entry shall be given in the voucher and it should be signed by the cheque drawing officer. The Associate Consultant (Accounts) at SCOVA and Accounts Executive at Health/RCH Society will check each such entry of the journal with the journal voucher and other subsidiary vouchers and put dated initials against the entries checked.

Ledger

- 6.24 The ledger is also an important register in which all transactions recorded in the cash book or journal are classified under different heads of accounts as codified and shown in **Appendix – 8** which is applicable to both state SCOVA and district RCH societies.

- 6.25 The ledger should be kept in the prescribed form. Separate pages need to be opened for each item of expenditure. The ledger accounts shall be arranged and grouped in such a manner that the desired information is promptly secured.
- 6.26 Combined ledger accounts can be maintained for various detail heads. The contingent register can be maintained in such a manner that it is used as ledger for recording expenditure under miscellaneous items.
- 6.27 Every ledger account is divided into two sides, the left hand side being the "debit side" and the right hand side the "credit side". All items of debits and credits of the cash book and journal shall, invariably be posted on the same day in respective ledger accounts. Daily totals should be made, shown in the inner column and the progressive totals shown, wherever necessary in the outer (balance) column.
- 6.28 All the ledger accounts shall be closed at the end of the month. Totals would also be made in the classified abstract. Monthly totals of various ledger accounts shall then be tallied with the totals of classified abstract and discrepancy, if any, will be rectified and reconciled.
- 6.29 Bank account shall be posted from the daily totals of cheques issued and challenges/remittances (deposited) made into the bank.

Receipt and Payment Statement

- 6.30 Monthly account of receipts and payments shall be prepared immediately after closing of the accounts for the month but not later than 5th of the next month.

Bank Reconciliation Statement

- 6.31 Bank reconciliation statement will be prepared on monthly basis by reconciling the cash book and bank pass book/bank statement by 10th day of the following month. Bank pass book will be sent to the bank on weekly basis for making up-to-date entries of credits and debits in the month. Any discrepancy will be rectified and difference explained in the bank reconciliation statement as per the format provided in the **Appendix - 9**.

Advance Register

- 6.32 All advances sanctioned to an officer of state SCOVA or to the District Program Management Unit or to the in-charge Medical Officer of a CHC or PHC or to any other official of the above institutions and also to any non-government organization, shall be entered in the advance register (format given in **Appendix - 10**) immediately after the advance amount/ cheque is given to the advancee. For the purpose of reporting to the MoH&FW, GoI by way of quarterly statement of expenditure, the advances up to the amount of Rs.5,000/- given by the District RCH Societies may be treated as expenditures. Any advance remaining unadjusted at the year end may be adjusted in the SoE for the last quarter of the year. However, the procedure for adjustment/settlement/refund of advances and their depiction in the advance register may continue as prescribed. The audit by Chartered Accountant would ensure the compliance and also highlight the advances pending adjustment for long period. For the purpose of facilitating proper tracking of advances and their settlement, an Advance Tracking Register should be maintained, at all the levels from where the advances are given, in the format given at **Appendix – 11**.

Register of Fixed Assets

- 6.33 Each SCOVA and its district societies shall maintain stock registers for the articles or item of permanent or of non-consumable nature indicating the details of such assets e.g. furniture, fixtures, equipment's, machinery, instruments, vehicles, computer systems etc. purchased during the program period. Such register is also called as register of permanent (nature) articles or "dead stock register." Annual physical verification shall be carried out in the month of April every year. This register shall be maintained in the format given in **Appendix - 12**.
- 6.34 Only those articles, as mentioned in the above para, will be treated as assets of the society which are procured, used and installed in the Office of the Society and will form part of the core asset of the society. Formal tracking as per the requirements of the asset register for the entire life of the asset will be done by the society.
- 6.35 All other assets which are purchased by the society and subsequently handed over to the Office of Health & Family Welfare/Family Welfare Stores/CMOs/PHCs/CHCs, etc. will be shown as transferred to such entities in the asset register and no further tracking about the life of the asset will be required. However, a certificate from the receiving entity will be required to be kept in the asset register with contra entry in the 'location/under custody' column of the asset register (**Appendix-12**).

Re-Appropriation of Funds

- 6.36 Any changes in the approved AWP may be discussed during the quarterly and annual reviews and implemented by mutual consent. The states/UTs may amend their approved AWP within 10% of any of the sub item(s) so as to have flexibility in inter-component use of funds without affecting the overall outlay approved for the state/UT for the year. Activity-wise performance evaluation will then be synchronized with the revised work plan. In all such cases FMG, GoI will necessarily be informed of this revision.

Computerisation of Accounts

- 6.37 It is desirable that maintenance of accounts at the state/UT SCOVAs as well as at district RCH societies is computerized so that the account statements can be prepared accurately and promptly with least efforts and time. Currently, a number of readymade accounting software packages are available in the market like Tally, Target, EX, etc. The state may examine these for introducing them for RCH accounts depending upon their availability and after sale service and decide appropriately.

Appendix-A

Model Delegation of Financial and Administrative Powers for Smooth and Efficient Working of the State H&FW/RCH Society/ SCOVA

1. Classification of items of expenditure and financial powers of the bodies and office bearers of the society :

Type of expenditure	Authority	Extent of power
A: Approval of district/ city plans.	Governing Body / Executive Body	Full powers, provided that the plan(s) have been endorsed by a Project Appraisal Committee comprising of technical and non-technical officers of the Society / Directorate.
B: Release of funds for implementation of plans / allocations approved by Governing Body / Executive Body.	Executive Director / Director (Health Services/FW)	Full powers.
C: Expenditure proposals not covered under categories A and/or B		
C-1: Procurement of goods	Chairperson, Governing Body	More than Rs 5.00 lakh and upto Rs. 10.00 lakh per case.
C-2: Repairs and minor civil works	Executive Director / Director (Health Services/FW)	Upto Rs. 5.00 lakh per case.
C-3: Procurement of services for specific tasks including outsourcing of support services for the Directorate of Health Service.		
C-4: Hiring of contractual staff, including sanction of compensation package.	Executive Director / Director (Health Services/FW)	Full powers, provided that the contracts shall be for a period not exceeding 11 months at a time.

Contd....

Type of expenditure	Authority	Extent of power
	Division Heads	Full powers in respect of Clerical / Class-IV equivalent positions, subject to compensation package approved by the Governing Body, provided that the contracts shall be for a period not exceeding 11 months at a time.
C-5: Miscellaneous items not mentioned above such as hiring of taxis, hiring of auditors, payments relating to documentation and other day-to-day services, meetings and workshops, training, purchase of training material/ books and magazines, payment of TA/ DA and honoraria to resource persons and guest speakers invited to meetings/ workshops, and payment of TA/DA allowances for contractual staff and/or non-official invitees to Governing Body / Executive Committee meetings and/or Government / Society staff deputed to meetings outside the state.	Chairperson, Governing Body	Upto Rs. 5.00 lakh at a time subject to a maximum of Rs. 50 lakh per annum.
	Executive Director / Director (Health Services /FW)	Upto Rs. 2.00 lakh at a time, subject to a maximum of Rs. 25.00 lakh per annum.
	Division Heads	Upto Rs. 20,000/- at a time subject to a maximum of Rs. 2.00 lakh per annum.

2. Project Appraisal Committee:

- The society shall have a Project Appraisal Committee (PAC) to consider the district / city plans and expenditure proposals falling in categories C-1 to C-3. The PAC shall consist of senior program managers drawn from the various program divisions and headed by any one of the Additional Directors as may be jointly agreed between Executive Director and Director Health Services.
- Proposals under categories C-1 to C-3 will be submitted to the concerned authority having delegated powers provided hereinabove for final approval. In case the designated authority does not agree with the recommendations of the PAC, s/he shall record the reasons for such disagreement and may include the proposal in the full meeting of the Executive Committee / Governing Body which shall have the full powers to accept / reject the recommendations of the PAC provided that the reasons for rejecting the PAC recommendations shall be recorded in the minutes of the Executive Committee / Governing Body.

Appendix-B

Model Delegation of Financial & Administrative powers for smooth and efficient working of the District H&FW/RCH Society

S. No.	Nature of Power	Authority to which the power is delegated	Extent of power delegated
1.	Hiring of Consultants	District H&FW/RCH Society	Full powers
2.	To sanction and incur expenditure on mobilization activities	CMO/Civil Surgeon	Upto Rs. 1.00 lakh at a time
3.	To sanction and incur training expenditure per training batch including honorarium, TA/DA etc.	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 50,000 at a time
		DIO	Upto Rs. 5000 at a time
4.	To sanction and incur contingent office expenses	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 50,000 at a time
		PMO	Upto Rs. 30,000 at a time
		DIO/SMO I/CCHC/ Hospital	Upto Rs. 10,000 at a time
		MO I/C PHC	Upto Rs. 5000 at a time
5.	To convey administrative approval of estimates of construction/ repairs/ tenders	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 1.00 lakh at a time
6.	To write off finally the irrecoverable values of stores/ medicines	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 10,000 at a time
7.	To sanction expenditure for printing of training/ teaching/ learning material	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 20,000 at a time
8.	To sanction and make purchase of any item for store/ execution of civil and other works envisaged in the project according to the approved budget/ work plan	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 1.00 lakh at a time
		PMO	Upto Rs. 50,000 at a time
		DIO/SMO I/CCHC/ Hospital	Upto Rs. 10,000 at a time
		MO I/C PHC	Upto Rs. 5000 at a time

Contd....

S. No.	Nature of Power	Authority to which the power is delegated	Extent of power delegated
9.	To sanction and make payment of pay and allowance including TA/DA	CMO/Civil Surgeon	Full powers w.r.t. employees appointed by ED/ Dir (HS/FW), State H&FW/RCH Society/ SCOVA/ or/and District H&FW/RCH Society
10.	Drawing and disbursing powers	CMO/Civil Surgeon	Full powers
11.	Authority for signing of cheques of EC with different banks having accounts of EC	CMO/Civil Surgeon & DIO (Nodal Officer) jointly.	Full powers
12.	To organize workshops/ seminars/ conferences/ meeting etc. at state & district level and outside State	CMO/Civil Surgeon	Upto Rs. 50000 at a time
13.	To sanction the fee remuneration of auditors any legal advisors and sanction of TA/DA for non-official members of the EC	District H&FW/RCH Society	Full powers w.r.t. the rates approved by State H&FW/RCH Society/SCOVA
14.	To sanction honorarium to EC employees as remuneration for work performed which is so laborious or of such special merit as to justify a special reward.	CMO/Civil Surgeon	Upto Rs. 2000 in each individual case in a financial year
15.	To sanction honorarium to guest speakers & expert participation called in workshops/ meetings	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 2000 per day in each individual case
16.	To sanction post of Class-IV employees on daily wages whose pay is chargeable to contingency	CMO/Civil Surgeon	Full powers at the rates fixed by DC or if no rates are fixed at rates of contractual pay of Class-IV employees
17.	Power to appoint contractual staff, renewal/ termination of contract thereof	District H&FW/RCH Society	Full powers
18.	Investment in short term deposits	District H&FW/RCH Society	Full powers subject to availability of surplus funds
19.	Execution of documents relating to contract for works and supplies	District H&FW/RCH Society	Full powers
20.	Condemnation of vehicles	District H&FW/RCH Society	Full powers
21.	To declare articles of store/ stock as surplus or unserviceable and sale thereof	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 30,000 at a time
22.	To grant extension of time limit for Civil Works	District H&FW/RCH Society	Full powers
23.	To sanction rate/ rent and taxes	District H&FW/RCH Society	Full powers
24.	To sanction installation of telecommunication connections	CMO/Civil Surgeon	Full powers

Contd....

S. No.	Nature of Power	Authority to which the power is delegated	Extent of power delegated
25.	To sanction purchase of teaching/ learning material and other articles for distribution to medical/ para-medical and other staff	CMO/Civil Surgeon	Upto Rs. 50,000 at a time in each individual case
26.	To sanction purchase of books & periodicals/ magazines/ journals/ newspapers	CMO/Civil Surgeon/ PMO	Upto Rs. 5000 at a time in each case
27.	To sanction and make purchase of drugs & material	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 50,000 at a time
		PMO	Upto Rs. 30,000 at a time
		DIO/SMO I/CCHC/ Hospital	Upto Rs. 10,000 at a time
		MO I/C PHC	Upto Rs. 5000 at a time
28.	To sanction and make purchase of equipment instruments	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 50,000 at a time
		PMO	Upto Rs. 30,000 at a time
		DIO/SMO I/CCHC/ Hospital	Upto Rs. 10,000 at a time
		MO I/C PHC	Upto Rs. 5000 at a time
29.	Hospital furniture	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 50,000 at a time
		PMO	Upto Rs. 30,000 at a time
		DIO/SMO I/CCHC/ Hospital	Upto Rs. 10,000 at a time
		MO I/C PHC	Upto Rs. 5000 at a time
30.	Office furniture	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 1.00 lakh at a time
31.	Miscellaneous items not mentioned above	District H&FW/RCH Society	Full powers
		CMO/Civil Surgeon	Upto Rs. 50,000 at a time
		PMO	Upto Rs. 30,000 at a time
		DIO/SMO I/CCHC/ Hospital	Upto Rs. 10,000 at a time
		MO I/C PHC	Upto Rs. 5000 at a time

Note:

- During the financial year, no authority can exercise the powers beyond the amount provided against that item in the annual work plan and budget for that financial year approved by the GoI.
- A higher authority in the District Health & Family Welfare Society may exercise the power delegated to the authority subordinate to it.
- No appointment in District Health & Family Welfare Society will be made by any authority except on the recommendation of the selection committee duly constituted by Chairperson.
- Every cheque will be signed by two functionaries of District Health & Family Welfare Society.
- Purchases under Sr. No. 8, 27, 28, 29, 30 & 31 will be made through a duly constituted purchase committee with the approval of Chairperson of District Health & Family Welfare Society.

Terms of Reference and Requisite Qualifications for the Finance and Accounts Consultants in the State and District Health/RCH Societies

State Level

S. No.	Name of the position	Terms of reference and qualification
1.	Manager (Finance)	<ul style="list-style-type: none"> ■ To aid, advise and assist the Director(H/FW)/Standing Committee of Voluntary Action (SCOVA)/Health & Family Welfare Department in proper flow of funds and in all aspects of financial matters. ■ To ensure maintenance of accounts as per the finance & accounts manual for SCOVAs and District RCH/Health Societies, GoI and World Bank ■ To assist in all disbursements required under the program to ensure timely submission of statement of expenditure. S/he must establish and adequate internal control system to safeguard all project resources. ■ To assist the State's department of Health and Family Welfare/SCOVA in monitoring the expenditure and assessing the requirements of funds; prepare budget estimates and proposals for release of funds. ■ To conduct budget analysis for health sector and develop proposals for improving financial management systems. ■ To develop operational manuals for management of funds in the states, districts and facility level societies and coordinate annual audits. ■ To oversee financial management in the districts and to ensure financial progress as per plans. ■ To assist the State Department of Health/Family Welfare/SCOVA in the implementation and thereafter in operation of e-banking initiative with regard to grant release and expenditure monitoring. ■ Ensuring timely issue and submission of Utilisation Certificate for the utilised funds (as per Form No. GFR-19A given in Appendix-6 of this manual). <p>Qualifications</p> <p>The ideal candidate will be a CA/MBA(Finance)/ICWA/MFC/CFA. High level of proficiency in application of accounting software packages is essential.</p>

Contd....

Appendix-C

S. No.	Name of the position	Terms of reference and qualification
2.	Accounts Manager	<ul style="list-style-type: none"> ■ To maintain the records of the society accounts. ■ To facilitate disbursement of funds to implementing agencies. ■ To prepare SoEs and arrange audits as per the finance & accounts manual for SCOVA and District RCH/Health Societies and society byelaws. ■ To assist Manager Finance in ensuring financial progress among implementing agencies as per plans. ■ To assist the State Department of Health/Family Welfare/SCOVA in the implementation and thereafter in operation of e-banking initiative with regard to grant release and expenditure monitoring. ■ Implementing computerised financial MIS. ■ Ensuring timely issue and submission of Utilisation Certificate to GoI for the utilised funds (as per Form No. GFR-19A given in Appendix-6 of this manual). <p>Qualifications</p> <p>The ideal candidate will have an Inter-CA/Inter-ICWA/M.Com. degree. Working knowledge and experience of popular accounting software packages is essential.</p>

District Level

S. No.	Name of the position	Terms of reference and qualification
1.	District Accounts Manager	<ul style="list-style-type: none"> ■ Managing the accounts of the society. ■ Disbursement of funds to the implementation agencies. ■ Preparation and submission of monthly/quarterly/annual statement of expenditures (SoEs) in the prescribed format. ■ Ensuring adherence to laid down accounting standards. ■ Adherence to system for periodic internal and external audits and established accounting systems. ■ Implementing computerised financial MIS. ■ To assist the District RCH/Health Society in the implementation and thereafter in operation of e-banking initiative with regard to grant release and expenditure monitoring. ■ To assist District Programme Manager in budgeting and planning for program implementation. <p>Qualifications</p> <p>The ideal candidate will be a CA/MBA(Finance)/ICWA/ MFC/ CFA. High level of proficiency in application of accounting software packages is essential.</p>

Appendix-1

Budget Receipt & Control Register for 'Name of the State/District'
For the Financial Year Ending_____

(Amount in Rupees)

[illegible]

Appendix-2

Financial Management Indicators

- To be sent twice during 2005-06 - on 30th Sept. and 31st March.
- To be sent only once on 31st March in the subsequent years.

(Name of the State: _____)

A. Finance HRD Related Indicators

A.1. Qualified and Skilled Finance and Accounts Manpower in Place

	No. of skilled Finance/ Accounts personnel	If no skilled finance/ accounts staff is in place, who is handling the job?
At State SCOVA		

A.2. Vacancy Position of the Finance and Accounts Staff

	No. of Sanctioned Posts	No. of Staff in position	No. of Vacancies	Since when Vacant (Give date)	Reason for Vacancy	Action Plan & time frame for filling up the vacancy
State level						
District level (total for all the Districts put together)						

A.2.1 District-wise Details *(attach separately in this format)*

Sr. No.	Name of the District	No. of Sanctioned Posts	No. of Staff in position	No. of Vacancy	Since when Vacant (Give date)	Reason for Vacancy	Action Plan & time frame for filling up the vacancy
1							
2							
3							
..							

A.3. Integration and Empowerment of Finance/Accounts Personnel into the System

		Yes (please tick) (give date on which done)	No (please tick)	If 'No', pl. specify by when expected
1.	Org. structures of State and district level finance & accounts staff submitted to GoI			
2.	GO issued specifying duties and channel of reporting.			

A.4.Training of Finance Personnel Completed

		Yes (please tick) (give date on which done)	No (please tick)	If 'No', pl. specify by when expected
1.	State level finance and accounts staff trained by GoI			
2.	District level finance and accounts staff trained by state government.			

A.5. Dotted line relationship with the FMG, GoI - *(this information needs to be sent only once every year on 31st July along with Audited Statements and UCs)*

		Yes (please tick) (give date on which done)	No (please tick)	If ' No ', pl. specify by when expected
1.	Performance of contractual finance and accounts staff evaluated on yearly basis and evaluation sheet forwarded to FMG, DoFW, GoI.			
2.	Concurrence of central FMG taken for yearly extension of tenure of finance and accounts staff.			

B. Financial Empowerment Related Indicators

B.1. Delegation of Adequate Financial and Administrative Powers

		Yes (please tick) (give date on which done)	No (please tick)	If ' No ', pl. specify by when expected
1.	Govt. Order (GO) or resolution of SCOVA delegating the financial and administrative powers to functionaries of SCOVA and district RCH societies submitted to GoI			
2.	At state level adequate powers delegated to the ED/Project Director			
3.	At district level adequate powers delegated to the CMO			
4.	At PHC/CHC levels, retention and powers delegated for use of user charges collected there			

B.2. Adequate Infrastructure Facilities like Computers, Printers, Telephone, Fax, Internet Connection, etc. Provided to Finance and Accounts Staff

		Yes (pl. specify items provided)	No (pl. specify items not provided)	When are the items listed in the 'No' column expected to be provided?
1.	At State SCOVA			
2.	At District Health/RCH Societies (Give district-wise details):			
	1. (Name of the District)			
	2. "			
	3. "			
	.. "			

C. Financial Performance Related Indicators

C.1. Financial Reports (in the format prescribed at Appendix-5)

Quarterly						
Timely (within a month after the end of quarter)	Delay of 1 month	Delay of 2 months	Delay over 2 months	No. of Districts omitted	Quality of financial reports	Action taken to overcome delays in future

C.2. Audited Statement of Accounts & Audit Reports

Annual							
Timely by 31st July	Delay of 1 month	Delay of 2 months	Delay over 2 months	No. of districts omitted	Quality of audit reports	No. of audit observations	Action taken to overcome delays in future

C.3. Utilisation Certificates

Annual					
Timely, along with audited statements of accounts by 31 st July	Delay of 1 month	Delay of 2 months	Delay over 2 months	Quality of UCs submitted	Action taken to overcome delays in future

Place: (signed by)

Date: (Executive Director/ Project Director State SCOVA)

(With seal of office)

Appendix-3

Reproductive & Child Health Programme, Phase-II Names of Account Head for Booking of Expenditure

A.	Technical Strategies & Activities
A.1	Maternal Health
A.1.1	Contractual Staff and Services:
A.1.1.1	■ ANMs
A.1.1.2	■ Laboratory Technicians
A.1.1.3	■ Staff nurses
A.1.1.4	■ Doctors (SM Consultants, Anaesthetists, etc.)
A.1.2	Other MH Interventions:
A.1.2.1	Operationalization of FRUs (Infr.,equipment, furniture,etc.)
A.1.2.2	24 Hour Delivery Services (at PHCs)
A.1.2.3	RTI/STI Services
A.1.2.4	Dai Training
A.1.2.5	Referral Transport
A.1.2.6	RCH Camps
A.1.2.7	Others (Pl. specify)
A.1.3	NMBS (Janani Suraksha Yojana):
A.1.3.1	■ Payment to Beneficiaries
A.1.3.2	■ Payment to ASHA/Dais
A.1.3.3	■ Payment for Referral Transport
A.1.3.4	■ Payment for Caesarian Section
A.2	Child Health
A.2.1	Immunization
A.2.1.1	Vaccines for Routine Immunization
A.2.1.2	Hepatitis Vaccine
A.2.1.3	Needles and Syringes
A.2.1.4	Neo-natal Equipment

Contd....

A.2.1.5	Cold Chain Equipment
A.2.1.6	<i>RI strengthening project</i>
A.2.1.7	Cold Chain Maintenance
A.2.1.9	Pulse Polio Operating Costs
A.2.2	Essential Newborn Care
A.2.5.1	IMNCI (Mainly Training)
A.2.5.2	Others (may be specified)
A.3	Family Planning Services
A.3.1	Sterilization
A.3.1.1	Compensation for Sterilizations
A.3.1.2	Others (may be specified)
A.3.2	Miscellaneous Expenses (FP): <i>(as per PIP)</i>
A.3.2.1	Cu T 380 A' Camps
A.3.2.2	Procurement of Laproscopes/Laprocators
A.1.4	Others (may be specified)
A.4	New Initiatives/Innovations/Interventions etc., if any
A.4.1	PNDT
A.4.2	Community Incentive Scheme
A.4.3	Transportation of Supplies/Contraceptives
A.4.4	Public-Private Partnerships
A.4.5	MNGO Expenses
A.4.6	Other Initiatives (may be specified)
B.	Urban RCH
C.	Tribal RCH
D.	Institutional Strengthening
D.1.1	Major Civil Works (New Constructions/extrn./additions)
D.1.2	Minor Civil Works (Repairs & Renovations)
D.1.3	Logistics Management/Improvement
D.1.4	Others (may be specified)
E.	Training
F.	Behavioural Change & Communication (BCC/IEC)
F.1	BCC/IEC Activities
F.2	Adolescent Health
G.	Programme Management
G.1	At State Level
G.2	At District Level

Note: The above heads have been selected on the basis of quarterly financial report to be sent by SCOVAs to the GoI (Appendix- 5)

Appendix-5

Reproductive and Child Health Project – Phase II, (*“Name of the State/UT”*) State RCH Society/State SCOVA Financial Report for the Quarter ended _____

Important

1. The total budget and expenditure against the heads may be indicated in such a way as to avoid duplication,
2. In case there are overlapping activities (i.e. expenditure may comprise of one or more component(s), it can be shown under the item where major chunk of it has taken place.
3. Budget and expenditure under 'Others' and 'Misc. expenditure' may be specified in case the amounts are material (say), exceeding 3% of the total budget of the state.

S.No.	Activities as per State PIP/Annual Action Plan (<i>To be regrouped in the following broad heads if listed differently</i>)	Amount as per approved State PIP/Annual Action Plan for FY 2005-06	Projected Expenditure during the quarter in AAP	Actual Expenditure incurred during the quarter	Projected cumulative expenditure upto the quarter	Cumulative expenditure at the end of quarter	Cumulative expenditure since the inception of program, i.e, 1.4.2005
A.	Technical Strategies & Activities						
A.1	Maternal Health						
A.1.1	Contractual Staff and Services:						
A.1.1.1	■ ANMs						
A.1.1.2	■ Laboratory Technicians						
A.1.1.3	■ Staff Nurses						
A.1.1.4	■ Doctors (SM Consultants, Anaesthetists, etc.)						
A.1.2	Other MH Interventions:						
A.1.2.1	Operationalization of FRUs (Infr.,equipment, furniture,etc.)						

Contd....

S.No.	Activities as per State PIP/Annual Action Plan (To be regrouped in the following broad heads if listed differently)	Amount as per approved State PIP/ Annual Action Plan for FY 2005-06	Projected Expenditure during the quarter in AAP	Actual Expenditure incurred during the quarter	Projected cumulative expenditure upto the quarter	Cumulative expenditure at the end of quarter	Cumulative expenditure since the inception of program, i.e, 1.4.2005
A.1.2.2	24 Hour Delivery Services (at PHCs)						
A.1.2.3	RTI/STI Services						
A.1.2.4	Dai Training						
A.1.2.5	Referral Transport:						
A.1.2.6	RCH Camps						
A.1.2.7	Others (Pl. specify)						
A.1.3	NMBS (Janani Suraksha Yojana):						
A.1.3.1	■ Payment to beneficiaries						
A.1.3.2	■ Payment to ASHA/Dais						
A.1.3.3	■ Payment for Referral Transport						
A.1.3.4	■ Payment for Caesarean Section						
A.2	Child Health						
A.2.1	Immunization						
A.2.1.1	RI strengthening project						
A.2.1.2	Cold chain maintenance						
A.2.1.3	Pulse Polio operating costs						
A.2.2	Essential New Born Care						
A.2.2.1	IMNCI (Mainly Training. Not to be booked under 'TRAINING' at 'E' below))						
A.2.2.2	Others (may be specified)						

Contd....

S.No.	Activities as per State PIP/Annual Action Plan (<i>To be regrouped in the following broad heads if listed differently</i>)	Amount as per approved State PIP/ Annual Action Plan for FY 2005-06	Projected Expenditure during the quarter in AAP	Actual Expenditure incurred during the quarter	Projected cumulative expenditure upto the quarter	Cumulative expenditure at the end of quarter	Cumulative expenditure since the inception of program, i.e, 1.4.2005
A.3	Family Planning Services						
A.3.1	Sterilization						
A.3.1.1	Compensation for Sterilizations						
A.3.1.2	Others (may be specified)						
A.3.2	Miscellaneous Expenses (FP): (as per PIP)						
A.3.2.1	Cu T 380 A' Camps						
A.3.2.2	Procurement/Repair of Laproscopes/ Laproscopos						
A.3.3	Others (may be specified)						
A.4	New Initiatives/innovations/ interventions etc., if any						
A.4.1	PNDT						
A.4.2	Community Incentive Scheme						
A.4.3	Transportation of Supplies/Contraceptives						
A.4.4	Public-Private Partnerships						
A.4.5	MNGO Expenses						
A.4.6	Other Initiatives (may be specified)						
B.	Urban RCH						
C.	Tribal RCH						

Contd....

S.No.	Activities as per State PIP/Annual Action Plan (<i>To be regrouped in the following broad heads if listed differently</i>)	Amount as per approved State PIP / Annual Action Plan for FY 2005-06	Projected Expenditure during the quarter in AAP	Actual Expenditure incurred during the quarter	Projected cumulative expenditure upto the quarter	Cumulative expenditure at the end of quarter	Cumulative expenditure since the inception of program, i.e, 1.4.2005
D.	Institutional Strengthening						
D.1.1	Major Civil Works (New Constructions/extn./ additions)						
D.1.2	Minor Civil Works (Repairs & Renovations)						
D.1.3	Logistics Management/Improvement						
D.1.4	Others (may be specified)						
E.	Training						
F.	Behavioural Change & Communication (BCC/ IEC)						
F.1	BCC/IEC Activities						
F.2	Adolescent Health						
G.	Programme Management						
G.1	At State Level						
G.2	At District Level						
	Total						

Certified that the above amount of expenditure is duly reconciled with the amount recorded in the relevant ledger heads.

(Finance Controller/Finance Manager/Finance Officer)

(Project Director)

Appendix-6

Form No. GFR-19A

Name of the State/State SCOVA _____

Reproductive & Child Health Programme Phase II

Utilization Certificate for the Year : _____

Dated : _____

Sanction letter no. and date	Purpose	Amount
(Please give here details of Sanc. letters)	(Selected activity under priority scheme of RCH Phase II)	(Amount of sanctions)
1.		
2.		
3.		

Certified that out of Rs. () of grants-in-aids sanctioned during the financial year 2005-2006 () in favor of the State SCOVA _____ by the Department of Family Welfare, Govt. of India vide letter nos. (given above) and Rs. _____ on account of unspent balance of the previous year (s), a sum of Rs. _____ has been utilized for the purpose for which it as sanctioned and that the balance of Rs. _____ remained as unutilized at the end of the year, will be adjusted towards the grants-in-aid payable during the next year.

Further certified that I have satisfied myself that the conditions, on which the grants-in-aid was sanctioned, have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Contd....

Checks exercised

Examining of

- Ledgers
- Monthly & Quarterly statements of expenditure
- Fund position reports
- Annual audited account

Signature

Name of the Chartered Accountant

Stamp of Chartered Accountancy firm
with date (Verified from annual audited
accounts & found correct)

Executive Director

State SCOVA

(With Seal of Office)

Note:

- (1) Unspent balance/unutilized amount of previous year plus release of funds during the year under audit are the "total funds available."
- (2) Closing balance of the year means "amount remained un-utilized or not spent"

Appendix-7

Format of Cash Book

Receipt						Payment				
Date	Particulars	Party Name	Activity Head	L/f No.	Amount (Rs.)	Date	Particulars	Party Name	Activity Head	L/f No. Amount (Rs.)
	Opening Balance b/f									
	Total Receipts						Total Payments			
							Balance c/f			
	Grand Total						Grand Total			

Appendix-8

Format of Ledger

Date	Particulars	Activity Head/Party Name (*)	Cash Book Folio No.	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
	Opening Balance b/f					
	Total					
	Balance c/f					

- (*) 1. In case of an advance, this column would carry the name of the activity for which advance has been given.
 2. In case of accounting for an expense, name of the party incurring/reporting the expense would be entered in this column.

Appendix-9

Bank Reconciliation Statement for the Month of _____

Name of the State/UT/District RCH Society: _____

Balance as per Cash Book (as on date)

Add:

- (i) Cheques issued but not encashed _____
- (ii) Credit entries made in the bank _____
- Pass book but not shown in the cash book _____
- Total** _____

Less:

- (i) Amount sent to Bank but not credited in the Saving Bank Account of the SCOVA or DPM Unit _____
- (ii) Bank charges debited in the bank account but not accounted for in the cash book _____
- Total** _____
- Balance as per Pass Book** _____

Prepared by: Accounts Clerk/Assistant

Examined by: Consultant (Finance)

Date: _____

Appendix-10

Reproductive and Child Health Programme Phase II Advance Register

Name of Officer/Official or CHC/PHC/NGO/etc. _____

Date	To whom given	Particulars of advance	Cheque no. & date	Amount	Adjustment details		Advance still out standing
					Date of adjustment	Amount adjusted	
1st Advance(on _____)							
IIInd Advance(on _____)							
IIIrd Advance(on _____)							
IVth Advance(on _____)							

Notes: The above format should be depicted in two pages for the sake of facility. One or two pages should be left for SCOVA functionaries, suppliers/contractors and district PM units.

Appendix-11

Format of Advance Tracking Register

(Only under manual accounting system)

Name of the Implementation Unit/District/State/UT:

Date	Particulars	Activity			Activity			Activity		
		Advance (Rs.)	Settlement (Rs.)	Balance (Rs.)	Advance (Rs.)	Settlement (Rs.)	Balance (Rs.)	Advance (Rs.)	Settlement (Rs.)	Balance (Rs.)

Appendix-12

Format of Asset Register

Name of the State SCOVA/ District RCH Society _____

Date	Voucher No.	Asset No.	Particulars	Location/ Under custody of	Asset Quantity				Asset Cost			
					Qty at the beginning of the Year (1)	Addition (2)	Deletions (3)	Total Qty (1+2-3)	Cost at the beginning of the year (Rs.) (4)	Addition (Rs.) (5)	Deletions (Rs.) (6)	Total Cost (A) (4+5-6)
						New Assets	Sold / Scrap Assets	Transfer		New Assets	Sold / Scrap Assets	Transferred Out
		Asset Code	Asset Group; Supplier Name; Asset Description; Date of Installation; Invoice No;									

Guidelines for Audit

Indicative Guidelines for conducting statutory audit and management audit

A. Statutory audit

The accounts of each SCOVA and district societies will be audited by a firm of Chartered Accountants from a list provided by the Office of C&AG of India to the MoH&FW, GoI. In addition, the accounts of these societies shall also be subject to audit by the Comptroller and Auditor General of India as per the "CAG (Duties, Powers & Service Conditions Act 1971)" at its discretion. The Act also provide for a special audit/performance audit of SCOVA societies by the team of auditors of the CAG which can be under taken as and when found necessary.

B. Management audit by DoFW

In order to improve the efficiency of the financial system, management audit of SCOVAs and district societies will also be undertaken by the MoHFW, GoI. Under the management audit the selected outsourced firms/ officials from the Government of India, which would be deputed by the DoFW, would comment on:

- Management structures, policies and practices;
- Rate of activity delivery - Financial/Physical;
- Fixed assets management system;
- Budgeting practices;
- Program Evaluation;
- Whether good governance practices are followed.

Alternatively the DoFW may consider introducing internal financial management checks by adopting the following procedure:

- Examining the expenditure statements against approved budget provision be monitored on six monthly basis by analyzing quarterly and six monthly expenditure and physical progress reports.
- The receipt of funds from DoFW and its subsequent releases to districts and sub-districts level may be monitored on half yearly basis by examining the **Funds Position Reports** received from State SCOVAs.
- Augmentation of State PM Unit and district PM units can be analyzed from the reports about staff position required to be sent in the prescribed format State SCOVAs along with six monthly expenditure/ statements and physical progress reports.

- By deputing senior officers of the concerned state division located at MoH&FW, to the state SCOVAs and one or two RCH districts.

Compliance of audit observations and providing complete facility for auditing

All the State SCOVAs and their district societies, along with CHCs/PHCs and other RCH Program implementing agencies shall be under legal obligation to provide all facilities including production of books of accounts, prescribed registers, files regarding purchases of all types of goods/items, files of construction works etc. These shall be handed over to the In-charge of audit party of any agency as mentioned in the beginning of this chapter and obtain receipt of such record on plain paper which shall be returned back to the in-charge of audit party when such records are given back.

All the above noted programme implementation agencies shall also be responsible to make compliance of audit observations, made in any inspection/audit report within the time limit prescribed by the controlling authority.

Appendix-13A

Checklist for Financial Management

Name of Society_____ Date of Visit_____ Name of Reviewer_____

Sl.No.	Description	Yes	No	Remarks
1.	Cash book and bank book written up to date (indicate date).			
2.	Cash balance reconciles with physical cash in hand. (Do a cash count)			
3.	General ledger is written up to date and has the relevant ledger heads (indicate date).			
4.	All vouchers are serially numbered and filed properly.			
5.	Bank reconciliation's has been done as at the end of the previous month.			
6.	Stock register for drugs, consumable and printed materials, if any, is up to date.			
7.	Fixed asset register is up to date.			
8.	Advances are classified separately and not included in the SOE. Only on the receipt of utilization certificate/contractors bill advances are adjusted and the value of work done is included in the SOE.			
9.	Are there advances outstanding for long. (greater than 6 months)			
10.	Is there a backlog in preparation of SOE, utilization certificate or audit report?			
11.	Are their any fund flow delays to district societies?			
12.	Are there any pre-signed blank cheques or large cash withdrawals.			
13.	Any other observations			

For adverse observations, what action and timeframe has been decided.

- 1.
- 2.

Note any adverse/serious findings to be reported to _____ at the State Project Director and the FMG at the DOFW, GOI

Name of the reviewer & Date

Discussed and agreed with
(Name & Signature of the official of District SCOVA)

List of Points to be Kept in View by the Teams of Internal/External Auditors While Conducting the Audit of State SCOVAs and District Health/RCH Societies

1. The audit activities should include pre-payment audit as well as independent appraisal of the financial, operational and control activities of the program.
2. The responsibilities of the auditor should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with the RCH PhaseII financial norms and the procedures laid down in the Manual.
3. All funds have been used in accordance with the conditions laid down under relevant financial norms and regulations with due care & attention with economy and efficiency, and only on the purpose for which amount was provided.
4. Generally accepted accounting principles are being followed by all the district PM units authorized to incur expenditure under RCH Phase II.
5. Goods and services financed out of RCH-II budget have been procured in accordance with relevant provisions of the manual. Proper documents, namely purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills, etc. are maintained and linked to the transactions and are being retained properly.
6. All necessary supporting documents, records and accounts have been kept in respect of all program expenditure including the expenditure covered by the Statements of Expenditure. Clear linkages should exist between the books of accounts and reports submitted to the DoFW.
7. Expenditure is incurred with reference to the Annual Work Plan approved by the DoFW. In case the budget allocation is exceeded, proper reappropriation, orders from the competent authority, have been obtained.
8. **Reconciliation, with bank statement and SCOVA/DPMU accounts is regularly carried out on monthly basis.**
9. **All books of accounts & prescribed registers are being maintained and kept up to date by making daily entries in such books and registers.**

General points which shall be covered under audit

- a. The main purpose of audit of account of a state SCOVA and district RCH society shall be to enforce and ensure that the book of accounts and registers prescribed for various purposes are accurately maintained and kept up to date.
- b. Formats prescribed and enclosed with this manual have been adopted in the same way as opened in the manual.
- c. Separate savings bank account for RCH Phase II has been opened.
- d. Vouchers are prepared on prescribed formats, filled accurately and required documents i.e. original bill/invoice and purchase order etc. have been enclosed with the voucher and necessary entries or certification have been recorded on the bills/cash vouchers etc.
- e. Expenditure has been incurred on the same scheme or activity for which it was approved and released by the DoFW through state SCOVA.
- f. As per the provisions made in the manual for preparation of statements of expenditure (SoE) on monthly, quarterly, six monthly & annual basis are prepared accurately and are based on the figures shown in ledgers & journal.
- g. Civil works have been carried out as per the prescribed guidelines and procurement is made in accordance with the procurement guidelines issued by the DOFW.
- h. Annual physical verification of dead stock non-consumable and consumable articles has been carried out at the end of the financial year.
- i. Account records, mainly cash book, petty cash book, ledgers, paid vouchers, bank deposit receipts etc. at district level are kept properly and safely under the custody of the district Chief Medical Officer or by an authorized officer.
- j. Paid vouchers and pending liabilities of more than Rs.1,000/- each, may be checked/examined with due care & attention.
- k. Proper arrangements for the safety of cash and valuable items have been made.
- l. There appears no lapse or weakness or shortcoming in the systems laid down in the manual.

The auditors are expected to comment on the weaknesses/shortcomings observed in the system and make suggestions for its improvement. The audit systems shall assist the implementing agencies to improve the system rather than to criticize them, except in a case where *malafide* intention or criminal conspiracy is established in misuse or embezzlement of funds of the program at any level.

Appendix-14A

Standard Evaluation Sheet for Evaluation of the Technical Bids of the External Auditors (CA Firms)

	Criteria	Remarks	Max. Marks	Marks Obtained
1.	No. of partners – FCA/ACA		10	
2.	Years of experience Partner A + Partner B + Partner C + Partner D +		10	
3.	Years of Partners association with the firm Partner A + Partner B + Partner C + Partner D +		10	
4.	No. of Staff i. Qualified ii. Semi-Qualified iii. Others		10 5 5	
5.	Nature of experience (giving Turnover/Project Cost/ Years of experience of the entities/projects audited) i. RCH audit ii. Govt. Social Sector iii. Other Social sector		20 5 5	
6.	No. of Branches		10	
7.	Total turnover of the firm in last three years		10	
		Total	100	
Note: 1. In the Invitation Letter, CA Firms will be asked to give details of all these criteria while applying. 2. CA firms will also provide their latest Certificate of Firm Constitution as on 1 st January of the current year issued by ICAI and their latest Income Tax Return duly acknowledge by IT Department. Firms not able to provide these two documents will not be considered. 3. Each member of the evaluation committee will fill up this form separately. 4. Total marks given by all the members will be totalled and the audit work will be awarded to the firm obtaining the maximum marks.				
Name of the Member:			Signature with date:	

Appendix-15

Expression of Interest for Short Listing Chartered Accountant Firms for the Audit of the Accounts of State SCOVA & its Distt. PM Units

Status of the Firm: **Partnership** ☐ **Sole Proprietorship** ☐

1. (a) Name of the firm (in capital letters) _____
 (b) Address of the Head Office _____
 (Please also give telephone no. _____
 and e-mail address) _____
 (c) PAN No. of the firm _____
2. ICAI Registration No. _____ Region Name _____
 Region Code No. _____
3. (a) Date of constitution of the firm: _____
 (b) Date since when the firms has a full time FCA _____
4. Full-time Partners/Sole Proprietor of the firm as on 1st January,

Sl.No.	Years of continuous association with the firm	Number of FCA	Number of ACA
(a)	Less than one year		
(b)	1 year or more but less than 5 years		
(c)	5 year or more but less than 10 years		
(d)	10 year or more but less than 15 years		
(e)	15 year or more		

Note: Please attach the copy of Firm's Constitution Certificate issued by ICAI as on 1.1. 200X.

5. Number of Part-time Partners if any, as on 1st January,
6. Number of Full-time Chartered Accountants as on 1st January,
7. Number of audit staff employed full-time with the firm
 (a) Articles/Audit Clerks _____

- (b) Other Audit Staff (with knowledge of book keeping and accountancy) _____
- (c) Other Professional Staff (Please specify) _____
8. Number of branches if any _____
(Please mention places & locations)
9. Whether the firm is engaged in any internal or external audit or any other services providing to any Govt. Company/Corporation or co-operative institution etc. Yes/No
If 'yes', details may be given on a separate sheet.
10. Whether the firm is implementing quality control policies and procedures designed to ensure that all audits are conducted in accordance with Statements on **Standard Auditing Practices**. Yes/No
(If yes, a brief note on the procedure adopted is to be enclosed)
11. Whether there are any court/arbitration/any other legal case against the firm Yes/No
(If yes, give a brief note of the case indicating its percent status)

Undertaking

I/We do hereby declare that the above mentioned information are true & correct and I /We also undertake to abide the terms & condition of the contract and would make compliance of terms laid-down in the contract if executed by us with the state SCOVA.

Date:

Place:

Signature of Proprietor/Sole Partner

Terms of Reference (ToR) for Annual Audit (Financial Audit)

1. Introduction

Project background

Reproductive and Child Health program is the flagship program of the Department of Family Welfare combining initiatives in the area of reproductive health, child health and fertility regulations administered in a manner which gives emphasis to quality of services, choice of clients, community participation and gender factors. This program is supported by the World Bank, USAID, European Commission, UNICEF, UNFPA as well as several other bilateral and multilateral donors. World Bank support to the program is routed through two separate projects, one supporting RCH programme activities and other focusing specifically on immunization. Their brief description follows:

Reproductive & Child Health (RCH)

Specific objectives of the program are to:

- Improve the health status of young women and children everywhere in the country.
- Target free approach (T.F.A) for family welfare program. Integrated training under family welfare program and community participation and assessment of quality of care through them.
- Providing increased access for essential and emergency obstetric care and increasing access for safe abortion facilities.
- Facilities for screening and treatment of reproductive and sexual tract infections at the selected health facilities.

Immunization strengthening project

Specific objectives are to strengthen India's Immunization program in order to:

- Eradicate poliomyelitis
- Reduce mortality and morbidity due to six vaccine preventable diseases &
- Strategic medium-term framework development.

The State Committee on Voluntary Agency (SCOVA) is the implementing agency for both Reproductive & Child Health project (RCH) & Immunization Strengthening Project (ISP).

2. Project management

The Directorate of Family Welfare in each State is implementing the Project through State Committee on Voluntary Action (SCOVA). An account opened with a Commercial Bank is used for all transactions of funds received from GoI or any other agency. SCOVA operates the account & is responsible for (a) preparing and submitting SOEs to GoI in the formats of the quarterly / monthly reports are available in the financial management manual. SCOVA is also responsible for ensuring that procurement has been carried out in accordance with the procurement guidelines issued by GoI & agreed with the respective development partners under the respective financing agreement.

3. Objective of audit services

The objective of the audit of the Consolidated Financial Statements (FSs) (Balance Sheet, Income & Expenditure, Receipts & Payments, the Notes and accounting policies) is to enable the auditor to express a professional opinion on the consolidated financial position of the RCH program implemented through the (name of the State) SCOVA at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended March 31, 200....., as reported by the financial statements.

The project accounts (books of account as maintained by State and District SCOVA) provide the basis for preparation of the consolidated financial statements and are established to reflect the financial transactions in respect of the project as maintained by the State/ District SCOVA as mentioned in para V.

4. Scope of audit services

There shall be a consolidated audit of the accounts of SCOVA and district RCH societies. Audit for the year will include all the components of the RCH, Immunization Strengthening Project (inclusive of Pulse Polio Immunization), and European Commission supported Sector Investment Programme (EC-SIP). The concerned auditor will specifically mention in the audit report about the coverage of audit on these components and also will ensure that the releases and expenditures are duly separately reflected in the program financial statements.

The audit will be carried out in accordance with Standards of Auditing issued by the Institute of Chartered Accountants of India in this regard & will include such test & control, as auditors consider necessary under the circumstances. In conducting the audit special attention should be paid to the following:

- An assessment of the adequacy of the project financial management systems, including internal controls. This should include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system. This would be done in every year of project implementation and a specific report on this aspect would be provided by the auditor annually; and
- While conducting audit special attention should be paid to the following :
 - Funds have been spent in accordance with the condition laid down by the Department of Family Welfare, Government of India from time to time with due attention to economy and efficiency, and only for the purpose for which the financing was provided. Audit will be done in accordance with the relevant instructions issued by the GoI.

- Goods and services financed have been procured in accordance with the relevant procurement guidelines issued by the GoI & agreed with development partners.
- Expenditures if any, ineligible for financing by the development partners (as documented in the Development Credit Agreement with the IDA and equivalent agreement with the DFID) are disclosed adequately in the financial statements.
- All necessary supporting documents, records, and accounts have been kept in respect of the Project. clear linkages exist between the books of accounts and reports presented to MOH&FW
- The SoEs submitted during the fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

5. Project financial statement

The project Financial Statement should include:

- Receipt & Payment Account, Income & Expenditure account for the year ending on 31st March,
- A summary of funds received showing sources of funds from GoI or any other agency separately identified for both the projects (RCH & ISP).
- A summary of expenditures shown under the main project heading and by main categories of expenditures, both for the current fiscal year and accumulated to date; separately identified for both the projects (RCH & ISP) and
- A balance sheet showing accumulated funds of the project balances, other assets of the project, and liabilities, if any.

As and annex to the Project Financial Statement, the auditor should prepare:

- A reconciliation between the amounts shown as “received by the Project from the GOI” and that shown as being disbursed by the GoI.
- A list of SOEs submitted to GoI under Reproductive & Child Health Program & Immunization Strengthening Project along with their period & amounts.
- The auditor has to ensure that a reconciliation between the expenditure reported as per the SoEs relating to the financial year and the ‘expenditure’ as per ‘Income & Expenditure Statement’ is prepared and & a copy of such reconciliation should also be attached.
- Details of assets capitalized as per assets register maintained by the SCOVA.

6. Management letter

In addition to the audit reports, the auditor will prepare a “Management letter”, in which the auditor should summarize the observations on internal control issues (other than those which materially affect his opinion on the financial statements)

- Give comments and observation on the accounting records, systems and internal controls that were examined during the course of the audit;
- Identify specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement;
- Report on the level of compliance with the financial/ internal control, procedures as documented in the financial manual of the project;

- Communicate matters that have come to the attention during the audit which might have a significant impact on the implementation of the project; and
- Bring to SCOVA's attention any other matters that the auditor considers pertinent.

The observations in the management letter must be accompanied by the implications, suggested recommendations from the auditors and management comments on the observations/ recommendations from the management.

7. Responsibility of preparing the financial statements

The responsibility of preparing the financial statement shall rest with the project staff under the guidance of auditors. This exercise can be done on half yearly basis however the auditors has to express a professional opinion on the true and fair view of the operations of the Project during the year and the financial position of the project at the close of the fiscal year.

However the responsibility of maintaining accounting records totally rest with the 'Project Staff'

8. Reporting and timing

Apart from the primary opinion on the financial statements, the audit report should include a separate paragraph commenting on the accuracy and propriety of expenditures included in the statements of Expenditure (SOE) Quarterly Financial Reports (QFRs) including whether appropriate procurement procedures have been followed, and the extent to which the GoI can rely on SOE/QFRs.

The auditor's report should cover the following other statutory certifications as applicable to societies registered under 'Societies Registration Act 1860) or relevant State Societies Registration Acts as appropriate.

The audit should be carried out each year and the final audit report should be submitted by 31st July, (i.e. within four months after the end of the financial year), to the SCOVA & SCOVA should then promptly forward copies of the audited financial statement and audit reports to GoI together with their comments, if any.

9. Key personnel

The key personnel in the audit team, their minimum qualifications, and their anticipated inputs are indicated below:

- The Audit team should be led by a chartered accountant with a minimum 10 year experience in audit. The anticipated input of the CA is about 15 working days each year.
- The audit team should include sufficient number of appropriate staff (audit seniors, junior staff, etc.), commensurate with the size and scope of the assignment.

10. General

The auditor would be given access to all documents, correspondence, and any other information, which is deemed necessary by the auditor, relating to the project. The auditor should obtain confirmation of amounts disbursed and outstanding from GoI. The auditor would be provided copies of the legal agreements, MoU between the GoI and the States, finance and accounts manual, procurement guidelines, policies and procedures issued by project management. The auditor will maintain working papers in a systematic manner and make them available to GoI for review if required.

Appendix-17

Name of the State/UT SCOVA or District RCH Society _____

Receipt & payment account for the year ended March 31,

Receipts	Sch. Ref.	Amount	Payments	Sch.Ref.	Amount
Opening Cash & Bank Balances as on 1st April,			1. Disbursements to the Districts:		
■ Cash in hand			i) Out of Grants-in-aid		
■ Bank Balances			received from GoI		
■ Cheques/drafts in hand			for activities as per		
			District Action Plans		
Grants received from:			(Activities to be		
i) Government of India			listed if mentioned		
■ Towards flexi-pool			while releasing grants)		
■ Pulse Polio					
■ EC SIP					
■ Area Projects					
■ Civil Works, etc.					
■ Others (to be specified)			ii) Out of Grants received		
			from WHO		
ii) WHO on account of IPPI:			■ Training		
■ Training			■ IEC		
■ IEC			■ Booth Management		
■ Booth Management					
			iii) Out of NIHFw grants:		
			■ Awareness generation		
			training		

Contd....

Receipts	Sch.Ref.	Amount	Payments	Sch.Ref.	Amount
iii) NIHFW on account of:			■ Skill based training		
■ Awareness generation training					
■ Skill based training			2. Payments at State:		
			Out of Grants-in-aid		
			received from GOI		
Bank Interest			■ Contractual Staff		
			■ Audit Fees		
Refunds from districts, etc.			■ Bank Charges		
			■ Any other (specify)		
Any other receipt (Pl. specify)					
			Out of Grants received		
			from WHO		
			■ IEC		
			Closing Cash & Bank		
			Balances as on 31st		
			March, ...		
			■ Cash in hand		
			■ Bank Balances		
			■ Cheques/drafts in hand		
Total (Rs.)			Total (Rs.)		

Appendix-18

Name of the State/UT SCOVA or District RCH Society _____

Income & expenditure account for the year ended March 31,

Expenditure	Sch.Ref.	Amount	Income	Sch.Ref.	Amount
1. At Districts:			Grants transferred from Balance Sheet to the extent of expenditure		
i) Out of Grants-in-aid received from GoI					
■ Towards flexi-pool(break-up of the activities to be provided in line with Appendix-5)			i) Out of Grants-in-aid received from GOI		
■ Pulse Polio			for activities as per		
■ EC SIP			District Action Plans		
■ Area Projects			(Activities to be		
■ Civil Works, etc.			listed if mentioned		
			while releasing grants)		
■ Others (to be specified)					
■ Bank Charges			ii) Out of Grants received from WHO for IPPI		
			■ Training		
ii) Out of Grants received from WHO			■ IEC		
			■ Booth Management		
■ Training					
■ IEC			iii) Out of NIHFw grants:		
■ Booth Management			■ Awareness generation training		
			■ Skill based training		
iii) Out of NIHFw Grants					
■ Awareness generation training			Bank Interest		
■ Skill based training			■ At State		
			■ At Districts		

Contd....

Expenditure	Sch.Ref.	Amount	Income	Sch.Ref.	Amount
2. At State					
Out of Grants-in-aid from GOI					
■ Contractual Staff			Any other income (Pl. specify)		
■ State level consultants					
■ Audit Fees					
■ Bank Charges					
■ Any other (specify)					
Out of Grants from WHO					
■ IEC					
Any other expenditure (specify)					
Excess of Income over Expenditure carried to the Balance Sheet					
Total (Rs.)			Total (Rs.)		

Appendix-19

Name of the State/UT SCOVA or District RCH Society _____

Balance Sheet as at March 31,

Liabilities	Sch. Ref.	Amount	Assets	Sch. Ref.	Amount
Grant/Fund Account			Fixed Assets		
(balance in grant/fund account after expenditure)			(attach schedule showing head-wise Assets)		
i) From Government of India on account of:					
■ Towards flexi-pool			Current Assets, Loans & Advances		
■ Pulse Polio					
■ EC SIP			i) Out of Grants received from GoI:		
■ Area Projects			■ Towards flexi-pool		
■ Civil Works, etc.			■ Pulse Polio		
■ Others (to be specified)			■ EC SIP		
			■ Area Projects		
			■ Civil Works, etc.		
ii) From WHO on account of IPPI:					
■ Training			ii) Out of Grants received from WHO for IPPI		
■ IEC			■ Training		
■ Booth Management			■ IEC		
			■ Booth Management		
			iii) Out of NIHFw grants:		
iii) From NIHFw on account of:			■ Awareness generation training		
■ Awareness generation training			■ Skill based training		
■ Skill based training					

Contd....

Liabilities	Sch. Ref.	Amount	Assets	Sch. Ref.	Amount
Surplus being excess of Income over Expenditure as on April 1,			Interest Income at district - net of bank charges (receivable from districts)		
Add: Surplus for the year					
			Cash & Bank Balances:		
Capital Fund Account			Bank Balance		
(created to the extent of assets capitalised)			Cash in hand		
			Cheques/drafts in hand		
Total (Rs.)			Total (Rs.)		

Appendix-20

Reproductive and Child Health Programme Phase II

Schedule of Fixed Assets as on 31st March

Name of the State SCOVA _____ Name of the DPM Unit _____

S.No.	Item with description	Source of Purchase/ Procurement	Invoice/ Bill Number and Date	Exp. incurred	Value of the assets without any depreciation
1	2	3	4	5	6
	Total				

Place : _____

Date : _____

State RCHP Officer
or
District RCHP Officer

Format of Audit Report

Introduction

We have audited the accompanying expenditure statements/financial statements of the RCH Program implemented through the District/ State _____ SCOVA as of March 31, 20XX. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with established standards of auditing of the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles use and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

- a. The statements of account dealing with this report includes funds received from **World Bank under Reproductive and Child Health Program (Cr. No. No.), Immunization Strengthening Project (Cr. No.) and EC supported Sector Investment Programme (EC-SIP).**
- b. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our examination.
- c. In our opinion, proper books of account have been kept by the SCOVA society, so far as appears from our examination of the books.
- d. The statements of account dealt with this report are in agreement with the books of account.
- e. In our opinion and to the best of our information and according to the explanation given to us the said accounts, subject to (state qualifications if any) gives the information in the manner so required and give a true and fair view:-
 1. In the case of the balance sheet, of the State of affairs of the Society as at 31st March, ...
 2. In the case of the Income and Expenditure Account of the excess of income over expenditure/ deficit of income over expenditure for the year ended on that date.
 3. In case of Receipts & Payments Account of the receipts and payments during the year ended on that date.

- f. In addition with respect to SoEs/QFR, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and
- g. The expenditures so claimed are eligible for financing under the Loan/Credit Agreement of Reproductive and Child Health Program (Cr. No.) and Immunization Strengthening Project (Cr. No.).

Place:

Date:

Signature of Auditor(s)

Note:

In case a qualified opinion or disclaimer is given by the auditor, the audit report should state in a clear and informative manner all the reasons for such an opinion.

Audit report to be accompanied by:

- a. Management Letter
- b. Listing of SoE withdrawal applications sent by the State Society to GoI
- c. Listing on ineligible expenditures if any
- d. Reconciliation of SoE claims sent to GoI with the actual expenditure as reported in the audited financial statements

Appendix-22

Management Letter (Specimen Format)

Part 'A'

Observation by Auditor in Current Year (Year.....)	Compliance

Part 'B'

Observation by Auditor in Previous Years (Year 200.. -200., 200..-200., 200..-199., 199..-199... ..)	Compliance

Annexure B1

**Letter
of
Undertaking**

Letter of Undertaking

Dated :

The Secretary
Government of India
Ministry of Health and Family Welfare
Department of Health
New Delhi

Ref. : Reproductive & Child Health II Project - Letter of Undertaking [LOU]

Sir,

We refer to the Development Credit Agreement (the DCA) between India (hereinafter referred to as "Government of India") and International Development Association (hereinafter referred to as the "Association") for the Reproductive & Child Health II Project (the "Project") dated _____ under which the Association agreed to make available to the Government of India an amount in various currencies equivalent to _____ the credit on the terms and conditions set forth in DCA.

In consideration of the Association's entering into the Development Credit Agreement with the Government of India, we have agreed to undertake the obligation set forth in this Letter of Undertaking.

We hereby declare our commitment to the objectives of the Project as set forth in Schedule 2 to the DCA and agree to undertake its portions of the Project with due diligence and efficiency and in conformity with appropriate health practices and to provide funds, facilities, services and other resources required therefore.

Without limitation upon the foregoing provisions and as Government of India and the Association may otherwise agree, we shall carry out our portion of the Project as follows:

- (a) We declare our commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to that end, it shall agree to undertake its portion of the Project with due diligence and efficiency and in conformity with appropriate health and family welfare practices, and to provide, promptly as needed, the funds, facilities, services and other resources required there for.
- (b) In consideration of the Government of India providing the budgetary allocations to us, we agree to assume all the obligations applicable or relevant to the Project States and/or SIA under this Agreement and to take all actions necessary to undertake its portion of the Project. We further agree to carry out our portion of the Project as follows:
 - We shall (i) carry out activities under the Project in accordance with our SPIP agreed with the Borrower and forming part of the NPIP, and shall (ii) carry out civil works under the Project in accordance with the technical manual (as applicable) developed by the Borrower, as such manual may be revised from time to time in agreement with the Association; and
 - we shall appoint key additional staff according to our approved AWP and SPIP.
- (c) We shall undertake to procure the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit under this Agreement in accordance with the provisions of Schedule 3 to the DCA.
- (d) We agree that the Borrower or the Association may from time to time inspect the goods, works and services under the Project including all records and documents relating thereto.

- (e) We agree to assume and undertake the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) of the General Conditions applicable to the DCA in respect of this Letter of Undertaking [LOU] and our portion of the project.
- (f) We assume and undertake to comply or assist the Borrower in complying with the financial covenants prescribed by Article IV of the DCA. We also agree that the Borrower may suspend or terminate our right to use the proceeds of the Credit made available under this LOU upon our failure to perform any obligations under our LOU or upon notice by the Association that it intends to exercise its remedies under Article V of the DCA.
- (g) We agree to inform the Borrower and the Association promptly of any condition which interferes or threatens to interfere with the progress of our portion of the Project, the accomplishment of the purposes of the Credit under the DCA, or the performance of our obligations under this LOU.
- (h) We agree that we shall, from time to time, at the request of either the Borrower or the Association,
 - (i) exchange views with the Borrower and/or the Association (through the Borrower) with regard to the progress of carrying out activities under our portion of the Project, our performance under our Letter of Undertaking and other matters relating to the purposes of the Credit under the DCA, and
 - (ii) furnish all such information related thereto as may reasonably be required by the Borrower to fulfill its supervision, monitoring and reporting obligations to the Association. We also agree to afford all reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Project.
- (i) We agree to maintain our Project Executing Agencies to oversee Project activities within such Project State and to coordinate Project activities with the Borrower's National Program Coordination Committee.
- (j) Except as the Borrower and the Association shall otherwise agree, we agree either to (i) utilize the services of MOFW's national-level procurement support; (ii) to establish or engage a State-level Procurement Support Agency with terms of reference, resources and staff satisfactory to the Borrower and the Association, for procuring goods, works and services; (iii) [in the case of those Project States with existing procurement units acceptable to the Borrower and Association,] utilize such existing procurement units, for procuring goods, works and consultants' services required for the Project; or (iv) improve the logistics and storage facilities in time-bound manner to the satisfaction of the Borrower and the Association.
- (k) We agree to establish a mechanism acceptable to the Borrower and the Association for the transfer of funds from the State level to the Project Executing Agencies at District or institutional levels. Without limitation upon the provisions of Section 4.01 of the DCA, we agree to open, establish and maintain a separate Project account in each District or institution receiving Credit proceeds, and we agree to prepare monthly consolidated state expenditure reports in respect of all such Project accounts.

This Letter of Undertaking shall be complemented within one year's time of the RCH II Project's effectiveness by a Memoranda of Understanding between the MOHFW and us, and acceptable to the Borrower and the Association.

We realize that non-compliance with any of our obligations under this Letter of Undertaking will be tantamount to an event of default which will enable the Association to suspend in whole or in part the right of Government of India to make withdrawals from Credit under the DCA.

This Letter of Undertaking shall be effective from the date of its signature by the authorized representative below.

Yours faithfully,

Annexure B2

Memorandum of Understanding

(The attached version is the MoU dated April 25,2005.
Further revisions are under process under NRHM
and the final MoU that the states are called upon to execute may
differ from the attached document)

National Rural Health Mission

Draft Memorandum of Understanding (MoU) Between Ministry of Health & Family Welfare, Government of India And The Government of the State of

1. Preamble

- 1.1 *WHEREAS* the Union Cabinet has approved the National Rural Health Mission, hereinafter referred to as NRHM, for nation-wide implementation with effect from April, 2005;
- 1.2 *WHEREAS* the NRHM aims at providing accessible, affordable, effective, accountable and reliable health care to all citizens and in particular to the poorer and vulnerable sections of the population; consistent with the outcomes envisioned in the Millennium Development Goals and general principles laid down in the National and State policies, including the National Health Policy, 2002 and National Population Policy, 2000.
- 1.3 *AND WHEREAS* an 'architectural correction' of the health sector is a key objective for the NRHM, to be carried out through integration of vertical programs and structures; delegation and decentralization of authority; involvement of Panchayati Raj Institutions and other supportive policy reform measures in the areas of medical education, public health management, incorporation of Indian Systems of Medicine, regulation of health care providers and new health financing mechanisms;
- 1.4 *NOW THEREFORE* the signatories to this Memorandum of Understanding (hereinafter referred to as MoU) have agreed as set out herein below.

2. Duration of the MoU

- 2.1 This MoU will be operative with effect from April, 2005 or the date of its signing by the parties concerned whichever is later and will remain in force till March, 2012 or till its renewal through mutual agreement whichever is earlier.

3. Financial Assistance

- 3.1 The Ministry of Health & Family Welfare will provide a resource envelope for supporting the policies and programs proposed to be undertaken by the State under the National Rural Health Mission. Although different (existing) vertical budget lines under the MoH&FW are expected to collapse into a common NRHM pool, for the present the State Governments may retain sub budget lines, in accordance with the existing bilateral agreements between the GoI/State Governments and the Development Partners.
- 3.2 Although the AIDS control program and the National Cancer Control Program shall not be merged into the NRHM, the planning and monitoring functions for these shall remain a specific task for the institutional arrangements agreed through this MoU.

4. Program Implementation Plan

- 4.1. Each State will prepare a Sector Program Implementation Plan (PIP) and a Log Frame which will reflect activities proposed to be undertaken both through GoI funding as well as through the States own resources including activities falling under State Partnership Program directly funded

by the Development Partners. The Sector PIP will also reflect efforts at convergence with related sectors including AYUSH, Rural Development, Sanitation, Drinking Water, Nutrition, Women and Child Development, etc.

- 4.2. The PIP will be consistent with the general principles laid down in the National and State policies relevant to the Sector and other agreed action plans including that of JSY and the UIP Multi Year strategic plan. The Log Frame will in particular reflect the core indicators agreed to be adopted by the program.
- 4.3. Based upon its PIP and Log Frame, each State will set its own annual level of achievement for the program core indicators and subsequently, States will have similar arrangements with the Districts.
- 4.4. The Government of India will issue mandatory core financial and program indicators as well as institutional process as well as output indicators which would need to be adhered to by the States.
- 4.5. At the level of each State / UT the implementation of the action plan as set out in the PIP shall be reviewed once every month.
- 4.6. A review would be held every (quarter/six months) by the MoH&FW (for the EAG States, NE States, the State of Jammu and Kashmir and Himachal Pradesh) every six months/annually (for other States/UTs). Corresponding State level reviews of Districts would need to be carried out by the States/UTs.

5. Institutional arrangements : National Level

- 5.1. The NRHM shall have a Mission Steering Group (MSG) Chaired by the Union Minister of Health and Family Welfare which shall lay down policies and programs for the Health Sector and an Empowered Program Committee (EPC) Chaired by the Secretary, Health & Family Welfare. The MSG shall meet at least twice a year and it will have the powers of the Union Cabinet for approving financial proposals recommended by the Empowered Program Committee (EPC). Four Secretaries (Health & Family Welfare) of high focus States shall be nominated as members of the MSG for a period of one year each by rotation, by the Government of India. The EPC will operate the overall budget of the Ministry of Health & Family Welfare and it will function as the Expenditure Finance Committee for the Mission.
- 5.2. The State Plans shall be appraised by a National Program coordination committee (hereinafter called the NPCC) of the MoH&FW headed by Additional Secretary (NRHM) and will consist of the officers of the MoH&FW.
- 5.3. The representatives of the concerned State Government(s) may also be invited to the NPCC whenever their proposal are listed for consideration / approval.
- 5.4. The NPCC may also seek written feedback on the State Plan(s) from the representatives of the Development Partners providing financial and technical assistance to the Mission in the concerned State(s).

6. Institutional arrangements : State, District and Hospital Levels

- 6.1. The State Government has set up the State Mission Steering Group (hereinafter referred to as SMSG) headed by the Chief Minister.
- 6.2. The State has also designated a full time Mission Director.

- 6.3. The State has merged existing State level vertical societies in the health sector and has created an integrated Society called The said society shall receive the funds from the MoH&FW and other sources. The Society shall also perform the functions of a flexible mechanism for sourcing program management support for the State Directorate and district health administration.
- 6.4. The State has ordered merger of all District level vertical societies into an integrated district health and family welfare society called..... The district level society shall perform functions similar to that of the State level society, namely to receive funds and to provide program management support to district administration.
- 6.5. The State has also decided to set up a Patient Welfare Society at the hospital level called
- 6.6. The agreed State and district level organograms, scope of functions for the secretariat of the State and district societies and other relevant details including delegation of financial powers to the authorities of the State and District level societies are given at **Appendix-I (State PIP and Log Frame)** to be prepared and sent by the State Government along with the signed copy of this MoU) hereto.

7. Core Indicators

- 7.1. The State has agreed to a set of *Core Indicators* with specific reference to service delivery levels especially for SC/ST/ vulnerable beneficiaries to reflect the progress of implementation, including the institutional reforms.
- 7.2. The agreed Core Indicators, the agreed time frame for *milestones* to be achieved and the *evidence* to be made available in support of the achievement are given at **Appendix-II** and **III** hereto.

8. Funds Flow Arrangements

- 8.1. The MoH&FW shall adopt a six-monthly funds release system to support the agreed State Plan.
- 8.2. The first installment of agreed grants-in-aid shall be released upon the execution of this MoU or till such time by a letter of Undertaking / Understanding by the state.
- 8.3. Subsequent releases shall be regulated on the basis of submission of a report by the State indicating the progress of the agreed State Plan including the following:
 - Documentary evidence indicating achievement of milestones for the agreed core indicators,
 - Statement of Expenditure confirming utilization of at least 50% of the previous release(s),
 - Utilization Certificate(s) and Audit reports wherever they have become due as per agreed procedures under General Financial Rules (GFR), 1963 and / or relevant instructions on the subject.

9. Performance Awards

- 9.1. The State shall be eligible to receive an Annual 'performance award' to the tune of 10% of its *actual utilization* of cash assistance in the previous financial year provided that the State has successfully achieved the criteria set out in para 7.2 above.

- 9.2. The releases under the performance award mechanism will be over and above the agreed allocations as set out in para 3.1 above and will become an untied pool which may be used for such purposes as may be agreed by the State Mission Steering Group referred to in para 5.1 hereinabove.

10. Annual Review

- 10.1. The agreed State Plan and the progress and achievements thereof will be subject to joint annual review.
- 10.2. The agreements to add to or modify this MoU will always be in writing and will form part of the minutes of National Program coordination committee referred to in para 5.4 hereinabove.

11. Government of India Commitments

- 11.1 The funds committed through this MoU may be enhanced or reduced, depending on the pace of implementation of the agreed State Plan, achievement of the milestones relating to the agreed *Core Indicators* agreed reform program and achievement of the agreed levels of the process indicators drawn from the agreed State Plan.
- 11.2 The MoH&FW also commits itself to:
- (a) Ensuring that the resources available under the State Partnership Programs outside the MoH&FW budgets are directed towards complementing and supplementing the resources made available through the MoH&FW budget and are not used to replace the recurring expenses hitherto provided for under the Centrally Sponsored Schemes under the health and family welfare sector.
 - (b) Ensuring that multilateral and bilateral development partners co-ordinate their assistance, monitoring and evaluation arrangements, data requirements and procurement rules etc. within the framework of an integrated State Health Plan.
 - (c) Assisting the States in mobilizing technical assistance inputs to the State Government including in the matter of recruitment of staff for the State and district societies.
 - (d) Facilitating establishment of District Health Missions and development of District Action Plans through such means as may be mutually agreed.
 - (e) Developing social / equity audit capacity of the States through joint development of protocols for assessing access levels for the most disadvantaged groups.
 - (f) Developing and disseminating protocols, standards including the Indian Public Health Standards (IPHS), training modules and other such materials for improving implementation of the program.
 - (g) Consultation with States, at least once a year, on the reform agenda and review of progress.
 - (h) Prompt consideration and response to requests from states for policy, procedural and programmatic changes wherever considered necessary.
 - (i) Release of funds on attainment of agreed milestones and process indicators, within an agreed time.
 - (j) Holding joint annual reviews as well as a mid term review with the State, other interested Central Departments and participating Development Partners; and prompt corrective action consequent on such reviews.

- (k) Dissemination of and discussion on any evaluations, reports etc., that have a bearing on policy and/or have the potential to cause a change of policy.

12. State Government Commitments:

- 12.1 The State Government commits to ensure that the funds made available to the State level Societies to support the agreed State Plan under this MoU are:
 - (a) used for financing the agreed State Plan in accordance with agreed financing schedule and not used to substitute routine expenditures which is the responsibility of the State Government.
 - (b) kept intact and not diverted for meeting ways and means crises.
- 12.2 The State Government also commits to ensure that:
 - (a) The share of public spending on health from state's own budgetary sources will be enhanced at least at the rate of 10% every year.
 - (b) Its own resources and the resources provided through this MoU to the State level Societies flow to the districts on an even basis so as to ensure regular availability of budget at the district and lower levels.
 - (c) District health funds and District Health Missions will be established within an agreed time frame under the effective supervision of the Panchayati Raj Institutions for supporting and implementing the policies and programs of the NRHM.
 - (d) Structures for the program management are fully staffed and the key staff related to the design and implementation of the agreed State Plan, agreed reform program and other related activities at the State (including Directorate) and district level are retained in their present positions at least for three years.
 - (e) Representative of the MoH&FW and/or development partners providing financial assistance under the MoU mechanism as may be duly authorized by the MoH&FW from time to time, are allowed to undertake field visits in any part of the State and have access to such information as may be necessary to make an assessment of the progress of the health sector in general and the activities related to the activities included under this MoU, subject to such arrangements as may be mutually agreed.
 - (f) The utilization certificates (duly audited) are sent to the Ministry of Health & after close of the financial year, within the period stipulated in the General Financial Rules, 1963 and / or relevant instructions on the subject.
 - (g) State and district society funds will be kept in interest bearing accounts for each program in a designated bank and such interest is used to meet the day-to-day office expenses of the said societies.
- 12.3 The State Govt. agrees to abide by all the existing manuals, guidelines, instructions and circulars issued in connection with implementation of the NRHM, which are not contrary to the provisions of this MOU.
- 12.4 The State Government also commits to take prompt corrective action in the event of any discrepancies or deficiencies being pointed out in the audit. Every audit report and the report of action taken thereon shall be tabled in the next ensuing meeting of the Governing Body of the State Society.

13. Bank accounts of the societies and their audit:

- 13.1 The State will ensure that the State and district societies organize the audit of their accounts within six-months of the close of every financial year. The State Government will prepare and provide to the MoH&FW, a consolidated statement of expenditure, including the interest that may have accrued.
- 13.2 The funds routed through the MoU mechanism will also subject to statutory audit by the Comptroller and Auditor General of India. In addition they shall also subject to audit in accordance with the Financial Rules of the Society holding the funds released by MoH&FW under this MoU and any GoI obligations under the bilateral agreements with Development Partners. The Internal Audit Wing of the Ministry of Health and Family Welfare shall also be doing "Special Audit" on requirement basis.
- 13.3 The State Government shall take prompt corrective action in the event of any discrepancies or deficiencies being pointed out in the audit. Every audit report and the report of action taken thereon shall be tabled in the ensuing meeting of the Governing Body of the concerned Society.

14. Suspension

- 14.1 Non compliance of the commitments and obligations set hereunder and/or upon failure to make satisfactory progress may require Ministry of Health & Family Welfare to review the assistance committed through this MoU leading to suspension, reduction or cancellation thereof. The MoH&FW commits to issue sufficient alert to the State Government before contemplating any such action.

Signed this day, the of 200 .

For and on behalf of the
Government of
Department of Health & Family Welfare,

Chief Secretary, Government of
Date:_____

For and on behalf of the
Government of India, Ministry of Health & Family Welfare,

Secretary, Ministry of Health & Family Welfare,
Government of India
Date:_____

Financial Management Indicators

A. Finance and HRD related indicators

1. Qualified and skilled finance manpower in place & trained:

- At State level
- At District level

2. Vacancy Position of the Finance and Accounts Staff:

	No. of Sanctioned Posts	No. of Staff in position	No. of Vacancy	Since when Vacant (Give date)	Reason for Vacancy	Action Plan & time frame for filling up the vacancy
State level						
District level						

3. Integration and empowerment of finance personnel into the system:

- Organograms of State and District level finance staff submitted to GoI
- GO issued specifying duties and channel of reporting.

4. Training of Finance personnel completed:

- State level finance and accounts staff trained by GoI
- District level finance and accounts staff trained by State Government.

5. Dotted line relationship with the Central FMG:

- Performance of contractual Finance and Accounts staff evaluated on yearly basis and evaluation sheet forwarded to FMG, MoH&FW, GoI.
- Concurrence of central FMG taken for yearly extension of tenure of finance and accounts staff.

B. Financial empowerment related indicators

1. Delegation of adequate Financial and Administrative Powers:

- Govt. Order (GO) or resolution of SCOVA delegating the financial and administrative powers submitted to GoI:
 - At State level adequate powers delegated to the ED/Project Director

- At District level adequate powers delegated to the CMO
 - At PHC/CHC levels, retention and full powers for use of User charges collected there.
2. Adequate infrastructure facilities, e.g. computers, printers, telephone, fax, internet connection, etc. provided to Finance and Accounts staff:
- at State level
 - at District level

C. Financial performance related indicators

1. Financial report (Quarterly, in the format prescribed)

2. Audited statement of accounts & audit reports

Quarterly							
State	Timely (within a month after the end of quarter)	Delay of 1 Month	Delay of 2 Months	Delay over 2 Months	No. of Districts omitted	Quality of Financial Reports	Action taken to overcome delays in future

3. Utilization certificates

Annual								
State	Timely by 31 st July	Delay of 1 Month	Delay of 2 Months	Delay over 2 Months	No. of Districts omitted	Quality of audit Reports	No. of Audit observations	Action taken to overcome delays in future

4. Expenditure report

Annual						
State	Timely, along with Audited Statements of Accounts by 31 st July	Delay of 1 Month	Delay of 2 Months	Delay over 2 Months	Quality of UCs submitted	Action taken to overcome delays in future

Previous year's available funds	Funds received		Funds utilized		Unspent balance carried forward to next financial year
	1 st Installment	2 nd Installment	1 st half of the year i.e. up to 30 th September	2 nd half of the i.e. up to 31 st March	

Appendix-IIIa

Performance Indicators

Institutional process performance targets whereby release of (2006/7) flexible pool resources will be decided

S. No.	Indicator	Source	Target level of achievement set by the state*	Date on which the indicator is to be measured
1.	% of ANM positions filled	State reports and quarterly management reviews		
2.	% of states and districts having full time program manager for RCH with financial and administrative powers delegated	Same as above		
3.	% of sampled state and district program managers aware of their responsibilities	Management review		
4.	% of sampled state and district program managers whose performance was reviewed during the past six months	Management review		
5.	% of districts not having at least one month stocks of (a) Measles vaccine, (b) Oral Contraceptive Pills and (c) Gloves	MIS		
6.	% of districts reporting quarterly financial performance in time	FMR		
7.	% of district plans with specific activities to reach vulnerable communities	Management reviews		
8.	% of sampled districts that were able to implement M&E triangulation involving communities	Management reviews		
9.	% of sampled outreach sessions where guidelines for AD syringe use and safe disposal are followed	Quality reviews		
10.	% of sampled FRUs following agreed infection control and healthcare waste disposal procedures	Quality reviews		
11.	% of 24 hrs PHCs conducting minimum of 10 deliveries/month	MIS and quality reviews		
12.	% of upgraded FRUs offering 24 hr. emergency obstetric care services	MIS and quality reviews		

Output indicators from Mid Term and End Line Surveys, to be used to determine releases from 2008/9 onwards.

The states are to set target levels of achievement for these indicators based on their own assessments.

1. Contraceptive prevalence rate
2. % eligible couples using any spacing method for more than 6 months
3. % of women delivered during past one year who received 100 IFA tablets
4. % deliveries conducted by skilled providers (doctors, nurses or ANMs)
5. % of 24 hrs PHCs conducting minimum of 10 deliveries/month
6. % of upgraded FRUs offering 24 hr. emergency obstetric care services
7. % of 12-23 months children fully immunized
8. % of mothers and newborn children visited within 2 weeks of delivery by a trained community level health provider/AWW or health staff (ANM/Nurse/Doctor)
9. % of children suffering from diarrhea during past 2 weeks received Oral Rehydration Solution
10. Polio free status achieved since

Details of numerator and denominator and sources of information given in Appendix IV.

Indicators suggested for performance bonus

% of allocated funds for the year used	<10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	>90%
Score	1	2	3	4	5	6	7	8	9	10
% contributed by SC/ST populations among deliveries reported by public facilities (Non EAG states)*	<10%			10-20%			>20%			
Score	3			6			10			
% achievement of planned immunization coverage among SC/ST population (EAG states)*	<10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	>90%
Score	1	2	3	4	5	6	7	8	9	10

* These indicators are to be validated every year by independent agencies

It is proposed to give equal weight for disbursements and improved program performance. The focus of performance would be on improving immunization performance in EAG states while for non-EAG states, institutional deliveries which also cover early newborn care could be considered. For both, the attention would be on improving coverage for SC/ST populations which has to be validated by independent agencies. These indicators would be appropriately modified to suit the needs of the states.

Performance based disbursements

From fiscal year 2006/7 onwards the MoH&FW would decide whether to release an amount of flexible pool resources in addition to that specified above for encouraging good performance. The release to [state or UT] would be set by the following formula:

Release = Rs [] crore x

{(50 x % of funds allocated by the state and central government for the previous year disbursed)
+ (25 x % of SC/ST deliveries attended by ANM/nurse/doctor)
+ (25 x % achieved of planned measles coverage among [SC/ST/Below Poverty-Line] population)}

Appendix-IV

Details of Calculation of Key Indicators

Indicator	Numerator	Denominator	Source of Information	Expected Frequency
1. Contraceptive Prevalence Rate	Number of sampled/ listed eligible couples using one or other modern method of contraception	Total number of eligible couples sampled/listed	<ul style="list-style-type: none"> Household surveys/ NFHS 3 MIS 	<ul style="list-style-type: none"> Twice /once during project period Annual
2. Eligible couples using any spacing method for more than 6 months	Number of sampled/ listed eligible couples using one or other spacing methods for more than 6 months	Total number of eligible couples sampled/listed < 30 years	<ul style="list-style-type: none"> Household surveys/ NFHS 3 MIS 	<ul style="list-style-type: none"> Twice /once during project period Annual
3. Pregnant women receiving 100 or more IFA tablets	Number of women who delivered during past one year receiving 100 or more IFA tablets	Number of women who delivered during past one year	Household surveys/ NFHS 3	Twice/once during project period
4. Deliveries conducted by skilled providers	Number of women delivered during past one year by skilled providers	Number of women delivered during past one year	<ul style="list-style-type: none"> Household surveys/ NFHS 3 MIS 	<ul style="list-style-type: none"> Twice /once during project period Annual
5. Twenty-four hour PHCs conducting at least 10 deliveries in a month	Number of 24 hr. PHCs conducting 10 or more deliveries in a month	Number of 24 hr. PHCs surveyed/ reporting	<ul style="list-style-type: none"> Facility Surveys MIS 	<ul style="list-style-type: none"> Twice during project period Quarterly
6. Upgraded FRUs offering 24 hr. emergency obstetric care	Number of upgraded FRUs offering 24 hr. emergency obstetric care	Number of FRUs surveyed/reporting	<ul style="list-style-type: none"> Facility Surveys MIS 	<ul style="list-style-type: none"> Twice during project period Quarterly
7. 12-23 months children fully immunized	Number of sampled/ listed 12-23 months children fully immunized	Number of 12-23 months children sampled/listed	<ul style="list-style-type: none"> Household surveys/ NFHS 3 MIS 	<ul style="list-style-type: none"> Twice/once during project period Annual

Contd....

Indicator	Numerator	Denominator	Source of Information	Expected Frequency
8. Mothers and newborn visited as per schedule within 2 weeks of delivery by a trained community level health provider/ AWW or health staff (ANM/Nurse/Doctor)	Number of Mothers and newborn visited as per schedule within 2 weeks of delivery by a trained community level health provider/ AWW or health staff (ANM/Nurse/Doctor)	Number of mothers delivered during past one year	<ul style="list-style-type: none"> Household surveys/ NFHS 3 MIS 	<ul style="list-style-type: none"> Twice/once during project period Annual
9. Children suffering from diarrhea given ORT	Number of children who suffered from diarrhea during past two weeks and received ORS	Number of children who suffered from diarrhea during past two weeks	Household surveys/ NFHS 3	Twice/once during project period
10. Zero free polio status achieved since	No of districts reporting no polio cases	Number of districts with non polio AFP rate more than one	National Polio Surveillance Program	Continuous