

# **Operational Guidelines for Financial Management**

**(Finance Manual)**

**Draft**  
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**National AIDS Control Organisation  
Ministry of Health & Family Welfare  
Government of India**

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## ACRONYMS

AFU	Accounts & Finance Unit
AG	Accountant General
AIDS	Acquired Immuno Deficiency Syndrome
AMC	Annual Maintenance Contract
APAC	AIDS Prevention Control Project
ART	Anti Retroviral Therapy
ARV	Anti Retro Viral
AWP	Annual Work Plan
C&AG	Comptroller & Auditor General of India
CA	Chartered Accountant
CAAA	Controller of Aid, Accounts and Audit
CBO	Community Based Organizations
CFMS	Computerised Finance Management System
CIDA	Canadian International Development Agency
CMIS	Computerized Management Information System
CPF	Contributory Provident Fund
CSO	Civil Society Organization
CSS	Central Secretariat Service
DA	Daily Allowance
DAPCU	District AIDS Prevention and Control Unit
DDO	Drawing and Disbursement Officer
DFID	Department For International Development
DHO	District Health Officer
DMO	District Medical Officer
EC	Executive Committee
FC	Finance Controller
FCA	Fellow of Institute of Chartered Accountants of India
GB	Governing Body
GFATM	Global Fund for AIDS, TB and Malaria

GO	Government Order
GOI	Govt. Of India
HIV	Human Immuno Deficiency Virus
IA&AS	Indian Audit and Accounts Service
IAS	Indian Administrative Service
ICAI	Institute of Chartered Accounts of India
ICAS	Indian Cost Accounts Service
ICTC	Integrated counseling and Testing Center
ICWA	Institute of Cost and Work Accounts of India
IDU	Injecting Drug Users
IEC	Information Education Communication
IT	Income Tax
MASC	Municipal AIDS Control Societies
MIS	Management Information System
MOH&FW	Ministry of Health and Family Welfare
MoU	Memorandum Of Understanding
MSM	Male having Sex with Male
NACB	National AIDS Control Board
NACO	National AIDS Control Organization
NACP	National AIDS Control Programme
NBTC	National Blood Transfusion Council
NCA	National Council on AIDS
NGO	Non Governmental Organization
NRHM	National Rural Health Mission
OI	Opportunistic Infections
PAD	Project Appraisal Document
PAN	Permanent Account Number
PAO	Pay Accounts Office
PD	Project Director
PEP	Post Exposure Prophylaxis
PFMU	Project Finance Management Unit

PLHA	People Living with HIV / AIDS
PSU	Project Support Unit
RBI	Reserve Bank of India
RCH	Reproductive and Child Health Programme
RNTCP	Revised National Tuberculosis Control Programme
SACS	State AIDS Control Society
SBTC	State Blood Transfusion Council
SIMS	Strategic Management Information System
SOE	Statement of Expenditure
STD	Sexually transmitted Disease
STI	Sexually Transmitted Infection
TA	Travel Allowance
TDS	Tax Deduction at Source
TOR	Terms Of Reference
TSU	Technical Support Unit
UC	Utilization Certificate
UNDP	United Nations Development Programme
USAID	United State Agency for International Development
USG	United State Government
UT	Union Territories
VCTC	Voluntary Counselling and Testing Center

## **1. SCOPE AND ADMINISTRATION OF THE MANUAL**

1.1 This manual shall govern the financial management system for National AIDS Control Programme covering the accounting and audit arrangements.

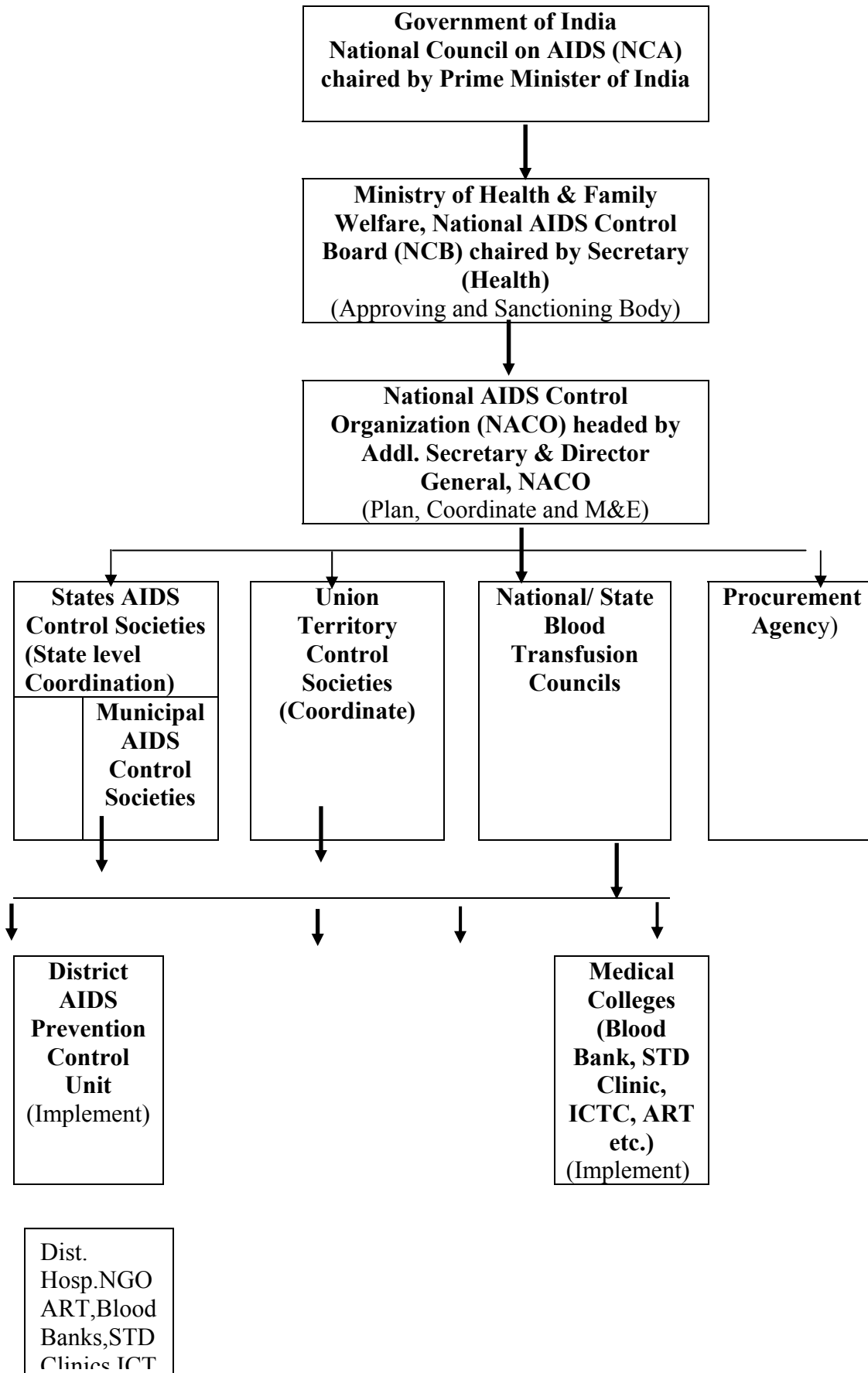
1.2 All amendments to the manual shall be made only by NACO and any requests for amendment based on implementation experience should be addressed to the **Director (Finance) NACO**.

1.3 All amendments to the manual shall:-

- be circulated to all SACS/MACS/UT for onward circulation to its district and other implementation units
- clearly state the paragraph (s) and line(s) to be replaced/added
- be serially numbered for control and easy reference
- mention the date from which the change shall be effective
- be annexed to the manual with a cross reference at the appropriate places in the Manual

1.4. This manual shall be maintained by the Head of Finance division in NACO/ SACS for easy reference and be made available to the audit/inspecting agencies for guidance.

**2. PROJECT IMPLEMENTATION SETUP IS ON THE FOLLOWING LINES:**





### 3. COMPONENTS OF PROJECT FINANCIAL MANAGEMENT

3.1 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 programme, 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 programme success. Accurate and timely financial information provides a basis for better decisions about physical progress of the programme, availability of funds, reducing delays and bottlenecks if noticed.

3.2. The financial management system should produce timely, relevant and reliable financial information that would allow programme managers and State/Central governments to plan and implement the NACP-III program, monitor compliance with agreed procedures and apprise progress toward its objectives.

To meet these requirements, the system should include the following features:

**3.2. Planning** – A system to identify the needs to achieve the programme objectives, evolve strategies and approaches to address them and take up suitable interventions and activities.

**3.3. Budgeting** – A system to identify the short-term activities necessary to achieve the programme objectives and express these activities in financial terms.

**3.4. Accounting** – A system to track, analyze, and summarize financial transactions.

**3.5. Funds flow arrangements** – Appropriate arrangements to receive funds from all sources and disburse them to the agencies involved in programme implementation.

**3.6. Reporting** – A system that would produce sufficient detailed information to manage the programme, and provide each level of management (NACO, SACS) with regular financial information (consolidated and/ or dis-aggregated) for decision making and monitoring.

**3.7. Internal control** – Arrangements including internal audit, to provide reasonable assurance that (i) operations are being conducted effectively and efficiently and in accordance with SSA financial norms (ii) financial and operational reporting are reliable; (iii) laws and regulations are being complied with; and (iv) assets and records are maintained.

**3.8. External audit** – Arrangements for conducting annual external audit of the programme by acceptable auditors in accordance with standard Terms of Reference.

**3.9. Procurement** – A system to carry out procurement of goods, works and services keeping in mind the considerations of economy, efficiency, transparency and equal opportunities to all.

**3.10. Financial procedures manual** – A manual that sets forth the programme financial policies and procedures for the guidance of all personnel charged with financial responsibilities, with the aim of ensuring that programme resources are properly managed and safeguarded.

**3.11. Financial management staffing** – Appropriately qualified financial management staff, including accounting and internal audit staff, with clearly defined roles and responsibilities to conduct financial management activities.

#### 4. PLANNING PROCESS

4.1 At present the planning process is both medium term i.e. for five to seven years with broad strategy and targets outlined, and short term i.e. annual plan with detailed targets. The Annual Plan should be dove tailed with the medium term plan strategy as far as possible. It is recommended that decentralized evidence based bottom up planning approach with adequate flexibility should be made core of budgeting. Major stakeholders should be actively associated in planning and preparation of annual plan. For better understanding and preparation of realistic and achievable annual plan, a computerized Plan preparation module will be developed and implemented. It would cover all aspects of preparation of evidence based realistic plans with in the broad parameters along with a schedule for processing.

4.2 A calendar for the Annual Work Plan and budget cycle is provided below. In order to ensure that the State Annual Work Plans (AWPs) are prepared, reviewed and approved in a timely manner it is important that the deadlines mentioned in the table below are adhered to. This is to ensure that there is adequate time for consultation and review process. It may be mentioned that delays in approval of the AWP delays release of funds, which in turn impacts program implementation and funds utilization.

Sl. No.	Activity	Date by	Responsibility
1.	Letter from NACO to all states indicating guidelines as well as formats for annual plan	1 <sup>st</sup> week of October	NACO
2.	Issue of letter by Project Director to all programme officers for submission of plan/ budget proposals	October 15 <sup>th</sup>	Project Director of SACS
3	Pre budget conference by SACS States on activities and budget estimates with Donors /stakeholders and finalizing the state budget	November 15	Project Director SACS
4.	Submission of budget estimates (activities, targets and costs) to the Accounts Department by all programme divisions	November 30	Program Divisions in NACO and SACS
5.	Budget consolidation by Accounts Department	December 15	Finance Controller of SACS
6.	Submission of annual Plan to the NACO	December 31	Project Director
7.	Review of annual work plan by NACO by holding pre-budget conference and consolidation of AWP	January 15 to 31	NACO/ SACS
8.	Completion of Secretary level meetings/ discussions on annual budget proposals with states	February 15	NACO
9.	Presentation of GOI Budget in Parliament	February 28	-
10.	Component wise and statewise approval by NACO	March 31	NACO
11	Release of funds –First installment to the state	April 15	NACO
12	Mid Term Review re-allocation	Oct./Nov.	NACO

### 4.3. Identification of Resource Envelope

Planning is based on the core principle of one action plan for the programme irrespective of the number of donors contributing to the programme. Hence the planning process would begin with a joint meeting of all donors and identifying the areas of programme support and joint planning so that there is optimal use of resources without duplication of efforts.

A specimen format as shown below may be helpful in making the optimum resource planning at national and state level showing priority/objective wise activities..

Activity	Physical Targets	Funding By NACO	Funding By State Govt	Funding from Donors outside SACS (Attach Donorwise detailed statement)	Funding to SACS directly by Donors.	Grand Total	
						Physical	Financial
1	2	3	4	5	6	7	8
<b>OBJECTIVE-1</b>							
Targetted Interventions							
Other Interventions							
Blood Safety							
STD drugs							
Communication							
OI drugs							
PEP drugs							
PPTCT							
Condom Programme							
Any Other							
<b>Sub Total</b>							
<b>Percentage</b>							
<b>OBJECTIVE-2</b>							
ART							
Pediatric ART							
Centre of							

Excellence							
Community Care Centres							
Any Other							
<b>Sub Total</b>							
<b>Percentage</b>							
<b>OBJECTIVE-3</b>							
Training							
Salary							
Operational Expenses							
Mainstreaming							
Any Other							
<b>Sub Total</b>							
<b>Percentage</b>							
<b>OBJECTIVE-4</b>							
Monitoring& Evaluation							
Surveillance							
Research							
Innovative programmes							
<b>SubTotal</b>							
<b>Percentage</b>							
<b>Grand Total</b>							

Remark- The above list is only illustrative and activities pertaining to each society may vary. Accordingly the activity list requires to be changed.

\* This would include donors/ corporates who carry out their activities on their own and do not place funds with SACS e.g Bill and Melinda Gates Foundation.

\*\* This would include donors who directly make funds available to certain SACS for identified projects and such funds are not sent by NACO

\*\*\* this includes funds sent by NACO for activities funded by a specific donor e.g GFATM

\*\*\*\* this would include all residual activities which is funded by NACO and part financed by the pooling partners –DFID and World Bank.

## **5. BUDGETING – Annual Plan Preparation Process**

### ***5.1. Bottom up approach in budgeting at SACS level***

There should be a bottom up approach in respect of planning of activities as inputs for the preparation of budgets at the SACS level. The activity plan should be prepared based on the inputs from various implementing units. Using the cost norms provided in the scheme book activity cost should be developed as an input to preparing consolidated budget at the SACS level. In this respect, a budget circular should be given to all implementing units so that they communicate their requirements well in time in order to avoid any delays in preparation of budget at SACS level.

While preparing the budget it is to be ensured that the calculation is made on the following criteria in respect of assistance to Institutions and Targeted Interventions:

- (a) one time cost  
Generally this is for setting up of the institutions cost for minor modification, furniture, computer etc.
- (b) Fixed cost  
Comprising of salary, rent, electricity costs etc.
- (c) Variable cost  
Depending on number of beneficiaries targeted.

In-kind support from NACO is also to be reflected in the Annual Work Plan separately (Condoms, test kits, ART etc)

### **5.2. Basic Documents for preparation of Annual Work Plan and Budgeting**

While preparation of the annual workplan and budgeting exercise the following documents should be referred

- a) Scheme Book for National/State level plan**  
The guidelines contained in the Scheme Book for various activities should be the basis for preparation of the plan. Copies of this may be made available to all programme officers.
- b) Guidelines for preparation of Annual Plan**  
The instructions for detailed preparation of plan, basis for calculations etc are contained in this book. This is mainly for the use of finance personnel
- c) Procurement Manual**  
Procurement manual gives instructions on preparation of Procurement plan, type of procurement schedules etc.

**d) Operational Guidelines for various Interventions published by NACO**

This document should be made the basis for arriving at the details of NGO/ TI activities and other interventions /activities and should be made available to implementing agencies/programme officers.

**5.3. Pre - budgeting Conference**

A pre-budgeting conference may be organized at the beginning of the budget cycle wherein the relevant instructions/ guidelines should be provided to the staff of budget centers. This would facilitate uniformity in the methods of estimation used by budget centers and reducing the gap between figures of budget proposed and budget approved

Considering the number of budget centers, the distance between the centers and the availability of PD and FC of budget centers, the option of video conferencing should be explored for the above purpose.

**5.4. Utilisation of Funds**

The Funds under the project are to be utilized and reported under the same heads as given for the budget./Plan.:

**5.5. Re-appropriation of funds Following approval of the AWP by NACO:**

- Societies are empowered to re-appropriate budget within the activities of the components with the approval of the executive committee, while re-appropriation of funds from one component to another will require the specific approval of NACO.
- Re-appropriation between items classified under management costs can be done with the approval of the Executive Committee, provided it is within the total management costs approved for that year and such re-appropriation is within the same head of account, i.e., one revenue head to another revenue head and one capital head to another capital head. Re-appropriation from a revenue head to capital head and vice-versa is not permissible.
- Funds of the Society shall not be diverted or re-appropriated to meet any expenditure which has not been sanctioned by the competent authority;
- Funds shall not be diverted or re-appropriated to expenditure on any item not provided for or contemplated in sanctioned budget estimates;
- Re-appropriation of funds shall be made only when it is known or anticipated that funds to be transferred from one sub-head to another sub-head (revenue only) will not be utilized in full and savings under that sub-head of accounts are likely to become available. The re-appropriation in such cases shall be made only with the approval Executive Committee.

- All re-appropriations carried out under these rules will be reported to NACO for its information

## **5.6. Training to Staff**

Training workshops should be organized for all the components officers and accounts and finance units in respect of budgeting preparation and compilation process. Training should be imparted in respect of various budgeting aspects such as:

- **Various budgeting guidelines issued**  
The guidelines issued by NACO from time to time and the Scheme Book of NACP III should become the basic documents for preparation of budget
- **Method of estimation to be followed,**  
The details of estimation for budgeting is illustrated in Scheme Book as well as the operational guidelines on each thematic area contains the methods of estimation to be followed for budgeting
- **Budget heads to be used**  
This is primarily a job to be undertaken by the accounts and finance department. Objective wise principal heads of accounts as well as activity wise codifications are available in CFMS.
- **Budget formats to be used**  
Formats for preparation of annual workplan will be made part of the CFMS Module.
- **Time lines regarding budget preparation and submission**  
See the table under the chapter 7 Planning Process and Financial Planning for details.

## 6. FUND FLOW ARRANGEMENTS

The existing fund flow process at the centre and the state/ UT levels is discussed under the following heads:

- Fund flow mechanism at NACO
- Fund flow from NACO to SACS/MACS
- Funds flow from SACS/MACS to executing agencies

### 6.1. Funding by Pool Fund(World Bank & DFID)

The Pool Fund provides advance funds to the GOI through the mechanism of 'Special Account' with the objective of facilitating faster disbursement.

The Special Account is a revolving account in which the Pooled Fund Partners deposits funds for the project. These funds are used exclusively to cover the Pooled Fund Partners' share of the eligible expenditure on the project. The Special Account is opened by the Government of India with the Reserve Bank of India. This account is maintained separately for each project in convertible foreign exchange.

The Special Account is operated by the Controller of Aid, Accounts and Audit (CAAA), Department of Economic Affairs, Ministry of Finance, government of India. Based on the amount of claim raised in respect of the expenditure incurred on the project (as per the reimbursement claim filed by NACO), the CAAA issues an advice to the Reserve Bank of India for transfer of the amount, from the Special Account of the project to the Consolidated Fund of India.

The Pooled Partners replenishes the Special Account at regular intervals as per the agreed percentages of expenditure.. The frequency of replenishment by them depends on the agreement terms and pace of utilisation..

#### NACO Funds

##### I. Domestic and Pooled Funds

##### a) Domestic Budget

Sl.No	Item
1.	NRHM
(i)	Condoms
(ii)	Blood Storage Units (3222)
(iii)	STD Treatment (28000PHCs/CHCs)
2.	Direct Support to NACO
(i)	Surveillance

- (ii) NACO Establishment Costs
  - (iii) NBTC (Autonomous body created by Supreme Court)
  - (iv) Normal & Additional Contingency for North East States
- b) Pool funds
    - (i) World Bank
    - (ii) DFID
    - c) USAID
    - d) UNDP- for Mainstreaming ,Link Workers
    - e) Global Fund For AIDS, TB, and Malaria

#### II. Direct Support to States

Some donors directly support some of the states for selected activities eg. UNICEF, BMGF, USG etc

#### III. State Govt Funds

#### IV. Extra Budgetary Support

- (i) BMGF
- (ii) DFID for technical support
- (iii) Clinton Foundation

### **6.2. Funding by other Development Partners**

Funds from other development partners like , Global Fund for AIDS, Tuberculosis and Malaria(GFATM), United States Agency for International Development(USAID) are also routed through NACO. However in case of other partners, the states are getting funds directly.

### **6.3. Fund flow at NACO**

The existing fund flow mechanism is as under:-

The Government of India (GOI) through MOH&FW provides funds to NACO through annual budgetary allocation. There is no physical transfer of funds from Government of India to NACO. The Reserve Bank of India honours the payments relating to NACO to the extent of budgetary allocation to NACO. Thus, the budgetary allocation of NACO from MOHFW for any financial year indicates the total funds available with NACO for that financial year.

***Note:- As per the present policy of Ministry of Finance , quarterly targets has been fixed for each ministry and if it not utilized, it gets lapsed. The present quarterly targets are 19,24,24 and 33 percentages in first and subsequent quarters respectively.***

#### **6.4. Fund Flow from NACO to SACS**

NACO will provide funds to various project offices such as Societies (SACS, MACS), National Blood Transfusion Councils (NBTC), normally in two or three installments<sup>1</sup>. The conditions for release of the first and second installments and the timing are as under:

<b>Installment</b>	<b>Conditions to be fulfilled</b>	<b>Quantum</b>	<b>Timing</b>	
First	<ul style="list-style-type: none"> <li>• Approved Annual action Plan</li> <li>• Provisional Utilization certificate for the previous year based on Statement of Expenditure</li> <li>• Statement Of Expenditure for last Quarter Ending of financial Year and SOEs for other quarters.</li> <li>• Audited accounts and Utilisation Certificates for immediately preceding years would have been received.</li> </ul>	Funds received by NACO will be appropriated as a % of the approved AWP less cash/ bank balance available with the SACS	April 30	
Second	<ul style="list-style-type: none"> <li>▪ Financial report for the first six months showing Budget versus actual expenditure.</li> <li>▪ Audit report with financial statements and utilization certificate for the previous financial year</li> <li>▪ Confirmation on funds requirement for the second half of the financial year based on mid term review</li> </ul>	Balance of approved AWP adjusted for the pace of implementation based on utilization certificate/financial reports and mid term review	October 31	

Other aspects that will be considered during fund release:

- NACO will provide funds to SACS and MACS offices in the form of grant in aid based on the fulfillment of the above conditions for tranche release. No formal request is required from the societies for release of funds.

Funds are provided to these offices in physical form i.e transfer into a separate bank account maintained for each donor.

#### **6.5. Funds Flow from SACS to lower level implementing units/ NGOs**

##### **6.5.1. NGOs**

The process and frequency of fund releases to NGOs are provided in the NGO/CBO guidelines and will be governed by the contract which list down the contractual

<sup>1</sup> This would normally be in two installments, however depending on the timing of the approval of the union budget, there may be instances, when the funds are releases in three installments

obligations of both the parties i.e SACS and NGOs. The releases to NGOs are normally based on the approved budget, contract period and contract terms with the first installment provided on signing of the contract and 50% of the total budget. Subsequent installments are based on the report of activities and submission of SOE and utilization certificates .For detailed guide lines on NGO Fund disbursement please refer to NGO/ CBO Guidelines issued by NACO.

### **6.5.2. Peripheral Units**

The release of funds to peripheral units like Blood banks ICTCs, ART centres will be based on the requirement of the units and based on the agreed funding pattern .The head of each institution is to maintain a separate account for this purpose. Subsequent releases are to be based on the periodic SOEs, physical progress report and utilization certificates. It must be ensured that earlier advances are settled and or refunded before fresh releases are provided.

**6.5.3. It would be useful to develop a checklist which the finance unit can fill in prior to approval of the disbursement by the PD, listing out the unsettled advance and seek exception from the PD for release wherever necessary, but this should be on an exception basis only.**

#### **A. Check List format for disbursement to Peripheral Units**

- | <b>Name of the Unit;-</b>  | <b>BANK ACCOUNT NO</b> |
|--|------------------------|
| 1. Opening balance of unused funds at the beginning of year  |                        |
| 2..Add: Total amount received during the financial year;   |                        |
| 2A. Interest/Funds earned during the year:   |                        |
| 3. Purpose for which released  |                        |
| 4. Less: Expenditure (excluding advances) (Please provide details of expenditure and UC separately);     |                        |
| 5. Balance available   |                        |
| 6. Advances provided during the year   |                        |
| 7. Whether any remarks on previous accounts by Internal audit  |                        |
| 8. Whether recommended by respective Programme Officer/ Dist Officer                                     |                        |
| 9. General observations on fund mangement, any excess expenditure/ slow absorption in any specific areas |                        |

10. Recommended amount of release

11. Details of budget provision

12. Fund availability position

## **B. Check List format for disbursement to NGOs/CBOs**

1. Name of NGO/CBO

2. Period of Contract

3. Total Budget approved

4 Amount disbursed so far

5.SOE submitted up to which date

6. Amount expended so far

7. Balance available with NGO/ CBO

8. Eligible amount for subsequent release

9.Observations by Internal audit wing if any

10 Recommendations of TSU/ NGO wing

11 General observations on fund management, any excess expenditure/ slow absorption in any specific areas

12. Recommended amount of release

13.Details of budget provision

14..Fund availability positio

### **6.6. Electronic transfer of funds**

Considering the amount of funds involved, number of multiple agencies and the long duration of the project, NACO is exploring the possibility of transferring the funds electronically to SACS and by SACS to the executing agencies. Till such time duly authorized persons can also collect the draft from NACO to reduce the time.

Since physical transfer of funds takes considerable time, the process of electronic transfer of funds would result in faster fund transfer and also in compilation of electronic fund utilisation certificate reports at the State and national level. By this process funds from NACO will reach the SACS within a day as against a process of physical transfer of funds, which takes almost 10-13 days. **Detailed instructions in this regard have already been issued on implementation of the system.** All SACS shall open an account for each fund source at an ICICI bank most convenient to them. No new bank accounts should be opened without the confirmation of NACO as each account would have to be linked to the CPFMS. For states not having the facility of an ICICI bank alternate banks have been indicated for ensuring electronic transfer of funds. The SACS would have to accordingly open bank accounts in the bank most convenient to them.

## 7. ACCOUNTING CENTRES

The following will be the accounting centers under the program

	Accounting	Reporting	Consolidation
NACO	√	√	√
SACS	√	√	√
DAPCU *	√	√	
Peripheral units * (incl NGOs)	√	√	

SACS will be responsible for accounting for expenditures reported by NGO's peripheral units and DAPCUs. The accounting for advances and expenditures will be as per the accounting policies of the program, which are provided in chapter14 / section on control over advances.

\* the NGOs and peripheral units will be required to maintain the required books of account to account for and report on the expenditures incurred under the program, detailed instructions are contained in Finance and Administration Procedure Manual for CSOs funded by SACS.

## **8. ACCOUNTING POLICIES**

**The following accounting policies will be followed by the project:**

### **8.1. NACO**

NACO is required to follow the accounting policy of the GOI, which is currently on cash basis. The procedure and formalities for Grants in aid for NACO's programs will be in accordance with relevant General Fundamental Rules of GoI. However for the purposes of the project the following policy will be adopted for accounting and reporting to all the development partners.. A separate annexure detailing procedures and processes will be provided when NACO migrates to accrual accounting.

**8.1.1. Grant in Aid:** Funds transferred to the SACS are accounted for as grant in aid. On consolidation of financial reports from SACS, this will be off-set with the grant received by the SACS.

**8.1.2. Funds to Procurement Agent:** funds advanced to the procurement agency will be recorded as advance and considered as expenditure on receipt of delivery of the goods (drugs, test kits, equipments) at the SACS or designated peripheral units.

**8.1.3. Program Management Expenditure:** is accounted for on cash basis.

**8.1.4. IEC:** funds transferred to IEC agency will be treated as advance and considered as expenditure on settlement of advance (bills/ proof of completion of activities).

### **8.2. SACS**

**8.2.1. Grant in aid in Cash: Cash-**Grant received from NACO and other sources will be treated as a liability and will be released to income to the extent of the expenditure incurred net of any interest or other income. Grant funds used for purchase of fixed assets will be transferred to a capital Grant fund utilized. Grant funds released by NACO at year end, but received by the SACS in the next financial year are treated as grant in aid in transit.

Releases to Municipal AIDS control Society would be part of the releases by the respective State as the state plan contains the plan for their respective municipal Society also.

**8.2.2. Grant in aid in Kind: Kind-**grant in aid received in kind from NACO such as ART drugs, equipments, test kits and delivered to various units are not accounted for by the SACS either as receipt or expenditure/ fixed assets, but physical control by way of a fixed asset register or inventory register (for drugs/ condoms) are maintained by the SACS.

**8.2.3. Fixed assets & depreciation**

- a) equipments procured by the SACS for installation and use at various peripheral units are charged to expenditure as the ownership of these assets does not rest with the SACS; however physical control by way of a fixed assets register giving location, asst number, cost invoice details is maintained by the SACS.
- b) Expenditure on minor civil works is to be charged to expenditure based on receipt of completion certificate and/or supported by bills. Pending receipt of completion certificate these are to be shown as advances for civil works.
- c) Assets installed in the SACS are treated as fixed assets, but no depreciation is provided on these assets as any replacement, when required will be funded by the state or Government of India as the case may be.

**8.3. Expenditure by peripheral units:** Funds released to NGOs and various other peripheral units based on contracts or sanction letters are treated as advances and considered as expenditure only on receipt of statements of expenditure and/ or utilization certificates.

**8.4. Funds advanced to DAPCUs:** for operating expenses will be treated as advance and charged to expenditure based on the settlement of advance

**8.5. Interest and other Income:** interest income from banks and any miscellaneous receipt is treated as income on a cash basis. NACO encourages SACS to deposit excess funds in interest bearing accounts/arrangements with their banks.

## **9. BOOKS OF ACCOUNT AND MONTH & YEAR END CLOSING PROCEDURES**

### **9.1. NACO**

NACO being a part of GOI follows government systems .The GOI through Min. of Health and FW allocates resources annually for implementation of the project through central budget. The allocation for NACO is done under multiple budget heads. NACO also follows governmental system of approval and authorization. All payments are subject to financial scrutiny and concurrence by the Internal Finance Division(IFD)of MOHW before sanction. The sanction order is passed to PAO for release of payments. However in order to track the expenditures incurred by NACO under the program and facilitate consolidation (which would primarily comprise of expenditures on IEC, procurement of test kits, ART drugs, condoms, program management and monitoring and evaluation) will also maintain the on a parallel basis.

In view of the change in policy of Govt of India , for switching over to accrual system, NACO's accounting software to be procured/developed shall provide for accrual accounting.

### **9.2. SACS/MACS**

9.2.1. The accounts of SACS/MACS shall be maintained on cash basis using double entry book keeping principles with provision to migrate to accrual accounting. Standard books of accounts (Cash Book, Journal, Ledger, etc.) shall be maintained using an integrated computerized accounting system (Computerized Financial Management System – ) which is being upgraded to facilitate accounting of all donor funds irrespective of source of funding and as per consistently applied accounting standards of Institute of Chartered Accountants of India (ICAI) with the exception that no depreciation will be charged on the assets owned by the SACS and **inventory of drugs and fixed assets received in kind will not be accounted for in financial terms by the SACS, but physical records will be maintained by SACS.**

9.2.2. Societies shall maintain separate books of accounts in respect of funds received under bilateral projects viz. Pooled fund, USAID, CIDA, AusAid, UNDP, etc. under the National AIDS Control Programme till such time the accounting software is upgraded to facilitate multi donor accounting

9.2.3. In order to keep proper financial information on the project 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 sub-ledger heads maintained in respect of each category relating to these components. A statement of ledger heads and sub-ledger heads is indicated in Annexure-I and are also provided in the .The Account head and account code should be similar to the budget head and budget code. This should correspond to the interventions and the norm number prescribed in the NACP framework. If any sub-head or sub-code is considered

necessary, the same shall be operated accordingly. A Chart of Accounts is appended in Annexure-II (available in CFMS)

9.2.4. Detailed accounting procedure, which are required to be furnished periodically to NACO are given in Annexure-III. The formats for statements of account and expenditure will be generated by CFMS.

9.2.4. The following books, accounts and registers shall be maintained by the Society:

- Cash Book
- Ledger
- Journal
- Register for Journal/Magazines/News Papers
- Register of temporary advances
- Register of money orders and Bank drafts received
- Cheque issue register
- Register of remittances made into the Bank
- Bank Pass Book
- Register of money-orders, postal orders and bank drafts dispatched
- Bill Register
- Establishment Register
- Stock Register
- Capital Goods
- Non-consumable articles
- Consumable articles
- Register of works
- Register of grants of advances to CBOs/NGOs/Voluntary Agencies
- Fixed Assets Register
- Classification accounts of the Project
- Monthly accounts of Receipts and Payments
- Temporary advance Register
  1. Staff
  2. Contractors/Suppliers/
  3. TA/DA advance-personal advances Register

The formats for aforesaid books and documents and their primary supporting documents like vouchers, invoices, receipts, etc. shall be in accordance with the pro formae under standardization under the CPMFS.

9.2.5. Any other books and accounts which may be considered necessary for the day to day work of the Society shall also be maintained with the approval of the State Project Director. Most of the books are provided for in the accounting software and manual records are required only in case of the following:

### **9.3. Ledger**

9.3.1. Where a manual record is considered necessary due to parallel run or failure of the computer systems the following procedure must be followed:

9.3.2. The Ledger should be kept in the prescribed form. Separate pages are to be opened for each head of account / item of expenditure and revenue.

9.3.3. The Ledger accounts shall be arranged and grouped in such a manner that the desired information is promptly secured.

9.3.4. Combined Ledger accounts can be maintained for various detailed heads. The contingent Register may be maintained in such a manner that it is used as Ledger for recording expenditure under miscellaneous items.

9.3.5. After the Ledger accounts have been written up and completed in respect of cash and adjustment items, the daily total of each Ledger account should be carried into the appropriate classified account and the classified account should then be totaled up and from the gross total the amount of adjustment should be deducted/added to bring out the net totals of receipts and payments as per cash book.

#### **9.4. Journal Vouchers**

Journal is one of the important account books. It will be used for settlement of advances and booking of expenditures reported by the peripheral units. Vouchers shall support each adjustment entry passed through a Journal. Brief narration of each entry shall be given in the voucher and it shall be signed by the project director in line with the approved financial delegation. The accountant will check each entry of the Journal with the vouchers and put dated initials against the entries checked.

#### **9.5. Correction of errors**

If any item of receipts or cheques belonging to one head has been wrongly classified under another head, the error shall be corrected in the following manner:-

(a) If the error is discovered before the posting is completed in the ledger, the necessary correction should be made in the original entry before the accounts of the day are closed.

(b) If the error is discovered after the posting to the ledger has been completed but before 31<sup>st</sup> March, the correction should take the form of a journal entry.

**Note:** Errors affecting only classification i.e. receipts or payment on one side of the cash book without any change in monetary value shall be corrected in the manner prescribed (a) above, if the same has been detected before the close of the month's accounts.

If the error is detected after the account for March has been closed, the correction should be carried out through a journal entry.

In all such cases, the correcting entry should be supported by a transfer entry memo approved by the Head of the office and a note of correction shall be made against the original entry in red ink.

### 9.6. Monthly end closing of Accounts

Monthly accounts are to be closed after obtaining the information from the peripheral units by 10<sup>th</sup> of each month. It is important that the following month end closing procedures are adhered to:

- a) settlement of all overdue advances to NGO, staff, peripheral units, DAPCU
- b) completion of Bank reconciliation see the format in chapter on Internal Control.
- c) completion of posting to ledger accounts in the
- d) monthly financial report to NACO and project director with key indicators/ variances along with list of overdue unsettlement advances

The CFMS would be modified to adhere to these cut off dates.

### 9.7. Year end Closing of Accounts

In case of closure of accounts for the financial year the cut off date will be 30<sup>th</sup> of April every year and the following procedures have to be followed:

S.No	Action	Date By
1	Send reminders to NGOs, Peripheral units, staff for settlement of overdue advances and submission of Statement of Expenditures for expenditure incurred upto March 31 each year	February each year
2	settlement of all overdue advances to NGO, staff, peripheral units	March 15 each year
3	completion of Bank reconciliation	April 15 each year
4	completion of posting to ledger account	<b>April 15 each year</b>
5	Annual financial report to NACO and project director with key indicators/ variances along with Bank balance and provisional UC	April 30, each year
6	Audited financial statements with updates/ corrections where necessary	June 30 each year

**A generated statement on ageing of advances also should be sent to NACO for information.**

### 9.8. DAPCU

With the establishment of district level units, the district officer would also be authorized to open and operate a bank account for day to day expenses of the unit as well as for operational expenses like salary etc. But these would not be accounting centres. The accounts of these would be part of the accounts of the respective state societies. The DAPCU will work on a imprest basis and submit monthly statement of account along with the vouchers and supporting documents to SACS.

These accounts will be maintained in a nationalized bank or any other scheduled bank permitted to do govt. business by RBI and in savings account. This would be operated by the district officer and monthly SOE sent to the PD of the society. A simple cash book would be maintained for this and transactions entered on daily basis. The cash book is to be closed every day and attestation obtained from the appropriate authorities. The accounting Procedure enumerated in annexure-III are applicable in this case also.

## **10. MANAGEMENT OF ACCOUNTS BY PERIPHERAL UNITS AND NGOs**

### **10.1. Peripheral units (other than NGOs)**

With the expansion of the programme, units implementing various activities have diversified . In order to make the systems work effectively, there should be sufficient funds available with these units throughout the year. Generally the following are the Peripheral units to which a SACS releases funds in advance for carrying out the various activities

- Heads of institutions like Medical college, District Hospitals, Taluk level hospitals
- Heads of departments in Med. colleges-ART centre, ICTC PPTCT etc
- Medical Officers in charge of Blood banks
- District Health officials like DMO, DHO
- District Collectors
- Other Officials for specific activities
- NGOs
- Other institutions/private and public

Normally these releases would be for the following purposes.

#### Non Recurring or Annual Payments

- Minor civil Works, modifications
- Equipment cost, AMC
- Special programmes like Blood donation camps,
- Observance of World AIDS` Day etc
- Studies

#### Recurring

- Annual grant in aid for various types of blood banks comprising of salary, consumables etc

- Salary of Med Officer, etc in ART centres, counselors, Lab technicians etc in ICTC, PPTC
- operational expenses for ICTC, PPTCT, ART
- Cost of medicines for STD OI, PEP drugs etc
- Honorarium TA,DA for surveillance
- Training expenses
- TI, Programmes like care centre etc
- Other misc. expenses

The pattern of assistance would be informed to the implementing units (other than NGOs) indicating each activities. The sanction letter should specifically indicate the various activities for which the amount is released and the allocations. For eg the sanction for release of ICTC grant should specify the rate of salary to each category of personnel and the amount earmarked for other purposes The peripheral units would be required to:

- a) open a separate bank account in the name of the head of the institution for receiving the project funds
- b) maintain a simple cash book along-with the supporting documents (vouchers, bills, invoices, contracts, and salary bills etc
- c) submit financial reports and utilization certificates as per the format and frequency indicated in the sanction letter.
- d) Make the books of account and supporting documents available for audit by agencies, auditors designated by SACS.
- e) .The amount allocated for one purpose should not be used for other purposes without specific permission even if there is savings.
- f) All payments other than petty payments of lesser value of Rs 1000 should be made by way of crossed cheques only.

## **10.2. NGOs**

NGOs and peripheral units will be required to maintain the required books of account to account for and report on the expenditures incurred under the program, detailed instructions are contained in Finance and Administration Procedure Manual for CSOs funded by SACS.

The financial management requirements, audit formalities and model TORs etc. are also provided in the Finance and Administration Procedure Manual for CSOs funded by SACS.

## 11. INTERNAL CONTROLS

It is the responsibility of the management to clarify to all staff that accountability is a joint responsibility and does not rest solely with the PFMU..

The maintenance of accounts of the Program should be governed by the principle that no expenditure is incurred by the Society which is repugnant to the objectives of the Program and every item of expenditure is incurred in accordance with the prescribed procedures, and the canons of Financial Propriety. In accordance with these **canons of Financial Propriety**, it shall be the duty of each official of the SACS to ensure that:

- Every Government servant is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money;
- The expenditure should allocable, allowable and reasonable.
- No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage;
- Public moneys should not be utilized for the benefit of a particular persons or section of the people unless a claim for the amount could be enforced in a Court of Law, or the expenditure is in pursuance of a recognized policy or custom.
- The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.
- It shall also be necessary for every Society to establish the operation of adequate and satisfactory internal audit functions.
- Any grant or portion thereof given by the Government of India or the State Government to the Society for a specific purpose shall not be appropriated, without the previous sanction of the granting authority to a purpose other than that for which it was originally approved.

### 11.2. CASH

#### 11.2.1. Cash Account and Transactions

Cash transactions are generally made for petty expenses and when /where banking facilities are not available. As per Income Tax Rules, no claim exceeding Rs.20,000/- should be settled through cash payments. These should invariably be by account payee cheques. As a matter of procedure and control, the attempt should be to minimize the number of cash transactions.

### **11.2.2. Daily Cash Balance**

The denomination of the closing balance of the cash should be entered below the cash balance and signed by the Cashier. This register is to be maintained from the beginning of the financial year and a fresh register at the beginning of every financial year.

### **11.2.3. Withdrawal of Cash from Bank:**

- The cash balance available and the estimated expenses would need to be computed.
- The authorised persons must verify the requirement before signing the cheque for withdrawal of cash.
- The signature of the person presenting the cheque and receiving the cash should be attested on the back side of the cheque by one of the authorized signatories.
- A Cash Receipt (Contra) voucher to be prepared and accounted for by the accountant on the same day.
- The Cash Account is to be updated for receipt of the Cash.

### **11.2.4. Cash Payments:**

- Cash payments will be made only after preparing the Payment voucher.
- The Voucher has to be approved by the competent authority before payment.(as per the requirement of SACS and the signature of one of the officers in Finance Division is a must)
- The Payee must sign the voucher for having received the payment.
- In case the competent person is not present, the voucher must be verified/approved by any other person standing-in for the person before release of payment.
- As per Income Tax Rules, no cash payment of more than Rs.20,000/- is permitted. Internally, we shall maintain this limit to Rs.5,000/-.
- All cash payments exceeding Rs.5000/- should be receipted with a revenue stamp.
- The number of cash payments has to be reduced by converting settlements through cheque payments.

### **11.2.5. Staff Advances**

Amounts paid to any staff member for meeting official expenses should be charged to the float account but for simplification of the process they are to be treated as general advances keeping an account of them against their Employee Number.

Staff can obtain advances mainly for the following expenses:

- Travel and Subsistence
- Purchase of goods from the market
- Day to Day expenses

All such requests should be made only after it is duly approved by the competent authority as per the delegated authority limits, after the finance department has duly noted any previous outstanding in the person's name.

#### **11.2.6. Controls to be exercised:**

1. Requests submitted should be complete in all respects and the purpose clearly mentioned. In case of staff traveling the period and dates and purpose should be specified.
2. The amount outstanding against a staff member should be settled within the month the advance is taken unless the staff is traveling on the last days of the month.
3. It is mandatory that there are no advances outstanding as on 31<sup>st</sup> March, i.e. the end of the financial year.

#### **11.2.7. Bank Transactions**

#### **11.2.8. Bank Receipts:**

- All receipts are to be acknowledged by issuing an official receipt. The date of receipt, its accounting and the date of deposit of the cheque/draft to the bank account should be the same. The relaxation can be only in view of banking hours or bank holidays.
- The bank deposit slip should be attached with the Receipt Voucher.
- No receipt should be issued on the last day of the month if the instrument cannot be deposited with the bank on the same day.

#### **11.2.9. Bank Payments:**

- Payment Voucher has to be prepared before preparing any cheque.
- Cheque should not be prepared, for whatever reason, if sufficient balance is not available with bank.
- All Vouchers have to be verified and approved before payment is released.
- Payment has to be made only against original bills and claims. Any type of copy of bill or claim should not be entertained.
- All supporting documents should be attached with the Payment Voucher and filed according to serial number.
- If there is more than one bank account, separate Payment Voucher files to be maintained.
- Cheques should be written legibly and doubly ensure that the amount in words and figures are the same.
- All cheques have to be crossed. A Rubber Stamp stating "A/c Payee Only – Not Negotiable" should be put on every cheque. Bearer cheques should not be issued.
- Post-dated cheques are not to be issued.

- All cheques are stamped “for the *Name of the Organisation*” like “For -----State AIDS Control Society, Finance Officer Project Director.
- The cheque number should be written on every Payment Voucher.
- Cheques prepared on a day shall as a rule be dispatched on the same day under certificate of posting or by couriers to the payees.

#### **11.2.10. Controls to be exercised:**

- All letters/instructions to the bank should be signed by the authorized signatories only.
- Never sign cheques in advance or in blank.
- Un cashed cheques should be cancelled within a reasonable period.
- Do not leave specimen signatures around.
- Cheque books should always be kept under lock and key. Only authorized persons should be allowed to handle them.
- Using a carbon (black side up) under the cheque will leave an impression on the reverse of the cheque making it difficult to alter.
- Insist on a receipt after payment by cheque.
- Do the bank reconciliation statement on a monthly basis.

#### **11.3. Invoice Validation**

The voucher is a basic document which is prepared to record any transaction that takes place.

- Serially PRE NUMBERED Vouchers should be prepared for all transactions.
- Vouchers shall be issued officially to a designated person who shall be responsible for the custody and accounting of the same.
- Vouchers shall not be overwritten. In such cases it is best that the voucher be cancelled and retained for future inspection.
- Unutilised or cancelled vouchers shall be retained in the voucher books itself for inspection by the audit subsequently and shall not be destroyed under any circumstances.
- Vouchers and the cash memos need to be stamped with a rubber stamp of a particular project or agency.
- A “PAID” stamp should be put on all vouchers for which payment has been made.
- Vouchers need to be approved by the person initiating the expenditure (who can sign on the supporting document as well) and another authorized signatory.
- No voucher should be passed for payment without supporting documents.

#### **11.4. Format of Voucher**

Vouchers should have the following information at the minimum:

- The name of the organization and place
- Date of preparation of voucher and voucher number (pre-printed)
- The concerned project name and line item to which it is charged and the description
- Columns for approval by the project coordinator, signatory and accountant
- Columns for recipients signature.

### **11.5. Supporting document for vouchers**

- All bills should be in original. Payment should not be made against a quotation, Performa bill, copy of a bill or a faxed bill.
- All supporting documents should be authorized by the person initiating the payment.
- It is the responsibility of each person who is responsible for buying goods/ services in the project office to check each bill for its validity. i.e., check that the description of items, number of items, cost per unit and total cost, date of the bill and name of payee (i.e. name of project) are accurate. Payments should be made only after checking these details.
- No other alteration in the bill by project staff is normally permissible. If at all an alternate is unavoidable eg., a mistake in the date by supplier which was not corrected such a bill should be brought to the attention of Head of the project who should change it and initial it and a note should be put on the bill why alteration was necessary. The management reserves the right to accept such bills or not.
- Invoices should only be in the name of the PROJECT and not in the name of the project staff.

### **11.6. Control over Cash / Bank Balances**

- The Executive Committee of the State Society would be empowered to open joint signatory bank account in any nationalized bank or scheduled bank approved by RBI and all moneys received by the Society under National AIDS Control Project shall be deposited in such bank account.
- Unutilized funds should be kept in Flexi deposit or sweeping deposit or other schemes for income generation.
- The interest received should also be utilized for the same activities envisaged under the program and no portion of it should be utilized for other expenses not envisaged in the program

- Societies shall maintain separate books of accounts in respect of funds received under bilateral projects viz. DFID, USAID, CIDA, AusAid, UNDP, etc. under the National AIDS Control Programme.
- Cheques, which shall be jointly, signed by two signatories viz. in accordance with the approved financial delegation and one signatory would be from Finance division
- Cash/ cheque books must be must be kept in safe custody and adequately insured
- The receipts, if any, from other sources including the State Government would also be deposited in the same joint signatory bank account and proper accounting thereof maintained.
- All cash / cheques / Demand Drafts etc. received should be deposited into the bank as far as possible on the same day itself or next day positively so as to avoid cash in transit for long periods. If any cash is retained on hand that should be verified physically by the Head of Office/DDO and recorded in the cash book and the cash in hand deposited into bank next day itself.
- When cash/cheque/DD is paid into the bank, the counterfoils of the pay-in-slip should be verified with the cashbook by the Head of Office/DDO.
- Over writing should be avoided and correction, if any, should be attested by the Head of Office / DDO under his dated initial.
- Crossed Account Payee cheque alone should be issued to third parties/firms etc.
- Not more than one cheque is to be issued to a single party on the same day.
- The issue of bearer cheques should be avoided as far as possible save for drawing cash from banks for day to day official transactions.
- When payments are made through cheque, the number of the cheque should invariably be noted in the cash book for cross checking.

### **11.7. Verification of cash**

The contents of the cash chest / cash box should be counted by the Project Director of SACS or the senior most official in-charge or designated officer at least once in a quarter and the account compared with the cash book balance.

The result of verification should be recorded in cash book each time as under:

“Cash balance verified by me today and found to be Rs. .... (in figures)  
(Rupees ..... (in words) on actual count as correct”.

Date .....

Signature

(Designation of the Officer)

In case the cash balance is not found to be as per cash book, the fact should be recorded in the cash book and report submitted to the next higher authority unless the error can be set right at once.

The excess or shortage should be rectified by making the necessary receipt or payment entry "cash found excess" as miscellaneous revenue or "cash found short" recouped from the official. Excess or shortage of cash in excess of Rs.1,000 should be brought to the attention of Director (Finance), NACO immediately.

### 11.8. Bank Reconciliation

Bank reconciliation should be carried out on a monthly basis as part of the monthly closing of accounts latest by the 10<sup>th</sup> of the following month. To enable prompt reconciliation, Bank Pass Book should be sent regularly to the bank for making up-to-date entries of credit and debit in a month and in case Bank Pass Book is not issued, monthly bank statement should be obtained from the bank regularly.

Entries shown in the passbook / bank Statement will be tallied monthly with the entries in the cashbook. Any discrepancy will be rectified and difference explained in the bank reconciliation Statement in the manner explained below:

**Balance as per Cash Book** .....

**Add:**

(i) Cheque issued but not cashed .....

(ii) Credit entries made in the bank  
but not shown in the cash book .....

**Total**

**Less:**

(i) Amount sent to Bank but not credited  
in Bank Account .....

(ii) Bank charges debited in the bank account  
but not accounted for in the cash book .....

Total

Balance as per Pass Book/Bank Statement .....

### **11.9. Cash Book**

Where manual cash books is maintained as a primary book of entry or as a back up the following additional controls are to be exercised:

- Cash book should be maintained on a computerized basis under double entry system. Cash Book shall not be maintained on manual basis.
- Separate cashbook should be maintained for each financial year.
- 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 cashbook.
- Each entry in the cashbook should be attested by the Head of Office/ Drawing and Disbursing Officer (DDO).
- Cash book should be closed daily and total cash balance struck and attested by the Head of Office / DDO after verification of the totals.

### **11.10. Record Keeping**

A record of all project transactions shall be maintained with:

- Appropriate vouchers (receipt vouchers, cash/bank payment vouchers and journal vouchers) and 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) and compatible with classification of expenditure and sources of funds indicated in the project implementation plan and project cost tables.
- The vouchers must be printed and approval obtained from the concerned authority and serial control over the vouchers must be maintained.
- These books of accounts together with supporting documents and project management reports should be maintained for at least one year after the final audit of the entire project expenditure.

There should be periodically review of district units and peripherals units including NGOs by the officers of SACS. A simple checklist format for this purpose is devised and

made available in Annexure IV. This format should be made available to the auditors and could be used by the auditors for preliminary checking.

### 11.11. Approval of fund release to Peripheral Units

A significant part of the program will be implemented through various peripheral units such as district agencies, medical colleges, VCTCs, Blood Banks etc. These require funds for one time activities and/or recurring costs. At the time of periodic reporting the outstanding advances would be shown separately. A delay in settlement of advances impacts the project expenditures and creates a mis-match between the physical & financial progress and also impacts the further release of funds to the SACS and peripheral units. The table below gives the internal control process to be followed for approval of release of funds to such units.

**Illustrative Table showing the management of accounts by Recipient units**

Nature of activity	Recipient	One time/Recurring	Sanctioning authority	Frequency	Reports to be submitted	Periodicity of report	Remarks
Minor civil Works, modifications	Dist. Hospital/Med college, taluk hospitals	One time	GB/EC of Society	One time	Estimates for sanction, utilization certificate, bills	Within one month on completion	
Annual grant in aid for various types of blood banks	Do	Recurring	Do	Once in a year	SOE, utilization Certificate	Quarterly	
Salary of Med Officer, etc in ART centres, counselors, Lab technicians etc in ICTC, PPTC	Do	Recurring	Do	Twice in a year	Do	Do	
operational expenses for ICTC, PPTCT, ART	Do	Recurring	Do	Twice in a year	Do	Do	

Cost of medicines for STD OI, PEP drugs etc	Do	recurring	Do	Once in year	Do	Do	
Equipment cost,	Do	One time	Do	Need based	Estimates for sanction, utilization certificate, bills	With in one month of purchase	
AMC	Do	Recurring	Do	Once in a year	Do	With in one month of agreement	
Honorarium TA,DA for surveillance	Do	Recurring	Do	Once in a year	SOE.utilisation certificate	On completion with in one month	
Training expenses	DMOs, Principal medical colleges	One time	Do	As per training calendar	SOE, utilization certificate	Do	
TI, Programmes & mgt of care centre etc	NGOs	One time for capital and recurring for running expenses	Do	As per NGO guidelines contractual agreement	Do	Quarterly	
Special programmes like Blood donation camps, Observance of World AIDS' Day etc	DMOs. Dist collectors, other organisations	One time	Do	Need based	SOE, utilization certificate	On completion with in one month	
Studies	Identified institutions	One time	Do	As per agreement	Study report, SOE	On completion with	

					invoices	in one month	
Other misc expenses	Do	Do	Do	do	SOE, utilization certificate	Do	

The specimen formats for utilization certificates and SOE are given in annexure V and VI.

It is suggested that the sanction letter must contain the above activities and the reporting formats must be attached to the sanction letter.

### **11.12. Control over advances**

#### **11.12.1. Monitoring, Control and Settlement of advances**

The funds released to the districts and sub-district levels are initially classified as advances and the same indicated as such in the books of accounts. These advances shall be adjusted based on the expenditure. Advances if, not actually spent for which accounts have not been settled should be shown as advances and not as expenditure. A table indicating the type of activities, frequency of fund release, mode of settlement of advance and the frequency is given at the end of this section.

#### **11.12.2. Norms for regulating advances**

The following norms will be followed for regulating advances which will constitute expenditure only when supported by appropriate utilization certificates/expenditure statements. Advances paid to contractors / suppliers in terms of the agreement for works / supplies shall be treated as expenditure. This should be subject to submission of detailed accounts indicating the work done/supplies made. However, advances paid to Government Department cannot be treated as expenditure until and unless the expenditure Statement is received.

The following table shows an illustrative list of advances

<b>Sl. no</b>	<b>Activities</b>	<b>Periodicity of releases</b>	<b>Expenditure by</b>	<b>Certifying document</b>	<b>Time limit</b>	<b>Remarks</b>
1	Personal advances like TA, Medical etc	One time	Officers/staff	Adjustment claims	Immediately on completion but not later than one month In case of medical advance -3 months	Normally no other advance for identical purpose should be granted unless the

						earlier advance is settled.
2	Advances for activities like training, special occasions, research, study etc	One time unless specified in contract	Officers/staff, institutions, dist authorities	Utilization certificate /SOE	Immediately on completion but not later than one month	Do
3	Grant to institutions	Yearly	Peripheral units/ institutions	Do	Quarterly SOE/ utilization certificate	
4	Grant for civil work	One time	do	Do	Immediately on completion but not later than one month	
5	Grant to NGOs	2 installments	NGOs	Do	Separate instructions	

The utilization certificate/expenditure Statement should be obtained within the time limit prescribed above. The format of the utilization certificate/expenditure statement for each type of advances indicating the funds released, expenditure incurred activity-wise and physical progress made shall be prescribed by the State Implementation Society and the same incorporated in the Financial Rules and Regulations of the Society. In case the same is not received within the prescribed time limit, further advances shall not be made.

### 11.12.3. Advance Register

All advances are to be entered in the advance register to be maintained as per specimen given below-

Date	Name of Recipient	Particulars of advance	Cheque no & date	Amount	Date of adjustment	Amount adjusted

Note: For defaulted payments suitable interest details need to be mentioned additionally.

#### **11.2.4. Adjustment of Advances:**

The adjustment of the advances is also to be entered promptly in this register. It should be ensured that no personal advance is outstanding for more than one month. In case, adjustment claims for personal advances are not submitted in time, penal action including charging of interest should be taken.

All other advances above should be adjusted on receipt of utilization certificate/expenditure Statement. It should be ensured that utilization certificates/expenditure Statement on these Advances is obtained immediately after the expiry of the prescribed period.

#### **11.2.5. Monitoring of advances**

The next higher authority above the authority who released the advances will strictly monitor the progress of adjustment of advances and take remedial measures required for the speedy adjustment of advances within the time limit prescribed above. In order to liquidate the advances some of the systems followed in states like *Advance Mela* may be experimented where the recipients are invited periodically with necessary documents to settle the advances .This could be done region wise also.

#### **11.3. General:**

All functionaries should ensure that only actuals be treated as expenditure and not the normative costs in accounting.

The module for the ageing advances in CFMS/CPFMS may be utilized effectively for monitoring of advances.

## **12. ASSETS/ INVENTORY MANAGEMENT**

### **12.1. General:**

The Society or Implementing partners shall not purchase any item of fixed assets unless that item is approved in the annual action plan. Exceptions, in very rare cases may be approved by Director (Finance), NACO with justification and reason for purchase.

For details of procurement policies and formalities to be observed please refer the procurement manual.

No depreciation shall be charged and the value of assets is to be shown at the original cost in the accounts.

The Society shall not dispose off the items of fixed assets without the prior approval of the Executive Committee.

The Society shall not write-off the assets without prior approval of NACO.

Major items are to be insured against normal eventualities and in case of vehicles comprehensive insurance taken.

### **12.2. Fixed Assets Register:**

All item of fixed assets shall be serially numbered in accordance with the group/nomenclature of the item and shall be entered in the Register of Fixed Assets indicating the following details:

Names and Description of the item  
Date of Receipt  
Supplier's Name  
Cost of item  
Guarantee period, if any, and its details  
Assets Identifications Number  
Location, and  
Remarks with regard to disposal/write-off, etc.

### **12.3. Physical verification of fixed assets**

Annual verification of assets would be carried out by a team of designated officers by PD of the SACS and necessary entry made in the registers. This would be made available to the audit. for verification

The procedure for physical verification would be as follows

- Generate a list of assets from Asset register
- Physically verify the fixed assets at its location with respect to the physical presence, conditions of the assets, and workability
- In case of assets located at peripheral units, the head of office would prepare a list and send to SACS for information
- Any discrepancies noticed shall be enquired into and a statement prepared separately
- A comparative statement indicating fixed assets as per records assets as per physical verification conducted would be prepared and kept as annexure to audited statement of accounts

The module in CFMS may be utilized for various purposes

#### 12.4. Schedule of Fixed Assets:

The Society shall furnish a statement viz. Schedule of Fixed Assets held by it at the end of each financial year to the NACO as well as to State Government along with the annual statement of accounts. Format for this is given below-

### National AIDS Control Organisation

\_\_\_\_\_ AIDS Control Society

#### Schedule of Fixed Assets as on 31<sup>st</sup> March \_\_\_\_\_

S. No.	Item	Amount	Location of Asset	Source of Purchase/Procurement	Invoice/Bill Number and Date	Sold on

### Medical Equipments Maintenance

#### 1.1 Maintenance of Assets

The AMC providers are expected to conduct a complete facility audit before taking over the assets, with the help of which they must prepare a complete comprehensive plan for preventive maintenance for each and every asset with respect to various parameters like effect of failure, frequency of failure, significance, safety aspects etc. and prioritize the maintenance activities scientifically. The corresponding audit report has to be submitted to the SACS.

The AMC providers are expected to do the following maintenance activities of the hospital with a complete documentation of the same:

1. Planned Preventive Maintenance
2. Breakdown Maintenance
3. Emergency Maintenance

#### **Preventive Maintenance**

The maintenance is done in a planned manner or on due date periodically. This period can be adjusted on the basis of past experience and with scientific evidences. The main objective of this is to reduce the number of avoidable breakdowns to avoid the discomfort to the customers. A good preventive maintenance program provides for scheduled stoppage of work for routine overhauls during the period of least usage rather than risk of a breakdown unexpectedly.

#### **Breakdown Maintenance**

When the equipment goes out-of-order, then the maintenance is called repair or breakdown maintenance. It has to be carried out as and when the breakdown occurs.

#### **Emergency Maintenance**

It is called troubleshooting. It is a temporary measure to keep the equipment running for a short period so that the operation of unit does not go out of gear, but it should be followed by shut down maintenance.

SACS will have to co-ordinate with the annual maintenance contractors and manufacturers to ensure that all the purchased medical equipments are accurate and working to the optimum performance and achieve the maximum availability and continuity of services.

SACS should have the replacement parts procured and installed all replacement parts necessary to maintain the Medical Equipment at optimum performance. It should ensure that:

- a) Ensure all spare parts are procured from an authorized supplier and do not contravene warranty contracts
- b) Install replacement parts in conformance with manufacturers and hospital guidelines;
- c) Record details of all replacement parts used, and liaise with suppliers as necessary with regard to recall issues
- d) Carry out re-calibration testing and issue calibration certificate, once replacement part(s) have been installed
- e) Dispose of all replaced parts in a safe and environment friendly manner.

The AMC providers should carry out all Planned Preventive Maintenance (PPM) tasks in accordance with the agreed PPM programmes, unless specifically instructed not to in writing by the hospital representative. All such work shall be carried out in accordance with the Manufacturer's Recommendations, Hospital Policy, Good Industry Practice, Law and the Policies and Regulations.

## **1.2 Testing and Calibration**

SACS shall get a comprehensive calibration and testing service for all Medical Equipments in accordance with the hospital policies and manufacturer's guidelines, to ensure all such equipments are correctly commissioned and operating at its specified performance level. In carrying out these duties the service providing team shall obtain full support from the hospital authority to:

- (a) Provide all necessary test measuring and repair services
- (b) Ensure such equipment is, calibrated and certified;
- (c) Record the results of all calibration and test exercises, and provide an auditable history for each item of medical equipment.

## **1.3 Assets Tracking**

The SACS are expected to develop a database to track each equipment, and should be able to produce at any point of time with the following details:

1. Manufacturer and/or supplier;
2. Serial number and/or other unique identifier;
3. Warranty and/or guarantee information;
4. Acquisition date;
5. Recommended replacement date;
6. Servicing and or calibration requirements and timetable;
7. Current location;
8. Current condition;
9. Repair and maintenance history;
10. Any other information as requested by the hospital authority.

## **1.4 Complaint Resolution**

The service providers are expected to resolve any sort of complaint within a minimum period as prescribed in the service level agreement that has been agreed in the contract.

### **13. INSURANCE**

The Society shall ensure the insurance coverage in respect of following valuables/ items as a statutory requirement and as well as a precautionary safeguard mechanism.

#### **13.1. Assets like vehicles**

Comprehensive insurance of vehicles to be made. A register may be kept to watch the renewal of the same in time.

#### **13.2. Cash in Cash Box/ Chest**

While every effort is to be made to keep only bare minimum cash balance in the Cash box chest, adequate insurance coverage is to be taken . The average cash balance for a period of last one year may be taken in to account to assess the sum to be insured.

#### **13.3. Employees Fidelity Bond**

The compliance with statutory requirement of employees entrusted with cash transaction duties like that of a cashier may be ensured by obtaining the Employees fidelity Bond or in its absence Fidelity Insurance Cover shall be taken. The value of the Bond/Insurance cover depends on the volume of cash transaction for the period.

## 14. INTERNAL AUDIT

14.1. Internal auditors for SACS shall be appointed by NACO by calling for EoIs and offers from the Chartered Accountants empanelled with C&AG for PSUs and from the Institute of Public Auditors of India. The internal auditors selected shall not be the external auditors also for any individual SACS (SACS for this purpose shall include DACS/MACS in the same state). A significant portion of the project activities are carried out by NGOs and peripheral units out of funds advanced by the SACS. In order to ensure that such entities are adhering to the agreed procurement and financial controls and are timely in settlement of advances it is considered necessary to have an internal audit function at the SACS level. The responsibilities of the internal auditor will 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 financial norms and procedures.

14.2. Accordingly SACS need to introduce a proper internal audit system and strengthen internal checks and the in-house internal audit system to ensure proper utilization of funds approved. In States where an in-house internal audit team is not available, qualified Chartered Accountants firm may be engaged (following a competitive process of selection) for carrying out internal audit as per the TOR provided in Annexure – VII.

14.3. The internal audit will be carried out on a concurrent quarterly basis and will cover a sample of district units, sub district units selected on a percentage basis should be conducted so as to cover all districts and peripheral units at least once in 3 years. It should be ensured in the internal audit that the prescribed accounting system including regular bank reconciliation is strictly followed by all. This will include physical verification of assets, inventories

14.4. In States where there is a large number (above 25) of NGOs/CBOs separate auditors/ panel of auditors may be appointed for on-site audit of NGOs. In States where the number of such NGO/ CBO contracts is less than 25, the internal auditor of the SACS may also cover the NGOs.

14.5. The schedule for internal audit will be as follows

Quarter of audit	Audit of SACS *	Audit of peripheral units	Submission of report
June		July 16 to 30	August 15
Sept	Oct 10-15	Oct 16-30	Nov 15
Dec		Jan 16 -30	Feb15
March	April 20-25	April 16 -30	May15

- the activities in SACS is to be audited on a six monthly basis, all NGOs on a six monthly basis and a sample of peripheral units (other than NGOs) on a quarterly basis.
- The auditor should make an audit of SOEs and utilization certificates

14.6. The internal auditors should furnish a audit report to the State Project Director with a executive summary of the critical issues/ finding that require attention of the senior management. A copy of the executive summary must be sent to NACO and a copy of the report must also be placed with the Executive Committee of SACS.

## **15. EXTERNAL/ STATUTORY AUDIT**

### **15.1. Statutory Requirement**

The State AIDS Control Society registered under the Societies Registration Act 1860 (21 of 1860) is responsible for the maintenance of proper accounts and other relevant records, as well as preparing annual accounts comprising the receipts and payments accounts and Statement of assets and liabilities in such a form as may be prescribed by the Registrar of Societies in keeping with the Rules in force under the said Act. Accordingly, it is mandatory that a Chartered Accountant appointed for this purpose should audit the accounts of the Society annually and submit an annual audit report. The SACS shall maintain proper accounts and other relevant records and prepare annual accounts comprising the receipts and payments account and Statement of assets and liabilities in such form as may be prescribed by the Registrar of Societies of the State Government in keeping with the Rules in force under the Societies Registration Act, 1860 (21 of 1860), subject to the condition that in respect of grants from the Central Government, the directions of the Central Government shall be adhered to.

### **15.2. Preparation of Financial Statements**

Preparation of financial statements is the responsibility of the SACS and not the external auditors. The State Project Director shall cause the annual accounts of the Society to be prepared immediately after the close of the financial year and after approval by the Executive Committee of the Society, shall have the accounts audited annually by a Chartered Accountant firm appointed with the approval of Executive Committee. The financial statements must be authenticated by the Project Director, Finance Controller and adopted by the Executive Committee before the same is signed together with the audit report by the external auditors

### **15.3. Selection and appointment of external auditors**

In order to ensure that the selection of firms with good audit assurance arrangements the following procedure for appointment of auditors is to be followed:

- a) NACO will obtain and provide a list of firms of Chartered Accountants either approved by C&AG or auditors empaneled by Donors (since donor funds are being used under these projects) (there will be some exceptions in the North East, Union Territories and small states)..
- b) A properly constituted three member selection committee including the Chief Finance Officer of the SACS will evaluate the technical and financial proposals received from the CA firms and place its recommendations before the Executive Committee for final selection and approval. To bring in effectiveness, uniformity and standardization of reporting NACO may also appoint auditors centrally to audit accounts of SACS.

- c) The selected CA firm shall be engaged initially for a period of one year and if the services are found suitable the appointment may be extended further on a annual basis for a maximum period of 3 years. In no case should a CA firm be entrusted with the external audit responsibility for a period exceeding three years. If not found suitable, a new CA firm shall be selected after following the selection procedure outlined above afresh.

#### 15.4. Scope of audit

The scope of audit is given in the Terms of Reference for (TOR) in the format given in Annexure -IX indicating (a) programme background, (b) programme objectives, (c) scope of audit (d) financial Statement, (e) Statement of Expenditure (f) audit opinion, (g) management letter, h) a Statement showing a schedule of fixed assets held by the Society at the end of the financial year (i) qualification and experience of the key personnel and (j) inputs provided shall be prepared and sent to the prospective Chartered Accountant firm along with the Letter of Invitation.

#### 15.5. External Audit Calendar

The following time table is prescribed for the external audit arrangements in respect of each SACS/MACS which should be strictly followed:

1	NACO to obtain & communicate a list of empanelled auditors to the States	During the initiation of programme subject to review
2.	Date of EC's approval for engagement of external auditors	Between Jan and March of every year.
3.	Appointment of external auditors	By April of every year at the outset.
4.	Completion and Submission of Audit Report to NACO after approval by Executive Committee and adoption by GB	By June 30 of the following financial year

The audited accounts shall be communicated to the Executive Committee of the Society which shall submit a copy of the audit report along with its observations to the Governing Body for adoption. It would be forwarded to NACO (2 copies) for further action.

**15.6. Responsibility of NACO:** NACO will review the audit reports and identify issues relating to internal control weaknesses, accountability issues on which action is required either by the SACS and/or NACO. This will be carried out in line with the specimen audit report review form for NACO is shown in Annexure X.

#### 15.7. Disclosure of the Annual Report together with audited financial statements.

In line with established good practices and in compliance with the suo moto disclosure requirements of RTI Act and the Outcome budget of the GOI, each SACS will prepare an

Annual Report on the performance of the SACS and the activities undertaken during the year together with consolidated Annual Financial Statements (in case of multiple donors) shall be approved by the Executive Committee and furnished to NACO for civil society disclosure. Such annual report will be made accessible to the public by posting the same on the web site of the SACS and printed if necessary.

### **15.8. Utilization Certificate**

In respect of the grant-in-aid received from the Government of India, the Society shall furnish a utilization certificate duly signed both by the Project Director and the Chartered Accountant to NACO along with the audited annual financial statements. A copy of the format of Utilization Certificate is at Annexure XI. The Utilization Certificate must be prepared strictly on the basis of the Receipts and Payments account and the opening and closing balances in both Receipts and Payments account and must indicate the advances lying with the peripheral units separately.

In addition to the above , a provisional utilization certificate in the same format would be furnished by the SACS to NACO in May every year so as to enable them to release the first installment of the grant for the year .

**Note:** All grant-in-aids sanctioned and released by the Government of India to a Society in a financial year shall be indicated by the Society in its Utilization Certificate irrespective of the fact that the amount is received by the Society in the subsequent financial year.

### **15.9. Pursuance of Audit Objections**

In order to keep a watch over the settlement of audit objections included in the audit report, the Accounts Wing/Audit cell of the State Society will maintain a Register in the format given in the Annexure - XII setting apart separate folios for each DDO.

The progress made on the settlement of audit objections outstanding will be reviewed by the PD on a monthly basis and appropriate further action taken to ensure their speedy settlement. The Register will also be produced to the auditor for verification of settlement of the objections raised. Audit compliance will be reported to Government of India by the State Implementing Society on a regular basis.

### **15.10. Audit by the Comptroller and Auditor General of India; Special Audit and Performance Audit**

The accounts of the Society is subject to the provisions of Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971 as amended from time to time. The Act also provides for a special audit / performance audit /superimposed audit of Societies by Comptroller and Auditor General of India which would be undertaken as and when necessary. All documents, files, audit reports etc are to be made

available to them and they should be encouraged to make field visits during the course of audit.

## 16. MANAGEMENT AUDIT

16.1. In order to review, provide suggestions and identify good practices in financial management and areas of operational management NACO will contract the services of a specialist institution for carrying out a management audit. Such an audit will cover about 6 to 7 States in a financial year. The scope of services will include review of the

1. adequacy of the Management Structures, policies and practices in line with the scale of operations in the SACS;
2. Rate of activity delivery - Financial/Physical;
3. Fixed asset's management system;
4. Budgeting practices;
5. Programme Evaluation;
6. Whether good governance practices are followed;

16.2. The Management Audit Methodology followed is to:

- Understand organization's processes and policies and develop of a complete understanding of the "As-Is" processes
- **Diagnostic:** An evaluation process undertaken for the various functions in the context of the business policies, long term plans and the implementation support provided.
- **Interactive:** The interactive phase involves extensive meetings with the officials at the concerned department/locations to assess the level of awareness and compliance to stated goals and outcomes.
- **Remediation Strategy:** Discussion with concerned personnel on the non-conformances and development of action plan/ recommendations for bridging the gaps and shortcomings.

16.3. In order to improve the efficiency of the financial system, Management Audit of NACO/SACS/district offices will be undertaken by MoHFW, GOI. Under the Management Audit the selected outsourced firms/ Officials from the Government of India, (like Indian Association of Public Auditors) to look in to this and comment on. A sample model TOR is given in Annexure XIII)

16.4. It considers introducing internal financial management checks by adopting the following procedure:

1. 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.

2. The receipt of funds from NACO 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 SACS
3. Augmentation of State TSU
4. By deputing senior officers of the concerned state division located at MoHFW, to the State SACS / one or two Districts.

**16.5. Management Audit Cycle:**

Management Audit shall be conducted at each SACS level once in every half-year and report of findings submitted within a month after the end of that half-year. The report shall cover expenditures vis-à-vis physical performance targets achieved and budget/annual plan provisions as also the receipt of funds from NACO and other sources vis-à-vis releases to the districts and sub-district level organizations.

## **17. FINANCIAL REPORTING**

### **17.1. NACO to Development partners**

NACO is required to prepare and submit a six monthly financial progress report (budget verses actual expenditure) by program components to the development partners as per formats agreed with the partners. The annual progress report will also be used to claim reimbursement from the pooling partners (DFID and the World Bank)

### **17.2. SACS to NACO**

SACS will submit a quarterly financial report (to begin with) which will be considered to be changed to a monthly financial report. In order to do this the accounts must be closed on a monthly basis.

### **17.3. Annual Financial statements**

The procedure for closing of books of accounts at the yearend has been discussed in chapter on accounting policies. Based on the various accounting vouchers and ledgers maintained by the CFMS the System will prepare the final books of accounts for the societies. The following reports would be generated by the system

1. Balance sheet
2. Income and expenditure account
3. Receipt and payment account
4. Trial balance

The CFMS will facilitate the generation of these financial progress reports.

**17.4. A list of financial records to be maintained and financial reports to be generated periodically is furnished in Annexure XIV.**

## 18. PERFORMANCE INDICATORS for financial Management

In order to monitor the performance of various SACS a set of financial management indicators have been developed. A select number of indicators are also used in evaluation of the overall performance of the SACS (and included in the Dashboard).

These need to be submitted to NACO on an yearly- basis.

The following are some core performance indicators

- Indicators on budget vs actual with variance breakup in terms of client cost, service delivery cost etc
- Component wise breakup of expenditure keeping the percentage wise allocation among objectives
- Indicators related to new activities undertaken-like new service provisions started
- Percentage of amount earmarked to districts and spending pattern
- Liquidation of advances
- Timely audit and submission of audit report to NACO
- No. of training programmes conducted for finance personnel and no of finance personnel deputed for national level trainings

### **FINANCIAL MANAGEMENT INDICATORS**

(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?
<b>At State Society level/ district level</b>		

##### **A.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
<b>State level</b>						
<b>District level</b>						

<i>(total for all the Districts put together)</i>						
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**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 <i>(Give date)</i>	Reason for Vacancy	Action Plan & time frame for filling up the vacancy
1							
2							
3							
..							

**A.3. Training of Finance personnel completed:**

		<b>YES</b> (pl. tick) (give dates on which done)	<b>NO</b> (pl. 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 Society			

#### A.4 Evaluation of performance

		<b>YES</b> (pl. tick) (give dates on which done)	<b>NO</b> (pl. tick)	If 'NO', pl. specify by when expected.
1.	Performance of contractual /permanent Finance and Accounts staff evaluated on yearly basis			
2.	Concurrence of Govt . taken for yearly extension of tenure of finance and accounts staff wherever applicable			

#### B. Financial Empowerment related indicators

##### B.1. Delegation of adequate Financial and Administrative Powers:

		<b>YES</b> (pl. tick) (give dates on which done)	<b>NO</b> (pl. tick)	If 'NO', pl. specify by when expected.
1.	Govt. Order (GO) or resolution of EC/GB delegating the financial and administrative powers to functionaries of SACS and District Offices made.			
2.	At State level adequate powers delegated to the Project Director			
3.	At District level adequate powers delegated to the District Officer			

##### B.2. Adequate infrastructure facilities like computers, printers, telephone, fax, internet connection, etc. provided to Finance and Accounts staff:

		<b>YES</b> (pl. specify items provided)	<b>NO</b> (pl. specify items not provided)	When are the items listed in the 'NO' column expected to be provided?
1.	<b>At State SACS</b>			
2.	<b>At District Office</b> (Give district-wise details):			

	1.	(Name of the District)			
	2.	”			
	3.	”			
	..	”			

**C. Financial Performance Related Indicators:**

**C.1. Financial Reports (in the format prescribed under CFMS)**

<b>QUARTERLY</b>						
Timely ( <i>within a month after the end of quarter</i> )	Delay of 1 Month	Delay of 2 Months	Delay over 2 Months	No. of Districts /peripheral units omitted	Quality of Financial Reports	Action taken to overcome delays in future

**C.2. Position of Liquidation of Advances**

Sl. No	Details of advances	Amount	Reason	Action taken
1	More than 1 year			
2	More than 9 months			
3	More than 6 months			
4	More than 3 months			

**C.3 Audit Arrangements**

Sl.No	Activity	Time line	Date actually done	Reason for delay
1	Issue of EOI	Oct/Nov		
2	Selection of CA firm	Jan		
3	Approval by EC	Jan/ FEB		
4	Audit process started	April		

**C.4 Audited Statement of Accounts & Audit reports:**

<b>ANNUAL</b>							
Timely by 31 <sup>st</sup> August	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.5. Utilisation Certificates:**

<b>ANNUAL</b>						
a) Provisional	Delay of 1	Delay of 2	Delay	Quality of	Action taken to	

UC by-----	Month	Months	over 2 Months	UCs submitted	overcome delays in future
b)Timely, along with Audited Statements of Accounts by -----	Delay of 1 Month	Delay of 2 Months	Delay over 2 Months	Quality of UCs submitted	Action taken to overcome delays in future

## 18. DELEGATION OF FINANCIAL POWERS

18.1. The Society shall adhere to provisions of the Delegation of Financial Powers given below and have them ratified by the General Body/Executive Committee as the case maybe. All powers for approval and authorization/ sanction for release of funds and incurring expenditure should be vested with the project functionaries of all implementing agencies. The competent authority within the SACS must accord approval on all matters having financial implications with the concurrence of financial division in SACS. All powers should start and end within the Society structure itself. Political set up outside the project should not have any overriding powers. In other words, the SACS and its empowered committees have full powers once the action plan is approved by the NACO and sanction all expenditures in accordance with the norms and no approvals of any State Government departments are necessary The process of sanction should be transparent with financial scrutiny at every stage from administrative sanction to expenditure sanction. The functionaries should refrain from seeking unnecessary approvals of any other higher or external authorities.

18.2. Same principles and rules should be applied for incurring expenditure in case funds are received from other sources for the programme implementation purpose.

### 18.3 Powers of the Governing Body of the Society

- full powers for implementation of the project as per the activities approved by NACO and in accordance with the LOU of the project.
- appointment of Auditors/ extension of terms of Auditors
- adoption of audit reports
- reviewing audit observations and settlement
- frame rules & regulations and delegate powers to Executive Committee/ Project Director and other functionaries for items not specifically covered by these delegations
- appoint contract employees above Rs 50,000 if posts are approved by NACO.

### Powers of the Executive Committee

S.No.		Limit
I	<b>General Financial Powers</b>	
a.	Filling up of posts in accordance with the sanctioned pots approved by NACO any post on consolidated salary per month up to Rs50,000 (The terms and conditions of these posts shall be sanctioned by the GB) Any additional posts required by SACS may have to make a case appropriately justifying the needs and obtain	

	approval of NACO	
b	First approval of the AAP with in one month of the issue of Sanction letter by NACO failing which PD of SACS is authorized to go ahead and implement the project seeking ratification of EC as and when the EC meets.	
c.	Approve Procurement Plan prepared in accordance with NACO Guidelines(see Procurement manual for details).Procurement plan would be in accordance with the activities approved in AAP	As per provisions made in Procurement Manual
<b>II</b>	<b>Special Financial powers</b>	
A.	To sanction expenditure for minor civil works which have been included in the AAP.	Full powers within approved Annual Plan provisions
B	To sanction expenditure on a non civil works at a time in respect of all items/ schemes which have been included in the AAP	-do-
C	To sanction expenditure at a time on all schemes or items not included in the approved project	Recommendatory power to NACO and on approval full powers
D	To sanction job consultancy services	As per provisions made in Procurement Manual
E	Purchase of office equipments	-do-
G	Re-appropriation of expenditure on activities with in the Objectives	do

**Designation: Project Director**

**(Amount in Rupees)**

S.No.		Range
I	General Financial Powers	
a.	Filling up of posts as per sanction by NACO, within the budget allotment, any post on consolidated salary per month up to (The terms and conditions of these posts shall be sanctioned by the Executive Committee and would be part of the approved plan of the scheme)	Up to Rs20000 PM
b.	To purchase articles and materials including drugs and equipments needed for the Society and for carrying out the objectives of the society including IEC at a time subject to Budget Provision up to	Rs 5 lacs and as per provisions of Procurement Manual and

		within the Approved Annual Plan provisions
<b>II</b>	<b>Special Financial powers</b>	
a.	To sanction expenditure for a single minor work at a time which have been included in the project up to	Rs 4 lacs
b.	To sanction expenditure for a number of works at a time in the same time which have been included in the project	Rs 4 lacs
C	To sanction job consultancy services on remuneration basis upto	Rs 2 lacs
D	Grant in Aid to NGOs/ CBOs	Without limit subject to project approval by Executive Committee
	Sanction rates above norms on tour on special circumstances	Full powers
E	Settlement of advances	Full powers as per Rules
F	Expenditure on training activities/meetings/workshops	Full subject to provisions of approved annual plan
G	Grant of advances to NGos, CBS, implementing agencies	-Do-
H	Approval of hiring of vehicles for office/ district units	Full powers
I	Sanction of tours of officers and staff	Full powers as per Rules
J	Sanction of advances to staff on tour/ settlement of tour claims	Full powers as per Rules
J	Expenditure on office expenses	Full powers
K	Purchase of office equipments	Up to Rs 4 lakhs
L	AMC of office equipments/insurance etc	Full powers as per Procurement Manual provision

Note 1:

Each SACS should decide the exact limit taking into consideration the parameters provided in Point no. 18 of Para no. 4.32 of the Chapter no. 4 – ‘Funds Flow’

Note 2:

Any proposal for expenditure beyond the limits prescribed above shall be placed before the Executive Committee for its approval/ in special cases for ratification

The member-secretary can incur any extra ordinary expenditure subject to the ratification of the Executive committee or the Governing Body within 3 months of such expenditure

## 19 STAFFING ISSUES

### 19.1 Job description of Key Positions

#### Accounts and Finance Unit (AFU)

Position	Major Responsibilities and Main specifications
<p><b>Joint Director/Deputy Director Accounts and Finance unit</b></p>	<p>Overall responsible for financial management including budgeting, funds management, compliance with reporting requirement and audit of SACS.</p> <p><u>Major Responsibilities</u> (<i>reporting to Project Director</i>)</p> <p>Assist Project Director of SACS and have overall responsibility for all finance and accounts procedure</p> <p>Develop financial capabilities and capacities in implementing agency to deal with the finance and account procedures</p> <p>Liase effectively with NACO on financial matters</p> <p>Advise the Board/Governing body on all financial matters especially on financial policy and strategic issues</p> <p>Keep the Project Director informed about financial position and financial performance of the project</p> <p>Preparation and approval of budget and financial projections/ forecasts</p> <p>Ensure development of satisfactory financial and accounting policies and procedures for the project and its adherence to these policies and procedures</p> <p>Ensure development and operation of a satisfactory finance management system for the project</p> <p>Ensure that an effective system of internal controls is operational</p> <p>Ensure smooth flow of funds to all levels of the project organisation, payment to various parties, and ensure adherence to service standards. Ensure effective cash management including short-term forecasting.</p> <p>Act as Treasurer of the Society</p> <p>Any other work assigned by PD</p> <p><u>Main specifications</u></p> <p><u>Qualifications</u></p> <p>Bachelor's degree or similar qualification preferably in commerce and accounts</p> <p><u>Experience</u></p> <p>A senior state finance service officer/ accountant general of the state / senior finance officer level with 20 to 25 years of service.</p> <p>In case of JD and 15-20 years of service in case of DD</p> <p>Good understanding of working of government; and ability to</p>

<b>Position</b>	<b>Major Responsibilities and Main specifications</b>
	<p>interact and function effectively at senior level.            Good familiarity with working of modern finance management systems, including computerised systems.  <u>Appointment</u>            Deputation</p>
<p><b>Asst Director Accounts Finance</b></p>	<p>Overall responsible for internal, statutory &amp; review audit, CFMS system and reimbursement claim.</p> <p><u>Major Responsibilities</u> (<i>reporting to Deputy Director/ PD in case of small states</i>)            Timely release of funds to concerned implementing agencies for the project activities            Function as Drawing and Disbursing Officer            Identify and assess funds requirements under various components of project.            Produce component-wise, category-wise and account head-wise expenditure statements.            Prepare Schedule of Withdrawal of Proceeds and the Statement of Expenditure required for withdrawal of credit during retroactive financing period.            Make sure timely reconciliation of accounts of project to claim disbursement from World Bank.            Prepare budgetary provisions required for implementation of project            Provide implementation assistance to AFU Personnel for smooth implementation of the finance and Account System.            Any other work assigned by Joint Director Deputy Director/Project Director.</p> <p><u>Main specifications</u>  <u>Qualifications</u>            Graduate preferably in commerce and Accounts  <u>Experience</u>            A junior level state finance service officer/ accountant general of the state in the rank of section officer with 10 to 15 years of experience.            Knowledge of General Financial Rules and Procedures            Computer literate            Exposure to working in external aided project at Centre/ State level  <u>Appointment</u>            Deputation</p>
<p><b>Accountants</b></p>	<p><u>Major Responsibilities</u> (<i>reporting to Finance Officer</i>)            Smooth and timely conduct of internal audit and statutory audit            Review reports of DACS</p>

	<p>Budgeting Smooth and timely release of funds to field units Preparation and submissions of reimbursement claims Complying with reporting requirements Receipt and scrutiny of claims received from the DACS Consolidation (through CFMS) for sending it to NACO To carry out other tasks as assigned by management from time to time</p> <p><u>Qualifications</u> Graduate preferably in Finance and Accounts /BCom</p> <p><u>Experience</u> 3-5 years post qualification experience or experience in state accounts cadre / organized accounts Govt of India</p> <p><u>Appointment</u> Regular/Contractual</p>
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### Project and Financial Management Unit (PFMU)

<b>Position</b>	<b>Key Responsibilities and Main specifications</b>
<b>Director (Finance)</b>	<p><u>Major Responsibilities</u> Responsible for overall financial management Responsible for complying with accounting and auditing convents</p> <p><u>Main specifications</u></p> <p><u>Qualifications</u> IAS/ IA &amp;AS/ ICAS cadre or Qualified Professionals having passed CA/ICWA examination</p> <p><u>Experience</u> Professionally qualified with 10 years of service/ post qualification experience</p> <p><u>Appointment</u> Deputation</p>
<b>Consultant (Finance)</b>	<p><u>Major Responsibilities</u> Advices NACO on all financial matters Appraise the proposals received for financing and financial assistance Responsible for MIS Financial review and assessment</p> <p>Main specifications</p> <p><u>Qualifications</u></p>

<b>Position</b>	<b>Key Responsibilities and Main specifications</b>
	<p>Qualified professional having passed CA/ICWA examination</p> <p><u>Experience</u> Ten years of post qualification experience</p> <p><u>Appointment</u> Contractual</p>
<b>Assistant Director</b>	<p><u>Major Responsibilities (Reporting to Director (Finance))</u></p> <p>Budgeting State plans- Review/ appraisal of annual plan of SACS Smooth and timely release of funds to all implementing agencies Preparation and submission of reimbursement claims Complying with reporting requirements Scrutiny of claims received from the SACS and other recipients Consolidation (through CFMS) for sending it to the World Bank Operationalisation of CFMS system Smooth and timely conduct of internal &amp; statutory and review audit of SACS and NACO by CA firms, C&amp;AG, WB or any funding agencies as a part of statutory/ contractual obligations.</p> <p>Main specifications</p> <p><u>Qualifications</u> CSS/ PAO cadre officer in the rank of Section Officer or have passed CA/ICWA examination. He should be computer literate</p> <p><u>Experience</u> CSS/ PAO cadre officer in the rank of Section Officer with 10 to 15 years of service or professional having passed CA/ ICWA examination with 15 years post qualification experience.</p> <p><u>Appointment</u> Deputation</p>

Training to finance staff as identified in the financial management reform plan will be provided.

## **20 MISCELLENEOUS MATTERS**

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.

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 consistently with the objectives of the Society, be dealt with such manner as the Central Government may determine.

For Any clarifications on matter relating to financial management, enquiries can be made from the Director (Finance)/Project Finance Management Unit, NACO, Ministry of Health & Family Welfare, New Delhi.

## 21. PERSONNEL MANUAL

A separate Personnel Manual has been developed which elaborates on the issues. It suffices to say that to maintain uniformity with respect to the staff in the SACS a Manual had been created. Certain salient features in the Manual are being highlighted briefly to give a better understanding. Staff in the SACS is of three types: Regular, Probationers and Contractual. It is the general policy of SACS to provide equal employment opportunity to each individual, regardless of all condition. This policy applies to advertising and recruitment; job assignment; promotion, demotion and transfer; layoff or termination; rates of pay and benefits; selection for training; and the provision of any other human resources service.

**Modes of Recruitment:** Staff shall be recruited based on the approved organogram. A list of job descriptions, qualification criteria and terms of reference need to be developed prior to the start of recruitment. The pay structure has already been decided to attract the best possible talent. Any changes that need to be made shall be made with the prior approval of NACO.

For regular employees, SACS shall obtain the services of the concerned personnel on deputation from the State Government or Public Service Undertaking through a process of circulation. In case of inability to appoint regular staff due to non-response then the post can be converted into a contractual one with the prior approval of NACO.

For the appointment of the contractual staff the following stages would be followed: advertisement in an English and local language paper with wide circulation giving a reasonable time of at least 3 weeks for the receipt of response. Short listing of the applications based on the qualification requirement, then holding a written examination followed with an interview. Strict vigilance and involvement of external representatives in the process as much as possible to ensure that the process is seen to be transparent. Documentation involved should be preserved for future audit.

**Contracting:** Staff recruited would have to be given an appointment letter and a contract. The contract contains a statement list the principal responsibilities of SACS and the employee. As an attachment it shall contain the terms of reference as well as the deliverables that the employee shall have to meet and the timeline and the personnel manual. Staff recruited once shall be put on probation for 3 months. Prior to the end of the probation a performance evaluation shall have to be performed in order to assess whether the contract should be terminated for non-performance or whether the probation should be extended.

**Performance Review:** The purpose of the performance review system is to improve the overall performance of SACS by:

- Improving employee effectiveness and motivation
- Linking employee efforts to the SACS's overall mission
- Making staff development and training opportunities available
- Making relationships between managers and staff more open
- Identifying problems and outlining mechanisms for resolving them

All staff members are required to submit through their monthly time sheets reflecting the actual number of hours worked in each month as well as on holidays including vacations, sick leave availed and leave of absence. The review starts with documentation handed to them which includes the self-appraisal form. The employee's performance would then be reviewed against the deliverables that have been agreed upon. Appraisal should enable

the supervisor and jobholder to identify the positive and negative points in the employee's working year, training needs, changes needed in the job description, targets for the coming year and employee's strengths, and areas for improvement. Contracts of those employees who have performed satisfactorily should be extended for the next year.

### **Contractual Positions at SACS level (NEW)**

Sl. No	Theme/ Component	Post details	Cat-I states (19)	Cat-II states(13)	Cat-III (UTs)-6	Total for 38 States	Salary range
1	M&E and Surveillance	Epidemiologist	1	1	1	38	Rs 50000/ PM
2	IEC	Consultant (Civil Society Mainstreaming)	1	1		32	Rs 25000-35000
3	do	Consultant (Voluntary Blood Donation)	1	1		32	Rs 25000-35000
3	do	Consultant (Youth Affairs)	1	1		32	-Do-
4	Care & Support	Consultant (OI)	1	1		32	-Do-
5	do	GIPA coordinator	1	-	-	19	Rs 15000
6	Various Divisions	Assistants	15	9	-	402	Rs7000-9500

### **Contractual Positions at SACS level (existing)**

Sl. No	Name of the post	Existing Remuneration (consolidated PM)	Proposed Remuneration (consolidated PM)	No. of posts
1	Joint Director(IEC)	Rs15000	Rs40000-45000	20
2	Dy. Director(IEC)	Rs12000	Rs 35000-40000	28
3	Dy. Director(VCTC)	Rs12000	-Do-	10
4	Dy. Director(Trg)	Do	-Do-	10
5	Asst. Director(CP)	Rs10000	Rs 25000-35000	20
6	DPO	Do	-Do-	20
7	Asst. Director(Care)	Do	-Do-	20
8	Asst. Director(VTC)	Do	-Do-	20
9	Asst. Director(Publicity/Doc)	Do	-Do-	21
10	NGO Advisor	Rs15000	Rs 35000-40000	38
11	M&E Officer	Rs10000	Rs 25000-35000	38
12	Computer Literate Steno	Rs6000	Rs10000-15000	108
13	Divisional Assistants	Rs6000	-Do-	108

The States have been grouped as per the work load based on financial distribution and procurement work to be done by SACS.

Group I	State with GFATM funding above Rs. 1 crore p.a
Group II	State with GFATM funding above Rs. 50 lakh but below Rs. 1 crore p.a
Group III	State with GFATM funding below Rs. 50 lakh p.a

### **Finance & Accounts Unit – GFATM**

<b>Sl. No</b>	<b>Post details</b>	<b>Group-I state (6)</b>	<b>Group-II states(7)</b>	<b>Group-III (18)</b>	<b>Total</b>	<b>Salary range (per month)</b>
1	Assistant Director(Finance)	1	1		13	Rs 25000-35000
2	Accountant	2	2	1	31	Rs 10000-15000
3	Data Entry Operator	1	1	1	31	Rs 7000-10000
	<b>Total</b>	<b>24</b>	<b>25</b>	<b>36</b>	<b>75</b>	

### **Pool Fund**

*Group I	State with pool funding above Rs. 50 crore p.a
Group II	State with pool funding above Rs. 10 crore but below Rs. 50 crore p.a
Group III	State with pool funding below Rs. 10 crore p.a

<b>Sl. No</b>	<b>Post</b>	<b>Group-I states (6)</b>	<b>Group--II States (15)</b>	<b>Group-III states (17)</b>	<b>Total</b>	<b>Salary range (per month)</b>
<b>Finance &amp; Accounts Unit</b>						
1	Accountant	3	2	1	65	Rs 10000-15000/
2	Assistant	2	2	1	59	Rs 7000-10000/-
<b>A</b>	<b>Sub total</b>	<b>30</b>	<b>60</b>	<b>34</b>	<b>124</b>	
<b>Procurement Division-pool funding</b>						
1	Asst. Director (Procurement)	1	1	Nil	21	Rs 25000-35000
2	Assistant	3	2	1	65	Rs7000-10000
<b>B</b>	<b>Sub -total</b>	<b>24</b>	<b>45</b>	<b>17</b>	<b>86</b>	
<b>A + B</b>	<b>Total</b>	<b>54</b>	<b>105</b>	<b>51</b>	<b>210</b>	

## **22.PROCUREMENT ISSUES**

### **Delegation of the Procurement to SACS:**

The SACS (provided key procurement related posts as per the Organogram prepared by NACO are filled up by October 31, 2007) will handle only the procurement of goods/ works/ services up to estimated value of US\$ 50,000 except for TI and CST contracts issued to NGO/CBO where the ceiling will be US\$ 75,000. The duration of TI and CST contracts issued to NGO/CBO will initially be one year only. Once procurement capacities of SACS are assessed based on various reviews, the SACS having sufficient capacities may be assigned with higher ceilings. All procurement above this threshold shall be handled at central government level.

### **Contracting of NGO/CBO for handling TI and CST contracts:**

SACS would use the NGO/CBO Guidelines prepared by NACO for conducting the due diligence process to identify the NGO/CBO to be contracted through SSS (alternatively CQS may be used for engaging NGO/CBO) for TI and CST contracts. The provisions contained in NGO/CBO guidelines would be applicable for issuing the contracts to NGO/CBO including the procurement of pharmaceuticals and medical supplies by NGO/CBO under TI and CST contracts

### **Procurement Plan**

- Preparation of a procurement plan is an essential requirement. Procurement plan covering civil works, equipment, goods, consultancy services and resource support shall be prepared on a firm basis for first 18 months of the programme and on a tentative basis for the subsequent years.
- Procurement plan shall be prepared every year for proper monitoring and execution.
- Procurement plan shall be prepared contract wise.
- Method of purchase shall primarily be based on the value of the contract (or tender as applicable). Other relevant factors are urgency of the demand, type of goods/services and availability of different sources of supply etc

#### **▪ STATE LEVEL**

Similarly, a Standing Purchase Committee<sup>1</sup> consisting of following officials shall be constituted in the States for deciding the proposals relating to procurement of goods and services, which have been delegated to SACS.

- |   |        |
|---|--------|
| a) Representative from the Programme Division | Member |
| b) Finance Controller/ Finance Officer        | Member |
| c) Procurement Officer (SACS)                 | Member |
| Secretary                                     |        |

The recommendations of the Purchase Committee will be put up to the Project Director for approval. All purchases above Rs. 50,000/- shall be done through the Purchase Committee.

**PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III**

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/Testing Kits//Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	NGO/Hospital/District	
1.	<b>Prevention</b>					
1.1.	Targeted Intervention among HRGs	STD Drugs,		√		
		Condoms (Free & Social Mktg.),	√			
		IEC Materials		√	√	NGO can provide for local specific IEC materials but BCC materials should be centrally procured for achieving economies of scale
1.2.	Other Interventions (Truckers, Prison Inmates, Migrants, DICs etc.)	STD Drugs,		√		
		Condoms (Free & Social Mktg.),	√			
		IEC Materials		√	√	NGO can provide for local specific IEC materials but BCC materials should be centrally procured for achieving economies of scale.
1.3	<b>IEC</b>	IEC & other promotional materials for general public and at facilities	√	√		
		IVRS Equipment etc		√		
		Media Time (TV, Radio, Print)	√	√		

		Cable TV and local narrowcast media		√	√	
		Male Condoms	√			
		Female Condoms	√			
		Lubricants		√		
2.	<b>Basic Services</b>					
2.1.	<b>STD Services</b>	<b>Equipments</b>				
		Centrifuge Machine,		√		Procurement shall be done only if there is a need which has been reflected in the Procurement Plan or with the prior consent of NACO
		Needle Destroyer,				
		VDRL Rotator,				
		BP Instrument,				
		Weighing Machine				
		Vaginal Speculum,			√	
		<b>Medicine/Drugs/Test Kits</b>				
		STD Medicine/Drugs,		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification
		VDRL Kits,		√		
		Other Testing Kits like TPHA, etc.		√		Only as per requirement

		<b>Consumables</b> like Disposable Syringes, Sodium Hypochlorite Solution, Disposable Gloves, Spirit, Cotton, Towels/Soaps, stationary			√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.	
2.2.	<b>ICTC (General)</b>	Equipments (TV & DVD, Refrigerator, AC, computer, centrifuge, micropipettes, infantometer, etc)		√			
		HIV Rapid Kit 1 <sup>st</sup> Principle	√				
		HIV Rapid 2 <sup>nd</sup> & 3 <sup>rd</sup> Kit		√			
		Other Consumables like disposable gloves/syringes/needles/hypo solution/microtips for micro pittes		√	√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.	
2.3	<b>ICTC(PPTCT)</b>	Furniture		√	√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.	
		Equipments (TV & DVD, Refrigerator, AC, centrifuge, incubator, micropipettes, etc)		√			
		HIV Rapid Kit 1 <sup>st</sup> Principle	√				
		HIV Rapid 2 <sup>nd</sup> & 3 <sup>rd</sup> Kit		√			

		Other Consumables like disposable gloves/syringes/needles/hypo solution/microtips for micro pittes, stationary		√	√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.
		Nevirapine (for mother)				UNICEF provides for it
		Nevirapine (for Baby)				UNICEF provides for it
2.4	<b>ICTC(HIV/TB)</b>	Motorcycles		√		Only for High Prevalence States under Round 3
2.5	Blood Banks	<b>Equipment</b>				
		Equipment (Elisa Reader, BB Refrigerator, Component Separation Equipment, etc.)	√			
		BB Equipment (To be Replaced), Centrifuge, Micro-pipettes, Incubator, ACs, etc.		√		To be reflected in the Procurement Plan and with the prior consent of NACO
		<b>Consumables</b>				
		Single Blood Bags		√		
		Multiple Blood Bags		√		
		Reagents for Grouping & Cross Matching		√		
		Laboratory Glassware		√	√	
		Chemicals			√	
		HIV Elisa Test Kits	√			
		HIV Rapid Test Kits	√			
		HCV Elisa Test Kits	√			
		HCV Rapid Test Kits	√			
		HbsAg Elisa Test Kits		√		
		HbsAg Rapid Test Kits		√		
		VDRL Test Kits		√		

		Emergency Drugs			√	Hospital Supplies should be used as far as possible.
<b>3.0</b>	<b>Surveillance &amp; Estimation</b>					
3.1	.HIV Kits for Surveillance	HIV Elisa 1 <sup>st</sup> Kit	√			
		HIV Rapid 2 <sup>nd</sup> & 3 <sup>rd</sup> Kit		√		
		Consumables such as vacutainers/syringes, vials, other glassware, disposable gloves etc.		√	√	
<b>4.0</b>	<b>Care, Support &amp; Treatment</b>					
	<b>ARV Centres</b>					
4.1		CD4 machine	√			
4.2		CD4 Kits, vacutainers, sheath fluid and other consumables for CD4 machines	√			
4.3		ARV Drugs	√			
4.4		Office Equipment (Computer, AC, furniture, etc.)		√		
		OI Drugs		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification

		PEP Drugs		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification
	<b>Community Care Centres</b>					
4.5	OI Drugs	OI Drugs		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification