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नम्बर 2677 दिनांक 12/04/12



भारत सरकार
स्वास्थ्य एवं परिवार कल्याण मंत्रालय
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GOVERNMENT OF INDIA
MINISTRY OF HEALTH & FAMILY WELFARE
NIRMAN BHAVAN, NEW DELHI - 110108

No. G.27017/16/2007/NRHM (F)

Dated 03/07/ 2012

Dear

Shri Meshram,

This is with reference to timely and proper closing of the Books of Accounts of the NRHM programs for the financial year 2011-12. The following steps may be taken to ensure accuracy, transparency and accountability in financial management systems at the State/District/Block levels to facilitate timely completion of statutory audit for 2011-12:

1. **Completion of Cash and Bank Books:** All entries may be completed in the Cash Book and Bank Book up to 31 March 2012 at State/District/Block (SDB) levels. Expenditure for the period which is pending should not be booked.

2. **Ledger:** Care may be taken that "All entries must be posted in the Ledger corresponding to the entries as per cash and bank books".

3. **Journal:** Journal Ledger should be completed in all respects. All opening entries must be made in the Journal along with adjustment entries as per Audit Report and Accounts for all the advance adjustment vouchers submitted by the concerned parties. No pending entries are left to be passed in the Books of Accounts.

4. **Vouchers:** All vouchers should be serially numbered and filed and kept under safe custody.

5. **Bank Reconciliation Statement:** As per Bank Statement as on 31-03-2012, Bank Reconciliation Statement may be prepared to reconcile the Bank Book figures with the bank statement. All un-reconciled bank entries may be identified and proper entries passed in the books of accounts. Stale cheque should also be identified and reverse entries made in the books of accounts.

6. **Preparation of Trial Balance:** It is very important that Trial Balance to reconcile the ledger balance as on 31.03.2012 is prepared at State/District/SDB levels. All the opening balances as per Audit Report may also be accounted for in the current year trial balance. It must be ensured that the Trial Balance of the current year is prepared at these levels before the Statutory Audit is started.

12.7.2012
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7. **Preparation of Receipt and Payment Accounts, Income and Expenditure Accounts, Balance sheet at each level:** On the basis of the final Trial Balance, it is necessary to prepare the final accounts at State/District/Block levels before the start of audit.
8. **Preparation of reconciliation statement of funds transfer:** Reconciliation Statement of fund transfers from State to District and District to Block must be prepared at SDB levels for funds transferred electronically through Demand Drafts/Cheques. It is very important to reconcile these fund transfers to confirm their credit in the DHS and Block level Bank account and to indentify the funds in transit as on 31-03-2012.
9. **Preparation of Action Taken Report (ATR):** Action taken points of Audit Report for the year 2008-09, 2009-10 and 2010-11 should be discussed in the SHS/DHS meetings. State should prepare the action Taken Report as per Auditor's and MOHFW observations. A copy of the Compliance Report must be sent to this Ministry at the earliest so that a complete and acceptable report could be sent to World Bank for reimbursement of expenditure.
10. **Record Keeping:** All accounts records of NRHM must be kept under lock and key with specific responsibility assigned to concerned Officer for their proper maintenance at State/District/Block levels. All vouchers relating to accounts transactions must be kept year wise in box files or duly bound files after audit. Records, mainly cash book, petty cash book, ledgers and paid vouchers, deposit receipts etc. at district level may be kept properly and safely under the custody of the District Chief Medical Officer or by an authorized officer.
11. **Audit Reports:** Audit reports of all previous years must be kept at the State and District levels, preferably with soft copies as per retention schedule of the State. The previous audit reports must be scanned in pdf format. Action taken points of audit of previous years should be finalized before the Statutory Audit. State shall consolidate audit report of nine programmes (RCH, Mission Flexi Pool, Immunization, IDD, IDSP, NVBDCP, NLEP, NPCB, and RNTCP.) covered under NRHM and submit to the ministry by 31st July 2012.
12. **Reminders for Advance Adjustment:** Age wise analysis of advances must be conducted at all levels and reminders for settlement of advances and refund of unspent balances must be sent to all concerned twice in a year and pursued vigorously. State should send the age wise advance analysis in the prescribed format sent by GOI. All material balances of advances given to staff and other parties have been duly confirmed.
13. **Upkeep of Cheque Books and Cheque Registers:** All cheque books issued by the bank must be entered in a register and keep under lock and key of the concerned officer and unused / cancelled.
14. **Cash verification certificate:** Cash verification certificate as on 31-03-2012 must be obtained from the Concurrent Auditor and verified in the presence of Programme Officer of the concerned program.

15. **Physical verification of Fixed Assets:** All the fixed assets must be physically verified as on 31 March 2012 by a designated Committee and a physical verification certificate must be obtained and kept safely for verification of Statutory Auditor.
16. **Stock Registers:** Store Keeper of concerned programme should maintain/complete the stock registers as on 31-03-2012 for verification of Statutory Auditor.
17. **Important Agreements/MOUs:** - All the important agreements such EMRI Agreement, Security Agreement, MOUs duly registered must be kept in safe custody.
18. **Income Tax Return:** All the TDS deducted by the State/District Health Societies must be deposited in time in the bank and quarterly Income Tax Return must be filed through NSDL agencies.
19. **Concurrent Audit Report:** The State/District Health Societies should obtain and finalize their Concurrent Audit Reports before commencement of Statutory Audit.
20. **Bank Balance:** Regular monitoring of Bank Balances may be ensured for timely and adequate transfer of funds from State to District and District to Block levels. Closing bank balance certificate as on 31-03-2012 must be obtained from the Branch Manager of the concerned bank.
21. **State Share Contribution:** State should ensure that the mandatory state share contribution should be deposited before March, 2013 for the current year as per ROP approval and proper accounting entries may be passed in books of accounts of the SHS for that purpose. Statement of funds position should also contain the details of state share contribution in the prescribed format. State should adjust the overspent unspent balance with state share contribution with the help of statutory auditor and submit the utilization certificate in Audit report of financial year 2011-12.
22. **FMR/Statement of Funds Position:** FMR must include all the expenditure of the State Health Society and District Health Society up to 31st March, 2012. Statement of Funds Position should also show the same expenditure as mentioned in the FMR. The closing balance of March, 2012 Statement of funds position must be reconciled with the opening balance of April 2012.
23. **Concurrent Audit:** Timely action for engagement of CA firms as Concurrent Auditors for the State and District Health Societies. State should implement the concurrent audit system at State and District level and send the quarterly executive summary report to Ministry and follow the revised guideline issued by Ministry vide DO NO. G-25020/1/2012 –NRHM Finance Dated 09.02.2012.
24. **Monthly and Quarterly MIS:** Monthly and Quarterly Financial MIS must be sent by State Health Society by the 10th of every month/quarter respectively.

25. **Tally ERP9:** State Health Society and District Health Societies maintaining these books of Accounts in Tally ERP9 should properly save the accounting records file and also get a hard copy print out of all the tally generated statement such as Cash Book, ledgers and Journal. The hard copy must be authenticated by the programme officer of the concerned programme.

I would, therefore request you that above mentioned financial guidelines at the State, District and Block levels must be ensured for timely completion and finalization of the books of accounts for the financial year 2011-12 before the commencement of the Statutory Audit. These guidelines may also be circulated to District and Block levels for appropriate and timely action at their end.

With Regards,

Yours sincerely,

(Ravindra Pattar)

Shri Mukesh Kumar Meshram
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