

Financial Management Manual for State and District Societies



Central TB Division, Directorate General of Health Services
Ministry of Health and Family Welfare, Nirman Bhavan,
New Delhi 110011

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No. T – 19015/50/2005 - (TB)
Directorate General of Health Services
(Central TB Division)

Nirman Bhavan, New Delhi-110011

Dated: 6th January, 2006

To,

The Health Secretaries of States/UTs

Sub: Phase II Project of World Bank assisted Revised National Tuberculosis Control Programme (RNTCP) from October 2005 to September 2010.

Sir/Madam,

The Government of India has approved the continuation of World Bank assisted Revised National TB Control Programme for another 5 years from 1st October 2005 to 30th September, 2010.

2. The project will be implemented by the States/UTs as per the Project Implementation Plan (copy available on the website www.tbcindia.org), approved Annual Action Plans, instructions and guidelines that would be sent by MOH&FW and Central TB Division from time to time.

3. The Norms and Basis of Costing applicable for the project are given at Appendix-I. It may be noted that these norms are applicable to all States irrespective of source of funding, with effect from 1st October 2005.

4. To facilitate implementation of the project and adherence to the financial norms approved for the project, the Manual of Financial Management is enclosed as Appendix-II.

5. Necessary action may be taken for effective implementation of the project in the State and progress in this regard may be reviewed on regular basis.

Yours faithfully,



(V. K. Sharma)

Under Secretary to the Govt. of India

Copy to:

1. State TB Officers, All States/UTs
2. Chief Controller of Accounts, Ministry of Health and Family Welfare.
3. Integrated Finance Division
4. PS to JS (RT)/DDG(TB)
5. CCD Section
6. Guard File



(V. K. Sharma)

Under Secretary to the Govt. of India

PREAMBLE

The document contains the financial management manual for the Revised Tuberculosis Control Project Phase II to be implemented by the Govt. of India and all the participating States.

The purpose of the manual is to lay down the guidelines for the State and District level societies constituted to implement this project, and financial management of the Grants-in-Aid received from the Central Government. The Grants-in-Aid to the societies may be from various sources i.e. Development Credit (IDA) from World Bank or grants from agencies such as Global Fund against AIDS, TB and Malaria (GFATM), Department of International Development (DFID) or United States Agency for International Development (USAID). These guidelines are applicable to all RNTCP entities irrespective of the source of funds.

Accounting and reporting policies are broadly laid down in this publication, and will be subject to further instructions issued from time to time by the CTD. The rules, policies and procedures illustrated in this publication are applicable only for loan/grant funds received by the entity under this program and do not apply to any other government transaction.

The objectives of these guidelines are:

- Strengthen fiscal and financial management at all levels.
- To serve as a reference document to each accounting entry passed.
- Ensure uniformity in accounting across all locations of the project.
- Facilitate timely preparation of accurate financial statements.

This manual is for use by all Supervisory, Finance, Accounting and Audit staff concerned with the implementation of RNTCP-II project at the CTD, STCS (or its equivalent) and DTCS (or its equivalent)/ MTCS. Throughout this document, the abbreviation DTCS shall stand for the District Tuberculosis Control Society or its equivalent under the National Rural Health Mission. Similarly, the abbreviation STCS shall stand for the State Tuberculosis Control Society or its equivalent under the National Rural Health Mission.

These guidelines supersede the financial chapters in the earlier STCS and DTCS guidelines, and, wherever applicable, any other financial instructions or guidelines issued by Central TB Division prior to these guidelines.

The Manual will be periodically reviewed and updated by the Finance Team at the Central TB Division based on the implementation experience. Clarification requests or queries in respect of these guidelines may be addressed through the State TB Cell to the Central TB Division.

INTRODUCTION

Tuberculosis is an infectious disease and its control provides for health, social and economic benefits. The RNTCP in the first phase has expanded anti-TB services to the entire country. The primary objectives in the second phase is to consolidate on the gains made in the first phase, increase awareness in the community so that affected individual can avail quality services free of cost, prevent drug resistance and minimize the incidence of the disease in the community.

The project is to be implemented in the next five years through the State & District Tuberculosis Control Societies or their equivalent societies. The Society is not a Government Department, and works as an autonomous body. The Society is empowered to raise funds/ resources other than Government Grants (i.e by donations etc.). Further, being a Society, its budget does not lapse at the end of a financial year unlike in a Government System. The State Governments have also signed an undertaking with the Central Government that the State and District societies will follow the guidelines given by the Central Government regarding utilization of the funds to attain the objectives of the programme.

This publication is designed keeping in view the accounting and financial requirements of the Society and aims to generate information/ reports required for financial control and decision making at district, state and central level and providing information to external agencies like donors, creditors and auditors.

COVERAGE OF THE MANUAL

The guidelines cover the following aspects:

- Flow of funds
- Planning and budgeting system
- Financial and accounting policies
- Accounting system and procedure
- Internal Review and Audit
- Procurement and contract administration monitoring system

IMPLEMENTING AGENCIES

Central Level

The Central TB Division (CTD) under the Dte. GHS is the implementing agency at the national level.

State Level

The State Health Society or the State TB Control Society (or its equivalent) is the implementing agency at the State level. It will also exercise control over the District/Municipal Health Societies or District/ Municipal TB Control Societies (or its equivalent) in the State.

District Level

District/Municipal Health Society or District/Municipal TB Societies formed at District Level/Municipal level will be the implementing agency at District or Municipal Corporation respectively under the supervision of State TB Control Society/State Health Society.

NGOs/PPs may also be involved in implementing some aspects of the program and may receive program funds. A separate set of guidelines for NGOs/PPs has been issued by the CTD. For further details, kindly refer to "Involvement of Non-Governmental Organizations in RNTCP" published by Central TB Division, which lays down the selection, assessment, financial assistance and reporting system for NGOs/PPs.

FLOW OF FUNDS AND DISBURSEMENTS

Annual budget allocated to each State would be usually released in two instalments during the 1st & 3rd Qtr. of each fiscal year or during the subsequent quarters. Amount of instalment released would depend upon annual action plan and budget, unspent balance available with the State as a whole (including funds in DTCS), projected requirement and utilization of funds released earlier. The state societies will develop mechanisms to regulate the flow of funds to the district. At any given point of time, the DTCS should maintain a bank (and cash) balance which is not less than that of one month's estimated requirement, and not greater than the estimated requirement for six months. The STCS shall actively manage the flow of funds to the districts to ensure the above.

Unlike in Government, the funds with the State/ District Society shall not lapse at the close of financial year. The State/ District Society shall be empowered to utilize the

unspent balance during next financial year for the same purpose for which funds were allocated. The amount shall however be taken into account while releasing Grant-in- Aid for the next year. The amount remaining unutilized at the close of the Project shall either be refunded or utilized in a manner as decided by Government of India.

Central level

The funding for RNTCP-II would be from the budget of the Ministry of Health and Family Welfare, Government of India. Separate budgeting heads are allocated to the Project at the Central Level. At the National level, these budget heads would be operated by the CTD, which is headed by Joint Secretary (Administrative Head) and the Deputy Director General (TB) (Technical Head). Annual budget of the Project would be allocated as per the National PIP. A specimen of the budget heads under which funds are allocated to the program is enclosed at **Annexure I**.

The CTD shall draw funds from the budget of Ministry of Health & Family Welfare (Department of Health) as per laid down procedures. The CTD shall release these funds to the State Society, which shall usually be on half yearly basis, as per the requirements, through cheque/demand draft or electronic transfer.

State level

State Health Societies/State TB Societies already formed in the State will receive the funds and deposit in a separate savings account designated for the TB project in a nationalized bank. The State TB Officer as Member Secretary will employ the funds at state level as per directions of the SHS/ STCS, in pursuance of the objectives and activities in the Project Implementation Plan. State Society will disburse funds to the District Society based on their action plans, available balances and requirements under various heads of accounts. The State Society shall be responsible for head-wise allocation of funds to the District Societies and to ensure that the activities under the project are implemented smoothly and without any interruption.

The State Society shall receive funds from the CTD on half yearly basis through cheque/ demand draft or electronically. The State Society will release funds to District Society/DTCS also by demand draft, or if possible, through Electronic Funds Transfer (EFT). State Society/ STCS will be required to maintain vouchers for the various receipts and expenditures. At least two of the three authorized signatories, Chairperson, Vice-Chairperson and Member Secretary of State Society/ STCS, would operate the Bank Account, and one of these two signatories shall be the Member Secretary, who shall be the Program Officer at the State level.

District level

The District Society/ DTCS or its equivalent will receive funds from the State Society/ STCS and a separate savings bank account would be operated by District Society/

DTCS for this purpose. Two of the three signatories, of which one will necessarily be the District Tuberculosis Officer in his capacity as the Member Secretary of the District TB Society or as a Program Manager for Tuberculosis control in an integrated district health society, will operate the bank account. The other signatories shall be the Chairperson or the Vice-Chairperson of the District TB Control Society or their equivalent in an integrated district health society. Expenditure for RNTCP activities will be carried out at district level by the District TB Society or its equivalent and accounts for the same will be maintained at the District level. Funds would generally not be managed below district level. If necessary, to facilitate certain activities where advance funds may be required to be given at the TU/PHI level or to Medical Colleges, funds may be given as advances for specific activities such as training, IEC and other activities, and accounts settled within 15 days of completion of activity. Transaction vouchers would be maintained for all receipts and expenditure at the district level, as also discussed later in these guidelines.

District Societies will ensure disbursements of funds for various activities and to entities like NGOs, PPs, Medical Colleges etc as per their intended objectives and action plans. Districts will monitor the utilization of funds on a monthly basis and ensure optimum utilization.

DISBURSEMENT BY WORLD BANK/OTHER FUNDING AGENCIES

At the central level, a special account will be maintained in the Reserve Bank of India and operated by the Department of Economic Affairs by the Government of India. The authorized allocation of the special account would represent six months of initial estimated disbursement of IDA credit. The reimbursement from the account would be made based on reimbursement claim submitted by the Government of India in agreed formats based on statements of expenditures received from states. After the reimbursement is given, the revolving credit would be recouped to the pre-existing level by the IDA. The World Bank shall provide its share by disbursement against the eligible expenditure of the Project. Only project related expenditure is eligible for reimbursement from the World Bank.

Disbursements by other funding agencies will be as per the terms mutually agreed between them and the Government of India.

PLANNING AND BUDGETING SYSTEM

Planning and Budgeting are important management tools for planning, implementing and monitoring the activities of the project. Budget for the entire Project has to be prepared in terms of components, activities and sub-activities. This should be prepared with a bottom-up approach, i.e. from District level upwards. This annual action plan includes financial as well as physical parameters.

OBJECTIVES OF THE ANNUAL ACTION PLAN AND BUDGETING:

1. To implement the project objectives most efficiently.
2. To establish responsibilities at various levels, i.e. CTD, State level and District level.
3. To link the planned performance with resources required for the achievement of project objectives.
4. To help management in taking remedial action.

For effective planning and budgetary controls, a supportive environment should prevail, including:

1. Preparation of accurate and updated accounting manual within the existing system.
2. Adhering to the procedure prescribed in the Accounting Manual.
3. Preparation of action plan by responsible officers who are likely to be entrusted with the implementation of the action plan.
4. Proper procedures should be evolved for the preparation, submission, examination and review of planning and budgeting in logical sequence.
5. Projection of physical achievements and targets to be achieved should be clearly spelt out with reference to the budget. There must be a provision of monitoring of actual performance at frequent intervals. As soon as unfavorable trends are detected, immediate action should be taken to remedy the situation.

BUDGETARY CONTROL

This shall be exercised through the following:

- a. Maintaining the **Expenditure Control Register** (ECR) for effective monitoring of budgetary limits according to sub-heads of expenditure. The ECR shall be

maintained by the Accountant, and submitted to DTO/STO at the time of sanction of expenditure.

- b. **Statement of Expenditure** analyzing the variances of the actual expenditure vis-à-vis the budgetary provisions and performance as per the action plan, and explaining reasons thereof. These statements shall be consolidated at the State level on quarterly and annual basis and major deviations shall be shared with CTD as per the timeline indicated in these guidelines.

Exercising budgetary control as above shall primarily be the responsibility of the STO.

BUDGET PERIOD

The Budget period shall be the financial year as followed by the Central/State Government, i.e. from 1st April to 31st March. The annual action plan and annual budget shall further be sub-divided into quarterly budgets for better monitoring and implementation.

The states shall monitor the financial performance of the districts at least every quarter, by analyzing the variance of budgeted vs actual expenditure under each head. Depending on the variance in actual implementation, the budget of the districts and of the state as a whole may be reviewed by the state, and also communicated to the districts, under intimation to CTD.

BUDGET CALENDAR

The entire Project is to be completed as per the Project Implementation Plan. The budget proposals for the next financial year (April-March) should be received at CTD from State TB Cell by 30th October. In turn, the CTD should prepare their budget by 30th November.

This requires that the process of preparation of Annual Action Plan and Budget be initiated by first week of October at the District level, incorporating the performance as of 30th September. This should be completed and sent to the State level by the 15th of October in accordance with the timeline given below:

Timeline for Budget Process for the next Financial Year:

Last date	Milestones	Prepared by	Submitted to
1st September	Instructions for Annual Action Plan and budget preparation for the next financial year	CTD	State Health Society/STCS
15th October	Approved District Action Plan and Budget sent by DHS/ DTCS to the	District Health Society/DTCS	State Health Society/STCS

	State level		
30th October	Approved State Action Plan and Budget sent by State level to CTD	State Health Society/STCS	CTD
30th November	Consolidation of budget estimates for the next financial year	CTD	Budget Division, MOH&FW

Timeline for Revision/ Supplementary Budget for the current financial year:

15th October	Revision of budget estimates for the current financial year	State Health Society/STCS	CTD
15th November	Consolidation and submission of revised budget	CTD	MOH&FW

Once the CTD sends the budget to the MOH&FW, the budget shall be consolidated and submitted for approval as a part of the general budget.

BUDGET PREPARATION AND APPROVAL

The Project Implementation Plan contains the proposed implementation of various activities of the Project. It also contains the year-wise breakup of these activities. However, variance from the same may take place. This requires periodic review and revision of Project Implementation.

The initial Project Implementation Plan, performance in the preceding period and actual implementation of works shall form the basis for preparation of annual action plans and budgets.

The District Health Society/ DTCS shall prepare their annual action plan and budget for the activities to be carried out in the area under their jurisdiction. This budget shall contain quarterly requirement of funds and activities to be carried out. DTO will send the action plan including the budget after approval by the District Society, to the State Health Society/STCS. STO shall review and incorporate them in the State action plan and State budget, and get the same approved by the State Health Society/STCS, which shall, after approval, be forwarded to the CTD. The CTD shall examine the State Annual Action Plan, and provide its feedback to the state for appropriate revision or clarifications to finalize the action plan.

The State Health Society/STCS shall be primarily responsible for the preparation of the budgets based on the inputs from the participating entities i.e. District Societies, STF and the STDC. They shall send the State Annual Action Plan and budget to the CTD for consolidation.

BUDGET ALLOCATION

MOH&FW shall allocate budget to the CTD and in turn the CTD shall allocate aggregate budget to the States for further head-wise allocation and distribution to Districts etc. Under all circumstances, such allocation should comply with the RNTCP norms and other guidelines issued by the CTD on each of the sub-heads.

BUDGET REALLOCATION

State Health Society/STCS is empowered to reallocate budgetary allocations between the various sub-heads and between the districts. However, here again, it is emphasized that the amount available under any head after such reallocation should continue to comply with the norms issued by the CTD for each of the sub-heads.

District societies can also reallocate the approved amounts for each sub-head to the extent of 15% of the original allocation under the recipient head, under intimation to the State Health Society/STCS. Proposals for reallocation above this limit shall be sent to the State Health Society/STCS for approval. However, the revised allocation should continue to comply with the norms issued by the CTD as stated above.

FORMATS FOR ANNUAL ACTION PLAN AND BUDGET

The formats for Annual Action Plan and the budget are available at the website of the programme at www.tbcindia.org

FINANCIAL AND ACCOUNTING POLICIES

This chapter describes the proposed accounting system for RNTCP-II including the financial and accounting policies, which shall be followed in subsequent chapters by the detailed accounting procedures and internal controls in key areas of accounting.

ACCOUNTING CENTRES

The accounting centres are the offices where the basic accounting in respect of expenditure on the RNTCP-II activities shall be carried out. These accounting centres shall be responsible for maintaining the books of accounts, opening and operating bank accounts, and any other statutory obligations, and shall account for all the project-related financial transactions entered into by each of them.

The accounting centers for the project shall be as follows:

1. Central TB Division (CTD) : The overall project monitoring office
2. State TB Control Society (STCS): The project monitoring and implementing offices at the State level.
3. District/ Municipal TB Society (DTCS/MTCS): The project implementing offices at the District/ Municipal level.

STDC, NTF, ZTF, STF, TUs etc are not accounting centres under RNTCP. They shall submit bills for payments, or, where advances have been given for specific activities under the program, they shall submit adjustment bills for these advances to the respective accounting centers.

SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting

Accounting shall be done on cash basis i.e. a transaction shall be accounted for at the time of receipt or payment only. All transactions are to be recorded as rounded off to the nearest rupee, that is, all paisa figures between 00 and 49 paise shall be excluded, while all paisa figures between 50 and 99 paise shall be rounded to the next rupee.

The cash basis of accounting is being adopted for the following reasons:

- The funds received by project offices from CTD are in the nature of grant. The project offices incur expenditure out of these funds and any further release of funds from CTD is based on, inter-alia, actual utilisation of funds for project related activities
- Also, the reimbursement/ disbursement of funds by the World Bank/ Donors is based on actual cash expenditure/ cash forecast in respect of the project activities. No reimbursement/ disbursement can be claimed for accrued liabilities.

The books of account for the project shall be maintained on the double entry system.

The accounting period followed shall be the financial year 1st April – 31st March.

Treatment of Grant in Aid from Centre/ State

Grant-in-Aid shall be taken into account on actual receipt from CTD/STCS/Others. However, the funds sanctioned and transferred by Government of India / State Society during the year but not actually received by the Society may be entered on the income side of the income and expenditure account under the heading "Grant in Aid" and taken in the balance sheet on the assets side under the heading "Funds in Transit" below Current Assets (Cash and Bank Balance). On actual receipt of the money, it should be shown under debit side of Cash Book under the head "Funds in Transit" instead of Grant in Aid.

The Grant in Aid received by State Society/ District Society shall be taken on receipt side of the Receipt & Payment A/C and on income side in the Income & Expenditure A/C. The excess of income over expenditure or vice-versa shall be transferred to Balance Sheet on liability side.

To summarize, Grant-in-Aid is accounted on actual receipt from CTD/STCS/Others. However, the Grant sanctioned/funds transferred by Government of India / State Society during the year (usually fag end of the year) but actually received by the Society after the close of the year is credited to Grant-in-aid by debit to the head "Funds in Transit A/c".

Treatment of Advances

Advances are defined as money given in advance which are to be adjusted against goods/services to be received in future. The treatment of advances is summarized as under:

General

Advances are charged off to the relevant account head on receipt of adjustment bill/ utilization certificate / actual receipt of goods or services.

Grant-in-Aid to NGO(s)

Funds released to the NGO(s) are booked as expenditure. The utilization of funds will be monitored by the guidelines applicable to NGO s. Unutilized amount of grant-in-aid when received from the NGO is set-off against any expenditure in the NGO head during the period of its receipt.

For Civil Works

Funds deposited with Public Works Department/ contractor is treated as advance at the time of release. On receipt of certificate of stage of completion and part bill from contractor, it is booked as expense to the extent it is certified by PWD/ to the extent due to the contractor based on the stage of completion / the terms of agreement.

An advance payment shall continue to be treated as an advance until its final adjustment as per the above guideline.

At the time of periodic reporting by the society, advances outstanding should be indicated separately. Analysis of advances outstanding for more than one month shall be done on a regular basis by the Chairman STCS and DTCS.

All outstanding advances above six months' duration shall be brought to the attention of Chairman, STCS in writing, and will be reported to CTD along with the consolidated SOE. An advance register must be maintained to record and monitor all advances.

Treatment of Purchase of Material (e.g. IEC material, stationery, medicines, lab consumables etc.)

The materials purchased are treated as expenditure in full in the year of purchase and the purchase transaction is complete only with the receipt of material and making of the payment.

The materials purchased shall be treated as expenditure only when actually paid for by the society. Materials/ commodity assistance received from donors shall be accounted at the Central level only. Material supplied to states and districts by CTD or other donor agencies free-of-cost shall not be taken into account in their financial books of accounts, and only recorded in the relevant stock registers.

Treatment of Fixed Assets and Depreciation

Assets acquired under the project shall be valued at cost including all direct costs (i.e. purchase price, transportation expenses, installation charges and other expenses incurred for bringing the fixed asset in working condition), incurred prior to its first use.

All assets acquired with RNTCP funds should be shown in the balance sheet and valued at its full cost.

No depreciation shall be charged on fixed assets in the project financial statements. Depreciation shall not be provided in view of the following:

- Depreciation is charged on the fixed assets with the object of providing funds for replacement of assets. The project is a cost incurring project and no funds in respect of depreciation shall be released to the project offices.
- The project is a non-revenue earning project. Therefore, there is no revenue against which depreciation can be set off.

Treatment of Interest earned in the Bank Account

No funds are to be kept in the form of a Fixed Deposit or any other investments of any nature other than in a savings bank account.

Interest earned on the funds kept in the saving Bank Account maintained by the Society is accounted on actual Receipt.

Interest earned on the Grants-in-aid received and deposited in the savings bank account can be reallocated and utilized by the Society for the purpose for which grant was received. This also should be appropriately shown in the Utilisation Certificates and the audited annual accounts appropriately.

The expenditure out of the interest earned will also be subjected to the same norms and guidelines as the main grant.

Transfer of Funds to District Societies/Inter- District Transfer of Funds within the State

The receiving Society credits the amount under the head 'Intra-State Transfer (Receipts)' and the remitting Society Debits the same under the head Intra-State transfer (Payments) and in consolidated accounts these are set off against each other like contra entries.

EXPENDITURE WHICH WOULD BE CHARGED TO THE PROJECT

- a. All direct costs relating to project activities as specified in the approved Project Implementation Plan should only be charged to the project.
- b. No expenditure that has already been charged to any other project should be charged to this project.

NOTES AND DISCLOSURE OF ACCOUNTING POLICIES

The basis of preparation of Financial Reports and significant accounting policies related to material items shall be disclosed. A specimen disclosure of accounting policies may be seen at Annexure II Any changes from earlier policy may be disclosed along with the impact of such a change on financial indicators.

The notes should provide additional information, which is not readily discernible from the Financial Reports but is necessary for a fair presentation of the organization's financial performance and position.

ACCOUNTING SYSTEM AND PROCEDURE

The following arrangement is suggested with regard to the format of accounts and their maintenance by the STCS and the DTCS. The accounts of the Society should be maintained on the double entry system on cash basis. All accounting records will be maintained manually. Computerised accounting may be used as an additional facility for ease of preparation of final accounts and financial management till further instructions on computerised accounting and e-banking are issued.

BOOKS AND RECORDS

The following forms and registers shall be maintained by each Society:

1. **Cash/Bank Book** (for recording transactions relating to the receipt and payment of cash and/or from the bank)
2. **General Ledger** (account head-wise summary of transactions)
3. **Journal** (for recording transactions/adjustment entries which do not involve the movement of funds, as per specimen in **Annexure VI**)
4. **Register of Bank Reconciliation.**
5. **Petty Cash Book** (for record of receipt and payments from petty cash balances withdrawn from bank for meeting day-to-day and small expenses of the Society)
6. **Stock Registers** for consumables and printed materials
7. **Fixed Assets Register**
8. **Advances Register**
9. **Expenditure Control Register** (containing approved Budget Estimates as per the Annual Plan of action and expenditure incurred under each head of account)
10. **Record of Audit and Register of settlement of Audit Objections.**
11. **Record of Utilization Certificates received from NGOs** (pertaining to Grant-in-aid given to any NGOs by the District or State Society)

The **Cash Book (Annexure IV)** is meant to record all cash transactions, whatever their nature. It is divided into two sides - the left hand side for receipts of cash and the right hand side for payments. Since in modern times, transactions with or through the bank are even more numerous than the cash transactions, each side has two columns - one to record cash transactions & the other for bank transactions. Sometimes cash is

deposited in the bank and sometimes it is withdrawn for use. In this case, entries both for receipt & payment will appear in the cash book itself in appropriate columns. Such transactions are called CONTRA TRANSACTIONS. It is customary to put the word "To" before all entries on the debit (left) side and "By" before all entries on the credit (right) side.

The Cash/Bank Book shall be maintained as per the specimen attached in Annexure IV and should be used for recording all payments and receipts effected through the Society's bank account and/or from cash balances maintained by it. The Cash Book shall be balanced and closed daily and signed by the STO/DTO or any other Gazetted Officer authorized by the STO/DTO only. Cash balance on hand shall be kept in the safe custody of the STO/DTO in the fireproof Cash Box of the Society.

Balance of cash column of cash book should be compared with the actual cash in the cash box and bank transactions (both receipts and payments) effected by the Society and recorded in the bank columns of the Cash/Bank Book, shall be validated by periodic comparison with the Bank Pass Book, which is to be kept in the custody of the STO/DTO.

Ledger: After recording transactions in the various Subsidiary Books (or Books of Original Entry) it is necessary to process the entries further and recast them so that all transactions of a kind for the whole period are brought together. The book that contains accounts is known as the ledger (**Annexure V**). Since the final information pertaining to the financial position of an organisation emerges only from accounts, the Ledger is also called the Principal Book. The Cash Book has a unique position. It is a Subsidiary Book because cash/bank entries are first entered here and then other accounts are prepared. But it also contains the two accounts of Cash & Bank itself and hence it is a part and parcel of the Ledger also.

In a ledger account, a reference is made to the original entry by entering the relevant page number in the folio column. Entries on the debit side of the cashbook is to be recorded on the credit side of the relevant account maintained in the ledger, and vice versa, that is, all entries on the credit side of the cashbook are to be recorded on the debit side of the relevant account maintained in the ledger.

A monthly **Bank Reconciliation Statement** shall be prepared by 5th of the succeeding month to reconcile bank balance as per cash book. If the balance does not match the difference may be due to the following:-

- Cheques deposited but not credited
- Cheque issued but not presented
- Excess/ less amount debited / credited by bank
- Difference in cash book amount and bank statement amount

- Bank interest not accounted for in the cash book
- Bank charges not accounted for in the cash book
- Bounced cheques
- Debits against standing instructions like payment of telephone bills, electricity bills etc.

The difference in the bank statement and cash book may require certain adjustments to be reflected in the Bank Reconciliation Statement by the Society. A specimen bank reconciliation statement is enclosed at **Annexure VIII**.

The **Petty Cash Book** shall be maintained as per **Annexure VII** and comprises an account of the petty cash imprest held in the name of the STO/DTO for day-to-day small cash expenses incurred by the Society.

With a view to meet emergent contingent expenditure, petty cash imprest, which is in the nature of a permanent advance, may be sanctioned to the STO/DTO. The amount of advance should not exceed the monthly average of contingency expenditure for the preceding 12 months and should be fixed on a conservative basis, and may be reviewed as per need. The advance should be recouped at least twice a month. The STCS/DTCS may follow Rule 291 of the General Financial Rules 2005 of the Government of India, for further guidance. The quantum of imprest advance to be kept with the Member Secretary (STO/DTO) may be decided by the managing committee of the STCS/DTCS in light of the above provisions.

The petty cash book shall be balanced periodically (monthly or fortnightly) and the STO/DTO's imprest adjusted accordingly. Balance of petty cash on hand shall be segregated in an envelope and stored in safe custody in the Society's fireproof Cash Box.

Stock Register for Consumables

The Society shall maintain a Stock Register for drugs (as per SDS Manual), laboratory consumables, printed materials etc. All the goods of consumable nature are entered in the consumable register book in the receipt column. The stock register page No is given on the vouchers and the reference of vouchers is given in the stock register. The stock register page no is also required to be mentioned in the consignment receipts when receiving consumables.

The stores issued are entered in the "Issue Column". The stores are issued based on the Issue slip duly authorised by the competent authority and reference of the issue slip given in the stock register in the appropriate col. The format of stock register is given in **Annexure X**.

Asset Register

The fixed assets acquired by the Society are entered in the asset register and the value of the assets should tally with the value of fixed assets given in the Balance Sheet. The format is given in **Annexure XI**.

The project office shall conduct physical verification of the fixed assets at regular intervals (at least once in a year). The procedure for physical verification shall be as under:

The society shall physically verify the fixed assets at its location with respect to the physical presence, condition of the asset and its workability (i.e., whether the asset is in running condition or not). Any discrepancies or otherwise noticed during the physical verification shall be noted on the statement of physical verification of fixed assets. The project office shall explain in detail, the reasons for the discrepancies noticed, if any, during physical verification. A supporting sheet shall be enclosed for this purpose. All discrepancies noticed in DTCS should be intimated to the STCS for suitable action to be initiated thereupon. Discrepancies noticed in STCS shall be intimated to the Managing Committee of the STCS for suitable action with a copy to CTD.

In case of any discrepancy, a comparative statement indicating fixed assets as per records, assets as per the physical verification conducted, variation and reasons thereof shall be appended with the annual audited statements of accounts.

Expenditure Control Register, Register of Settlement of Audit Objections. and Advances Register shall be maintained in the formats as per State Government or Central Government guidelines

ACCOUNTING FOR RECEIPTS

All receipts by the Society (Cash/Cheque/Demand Draft) should be acknowledged by a printed receipt that should be signed by the STO/DTO. The receipts with their counterfoils should be machine numbered.

The societies shall receive funds from the following sources:

Grants from CTD - The societies shall receive funds from CTD in the form of grant for the project activities. The grant shall be received at periodic intervals in the form of cheque /Demand Draft or Electronic Transfer to the bank account of the society. The cheque/DD received shall be immediately deposited in the savings bank account of the society.

- Other miscellaneous receipts - The other receipts of the project offices may be on account of sale of bid documents, interest on saving bank account, donations, receipts of earnest money deposits, etc.

- A receipt shall be issued in acknowledgement of the amount received (either in cash or through cheque/ bank draft) giving, inter-alia, the purpose following which the amount is received and the head of account to be credited.
- The head of account shall be as per the chart of accounts given at **Annexure III**.
- The amount of cash receipt shall be entered in “cash column” and the receipt for cheques/ bank drafts in the “bank column” on receipt side of cash book.
- The entries on receipt side of cash book shall be posted in the Ledger Book under relevant heads of account.
- The funds sanctioned and released by CTD to STCS or by STCS to DTCS at the end of the financial year even if not physically received before the close of the year either by STCS or DTCS shall be reflected in the Income & Expenditure a/c and the Balance Sheet as “Funds in Transit”, in the financial year in which they were sanctioned, for proper reconciliation of accounts.

ACCOUNTING FOR PAYMENTS

The accounting for payment of expenditure shall be done as per the following mode of payment.

1. Cash payments and
2. Bank payments.

Payment voucher shall be prepared by the Accountant on receiving the above supporting documents duly authorised by the competent authority. A specimen of the voucher is enclosed at **Annexure IX**. All vouchers shall be serially numbered, consecutively mentioned in order of payment and filed in sequence. Similarly, all petty cash vouchers should be sequenced by date/or serial number and filed separately.

The payments vouchers shall be entered on payment side of the cash book on the date of payment giving reference of the voucher number, cheque number, name of the payee (in case of personal account), head of account and the ledger folio number. The date of cheque shall be the date of payment for making entry in the cash book.

The cash payment shall be entered in “cash column” and payments by cheques in the “bank column” of the cash book.

If cash is drawn for use at the Society, a contra entry shall be made both on receipt & payment side of the cash book. The amount drawn from the bank on cheque shall be entered in the “bank column” on payment side and in cash column on receipt side by writing the word “C” in the ledger folio column on both side of the cash book.

TRIAL BALANCE

According to the principle of double entry system, every amount that is placed on the debit side of an account must have a corresponding entry on the credit side of some other account. This being the case, it is but natural that the total of all the debit balances should agree with the total of all credit balances. A Statement which tabulates the debit & credit balances is known as the Trial Balance. All Societies should prepare a trial balance every month. This will form the basis for the preparation of monthly/quarterly SOEs.

FINALISATION OF ACCOUNTS

The STCS and DTCS should finalise its individual annual accounts for the year latest by 30th April of the next year. The final accounts should include:

- a. Receipts and Payments Account (**Annexure XIV**)
- b. Income and Expenditure Account (**Annexure XV**)
- c. Balance Sheet (**Annexure XVI**)
- d. Accounting Policy (as per Manual)
- e. Schedule of Fixed Assets
- f. Schedule of outstanding Advances recoverable
- g. Schedule of Sundry debtors/Creditors (if applicable)
- h. Bank Reconciliation Statement along with Balance statement from Bank.
- i. Utilization Certificate in the prescribed format.

Receipts & Payments Account

It commences with the opening balance - cash & bank. This is put on the debit side.

Only actual cash or bank transactions will be shown in the Account. Receipts of cash (or cheques) are put on the debit side & payments on the credit side.

The difference between the two sides represents the total of cash in hand & balances at bank, if the debit side exceeds credit.

Income & Expenditure Account

The Income & Expenditure Account is an account which summarises the expenses & receipts for the period (financial year) under consideration. Care should be taken to exclude the items of capital nature, which should be included in the balance sheet. The excess of income over expenditure and vice versa is transferred to the Balance Sheet.

The funds transferred by Government of India / State Society during the year but not actually received by the Society may be entered on the income side of the income and expenditure account under the heading "Grant in Aid" and taken in the balance sheet on the assets side under the heading "Funds in Transit" below Current Assets (Cash and Bank Balance). On actual receipt of the money, it should be shown under debit side of Cash Book under the head "Funds in Transit" instead of Grant in Aid.

Balance Sheet

The Balance Sheet is defined as a statement summarising the financial position of an organisation on a given date. It summarises, on the right hand side, the assets and on the left, the liabilities of the organisation. A Balance Sheet is prepared as on a certain date and not for a period (unlike a Receipts & Payments A/c or an Income & Exp. A/c).

A Statement of Fixed Assets acquired by the Society shall also be annexed to the Balance Sheet in the prescribed proforma (**Annexure XVI**).

Statement of Expenditure

At the lowest level, i.e. DTCS, the Statement of Expenditure would be maintained manually as well as on excel sheet, in a format specified by the CTD. Each DTCS shall prepare quarterly Statement of Expenditure (SOE) and send it to the respective STCS electronically or by fax, along with a hard copy by post. The DTCS will also forward one copy of SOE electronically to CTD.

The STCS may ask DTCS to submit SOEs every month for internal control. The STCS shall forward the consolidated quarterly SOE to CTD in electronic form, as specified by CTD, which shall include the consolidation sheet. State TB Society must ensure receipt of information from all the districts, compilation, and furnishing of the same to the CTD within the stipulated date without fail and no excuse will be acceptable on this count.

The CTD shall consolidate all the SOEs received from STCS, for seeking reimbursement from the World Bank and other donors/agencies.

Revision of past SOEs, that is those which have already been sent to STCS/CTD, is not permitted. Errors, if any, should be rectified in the current quarter only, i.e. in the column pertaining to the expenditure in the current quarter through an appropriate entry in the books of account, and a suitable note to this effect should be made below the SOE.

SOEs for April to June, i.e. the first SOE of the financial year, shall show the opening balance on 1st April as per the audited accounts for the previous financial year.

DTO/STO should ensure that the SOE is prepared only from the trial balance for the period. SOE should be strictly as per the format laid down by CTD, and no changes are permitted therein. No heads of accounts should be changed or added, nor should the nomenclature or sequence of the accounting heads be altered. SOE Formats to be used by DTCS and STCS are enclosed at **Annexures XII and XIII**.

Utilisation Certificates (UC)

As per requirement of General Financial Rules the State/ District Societies shall prepare an utilisation certificate in the prescribed format (**Annexure XVIII**) and sent the same to the State Society for the expenditure incurred against Grant-in-Aid received from State Government/ State Society.

The State Society shall prepare a consolidated UC for the expenditure incurred by the Districts and at the Society level and submit the same to the State Government and to the CTD. This must be submitted along with the audited financial statements. The format of the Utilization Certificate is in the prescribed proforma (**Annexure XIX**).

PAYMENT PROCEDURES

The Societies shall make payments for expenditure in respect of project activities assigned to it out of the grant received from CTD or any other receipt/ interest etc.

The payment for expenditure incurred on the project activities shall be done only against proper documents and after the approval of the competent authority. Documents to be checked before payment include invoice, cash memo, consignee receipts, sanction of competent authority etc., as per the provisions of GFR and Central Government Receipt and Payment Rules.

Use of cheques

All payments exceeding Rs 1000/- in the case of DTCS and Rs. 2500/- in the case of State society, shall be made by way of a cheque/demand draft only. Under exceptional circumstances to be recorded by the DTO/STO, where it is not possible to make payment by cheque/demand draft, the DTO/STO will satisfy himself about the mode of payment, and in such cases the limit for cash payments should be Rs 5,000/-.

Cheque books and counterfoils shall be kept under custody of the STO/DTO. If a cheque, after it has been signed, cannot be immediately delivered to the payee for any reason, the same shall be temporarily lodged in the fireproof Cash Box, the key of which

shall be available with the STO/DTO. Such temporary lodging of issued cheques should not exceed three working days.

All cheques shall be jointly signed by any two out of three signatories. One of the signatories will be STO/DTO and the remaining two signatories may be Chairperson and Vice Chairperson or as designated by the Chairperson. The STO/DTO and Vice Chairperson should make payment for an activity only if it has been duly approved by the competent authority. For efficient functioning, expected expenditures including contractual payments and maintenance contracts should be approved at the beginning of the year or quarter and payments made without delay or further approval.

A cheque shall be current for three months only. After the expiry of 3 months and up to 6 months from the date of issue of the cheque, payment will be made by the bank provided the cheque has been revalidated. Whenever a cheque is revalidated after 3 months, the old cheque will be used as a supporting document and in case the cheque has been lost, then fresh cheque may be issued after obtaining a Non-Payment Certificate from the concerned bank in accordance with the Central Government Receipt & Payment Rules. A cheque remaining unpaid after a period of 6 months from the date of issue shall be cancelled and reasons recorded.

DELEGATION OF FINANCIAL POWERS

To ensure smooth, fast and efficient utilisation of funds for the purpose(s) for which these are released by the Government of India, States need to delegate financial and administrative powers to the functionaries of State and District Societies.

The Society shall function on the basis of the delegation of such financial and administrative powers, which have been delegated by the Governing/Executive body of the Society.

Specific delegation of powers must be made to the office bearers of the societies for the following:

1. Sanction of Expenditure
2. Passing of Bills
3. Signing of Cheques

REVIEW / REVISION OF FINANCIAL POWERS

The Governing Body may review and revise the financial powers of the office bearers of the Society if considered necessary.

TIMELINE FOR PAYMENTS BY THE SOCIETIES

All bills/claims which are duly complete in all respects shall be cleared within 15 days from the date these are received at the DTCS/STCS. All payments towards salary/wages should be processed well in time so as to ensure that these are paid on the due date. Any delays beyond these timelines will need to be documented and reasons recorded.

BALANCE AVAILABLE WITH DTCS

At any given point of time, the DTCS should maintain a bank (and cash) balance which is not less than that of one month's estimated requirement, and not greater than the estimated requirement for six months. The STCS shall actively manage the flow of funds to the districts to ensure the above.

INTERNAL REVIEW AND AUDIT

INTERNAL CONTROLS

Officers authorized to incur expenditure must ensure that financial order and strict economy are enforced at every step and see that all-relevant financial rules, orders, directions and instructions are observed. It should be seen that not only the total expenditure is kept within the limits of the budget provision but also that the funds allotted/transferred, are spent strictly in the interest and service of the programme and upon the objects for which provisions have been sanctioned.

The Governing Body and Office Bearers of the Society in general, and in particular, the DTO/STO in their capacity as Member Secretary of the Society, shall also see that items of expenditure are of obvious necessity and are at fair and reasonable rates, sanction of the competent authority obtained and calculations are correct. In order to exercise proper financial control, he should keep himself closely acquainted with the progress of receipts, expenditure, commitments or liabilities incurred but not paid.

In particular, the following checks shall be followed while processing the payment :

- i. Unit rate in the invoice to be verified with a schedule of rates in the agreement / work order/ purchase order.
- ii. The amount claimed in the invoice to be verified by multiplying the unit rate with the quantity executed/ supplied.
- iii. The total of invoice to be checked by adding each item of the invoice
- iv. Ensure payee's receipts are duly stamped if necessary.
- v. In case of supplies, the entries are to be made in the Stock register and the stock certificate recorded under the signature of the designated officer
- vi. The goods receiving officer to certify the quality and quantity of the goods received
- vii. The terms & conditions in the contract agreement purchase/ purchase order to be verified.
- viii. No payment to be made without a valid document/ invoice.
- ix. After payment the vouchers to be stamped as paid and reference of the cheque on which payment made is to be recorded. Ensure that all the invoices/receipts are stamped as cancelled after payment is made to avoid duplicate payment
- x. Claims of honorarium are to be paid after being duly checked by the Multi Purpose Worker/ STS, and duly verified by the Medical Officer, and entry made in the register of honorarium, and signature of payee also obtained therein.

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- xi. Check that no expenditure is made for any items or activities not provided for in the project, or otherwise in excess of the norms prescribed.
 - xii. All personal claims including TA should be submitted by the concerned individual within one month of completion of activity. Check that any delay beyond one month is enclosed with a valid justification by the claimant.
 - xiii. Check that the agreement with the contractual staff has been executed and is valid for the period for which a contractual salary claim is being processed for payment, and for any increment in salary on renewal of contract, a performance report is appended
 - xiv. Ensure that no second advance is given to any individual if the first advance is still not adjusted
 - xv. The vouchers to be serially numbered and kept in order. The vouchers are to be filed and retained safely for the prescribed period.
 - xvi. The receipt book and the Cheque books to be kept under safe custody of the STO/DTO.
 - xvii. No payment to be made without an expenditure sanction by the competent authority.
 - xviii. Ensure that Tax Deduction at Source, wherever applicable, has been provided for, before making the payment.

SAFEGUARDS PERTAINING TO BANK ACCOUNTS OF THE SOCIETY:

- i. Each society should maintain only one savings bank account in a Nationalized Bank, preferably Bank of Baroda or any other bank authorized by the Ministry of Health and Family Welfare, Government of India. All receipts and payments should be made from this account only.
- ii. Always count the number of cheque-leaves in the cheque book at the time of receiving the same from the bank. Do not accept the cheque book in case any of the cheque-leaves or requisition slip in the cheque book is found to be missing.
- iii. Member Secretary of the society shall enter the received cheque book in the Cheque Book Issue Register and sign for the receipt of the cheque book in the register.
- iv. Member Secretary of the Society shall always keep the Cheque Book under lock and key and in his custody.
- v. To count the number of remaining cheques daily or every time the cheque book is taken out for use, to ensure that no cheque has been missing/ stolen. In case any cheque is found missing, immediately inform the bank and stop payment on the missing cheque. Also take other administrative actions as are due for the event, including intimation to the State Government, the Chairman of the Society and a formal lodging of the FIR with the police authorities.

- vi. Society should always maintain the Cheque Book Issue Register with the following columns, and the cheque book should be submitted along with this register to the authorized signatories for his signature.

S.No.	Cheque No.	Date	Payees' Name	Amount	Voucher No.& date	Initials of the Authorised Signatories	
1	2	3	4	5	6	7	8

- vii. Getting regular updation of bank pass book and timely preparation of Bank Reconciliation Statement.
- viii. Bankers should be given a special instruction for the society's account that cash withdrawals above Rs. 50,000 (or a revised limit as decided by the Chairman of the society) shall not be permitted using bearer cheques.
- ix. Under no circumstances should the bank issue any ATM, Debit or other card which would permit withdrawals without using a cheque, for the society's bank account.

INTERNAL REVIEW

The overall objectives of the internal review are to:

1. review the operation of the overall financial management system including the project financial statements, internal controls, and compliance with financing agreements; and
2. to provide project management with timely information on financial management aspects of the project to enable follow up action
1. Under all circumstances, the suggested Internal checks shall be followed by the DTO and the Accountant as laid down in the paragraph on Internal Controls above, while processing the payment.
2. There shall be at least two of the following three Signatories (and one of the two should be the Member Secretary/Joint Secretary under NRHM) when issuing any cheques from the society:
 - a. Chairman
 - b. Vice Chairman
 - c. Member Secretary
3. The summary of the expenditure incurred in the previous half year shall be placed before the Governing Body. Governing Body of the DTCS/STCS shall review the accounts as part of program review on a six-monthly basis and approve the same.

4. Internal Review of district accounts by the STO, the State Accountant (Terms of Reference at Annexure XXVII) and the CTD staff on a periodic basis **(As per checklist enclosed at Annexure XX)**.
5. Internal Review of State and District Accounts will be done by the CTD on a periodic basis with a view to assess the financial management at the state level, identify weaknesses / deficiencies, and undertake capacity building and training as assessed by the review team. The CTD review team will also identify the districts to be reviewed along with the review of the State accounts. This will be done annually for each state.

AUDIT

The project would need to have appropriate system / mechanism for conduct of financial audit and internal audit. This aspect is discussed briefly in this section.

Objective of financial audit

The objective of the audit would be to provide a confirmation to the various stakeholders (Government of India, Creditors/Donors etc.) on the accuracy of the project financial statements, compliance with credit agreements & legal obligations, and overall satisfactory working of the financial management systems in the RNTCP-II project.

Audit shall be of the financial statements and records of the various project offices (DTCS, STCS, Procurement and IEC Consultants etc., and CTD).

Conduct of financial audit

The STO/DTO shall get the Annual accounts of their Society audited. The auditor has to be selected from the auditors empanelled with the C&AG/ State AG. The State society shall appoint a firm of chartered accountants to audit the accounts of the State and District Society for the current financial year in the Annual General Body Meeting of the Society. The Annual Audited Accounts will be placed before the General Body for consideration and approval.

The audited Accounts of DTCS will be forwarded to STCS, along with Audit report, Management letter and Management reply to the auditors observations (if any) / suggestions given in the Management letter duly vetted by Auditor by 31st May of the year. These Statements of accounts as certified by the Auditor and Chairperson of the Society should also be filed with the Registrar of Societies in accordance with the Societies Registration Act. **Districts will not send audit reports directly to CTD.**

All the audited financial statements pertaining to the project from the district level will be consolidated, funding agency-wise, into one single audited financial statement for the State Health Society/STCS. The STO should prepare the consolidated accounts latest by 30 June and get these audited and forward it to CTD so that it reaches latest by 31st

July. The auditor(s) appointed by the STCS, at the state level shall also be responsible for the audit of consolidation of the financial statements of the DTCS and STCS.

The Consolidated Accounts should be accompanied by a schedule containing statement of consolidation of Receipt and Payment Account (**Annexure XVII**), Income and Expenditure Account, Balance Sheet, Schedule of Fixed Assets, Schedule of outstanding Advances recoverable, Schedule of Sundry Debtors/Creditors (if applicable) Bank Reconciliation Statement along with Balance statement from Bank, Management letter given by the auditors, reply by the Management in settlement of the observations by the auditors. The audit reports of districts societies may not be appended to the Consolidated Accounts as the schedules for consolidation attached with the Consolidated Accounts will provide the relevant information of each district.

Statutory Audit

The Comptroller & Auditor General (C&AG) of India and the AGs of the respective states are empowered to audit the accounts of RNTCP-II within their respective domains. The audit shall be in accordance with the standards of auditing of the C&AG of India.

CTD shall compile the audit reports and forward the same to the World Bank/ Donor agencies by due date for reimbursement.

Coverage of financial audit

The audit would include both audit of financial transaction and an assessment of the operation of the financial management system, including review of internal control mechanisms.

Terms of Reference for financial auditors

In accordance with the World Bank's operational policies, the terms of reference of the auditors would be reviewed by the World Bank. The Terms of Reference for the appointment of the project auditors are provided in **Annexure XXI and XXII**. These will be provided to the auditors prior to their engagement.

Audit report for financial audit

In terms of provisions contained in Rule 212(2) of the GFR 2005, the annual reports and accounts of societies receiving recurring grants-in-aid to the tune of Rs 25 lakhs and above is required to be laid on the table of the House of Parliament within 9 months of the close of the financial year of the grantee institutions. The grantee, i.e. State TB Society is, therefore, required to submit the performance cum achievement reports soon after the end of each financial year

Suggested format for the audit reports along with sample engagement letter and sample management letter are reproduced in Annexure **XXIV to XXVI**.

Internal Audit

All the accounts of each DTCS/STCS are subject to internal audit by the Internal Audit Wing of the Ministry of Health and Family Welfare who may visit the states and districts as necessary.

The STO/DTO should arrange to make the account books and connected records of the STCS available to all major donors, if required and requested by them.

A financial management checklist against which quarterly/half-yearly review would be conducted by the Accountant of STCS and also by supervision teams from the CTD may be seen at **Annexure XX**.

TIMELINE OF REPORTING FORMATS

Last date	Milestones	Prepared by	Submitted to
10th January, April, July and October	Statement of Expenditures (SOE)	DTCS / MTCS / HQ STCS	STCS (with an electronic copy to CTD)
24th January, April, July and October	Consolidated SOE along with individual SOE of STCS, DTCS / MTCS Details of Advances outstanding for more than 6 months	STCS	CTD
30th April	Preparation of Final Accounts	STCS/DTCS	
31st May	Completion of Audit of Society Accounts	STCS/DTCS	STCS
30th Jun	Preparation of Consolidated Final Accounts	STCS	
31st Jul	Utilization Certificate, Audit Report and Consolidated Audited Accounts	STCS	CTD
30th August	Appointment of Auditor for the current Financial year, i.e. for the audit of the FY ending next March.	STCS/DTCS/MTCS	STCS
15th October	Submission of District Annual Action Plan to State level	DTCS/MTCS	STCS
31st October	Submission of State Annual Action Plan to CTD	STCS	CTD

ANNEXURE 1**Specimen of Major Head/ Sub Head of Accounts pertaining to RNTCP as in the Demand for Grants of the Ministry of Health and F W****A. Externally Aided Component (EAC)****PLAN**

1. 2210 - Medical & P.H. 06101 - Prevention and Control of Diseases - 3002 - TB Cell at HQ (EAC)- 300220 - Other Admn Expenses.
2. 2210 - Medical and Public Health- 06101 -Prevention and Control of Diseases 3003 - Grants in aid to TB Societies and other Organisation (EAC) 300331 - Grants in aid
3. 2210 - Medical and Public Health - 06101 -Prevention and Control of Diseases - 3005 - Grants under DANIDA Assisted Project (EAC) 300531 - Grants in aid (Plan)
4. 2210 - Medical and Public Health 06101 - Prevention and Control of Diseases 3006 - Grants under DFID, U/K Assisted Project (EAC) 300631 - Grants in aid (Plan)
5. Major Head-2210 Medical & Public Health 06101 Prevention & Control of Diseases - 3007 Grants under GDF Assisted Project (EAC) - 300731 Grants-in-aid (Plan)
6. Major Head-2210 Medical & Public Health 06101 Prevention & Control of Diseases- 3008 Grants under USAID Assisted Project (EAC) 300831 Grants-in-aid (Plan)
7. Major Head -2210 Medical & Public Health 06101 Prevention & Control of Diseases - 3009- Grants under GFATM Assisted Project (EAC) 300931- Grants-in-aid (Plan)
8. 3601 - Grants in aid to State Govts.- 04263 - Public Health - Prevention and Control of Diseases - 0804 - General Area (Commodity Grant)- 080431 - Grants in aid
9. Major Head 3601 Grants in aid to State Governments 04263 - Public Health - Prevention & Control of Diseases 09 - NTCP - (General Component) 0904 - General Areas 090431 - Grants in Aid
10. 3602 - Grants in aid to UTs, 04263 - Public Health Prevention and Control of Diseases, 15 National Tuberculosis Control Programme (EAC) 1501 - General Area 150131 - Grants in aid

C. NORTH - EASTERN STATES

1. MH. 2552 PROVISION FOR NE STATES

ACCOUNTING POLICIES (TO BE APPENDED TO THE ANNUAL ACCOUNTS)

BASIS OF ACCOUNTING

- i. The financial statements have been prepared under the **historical cost** convention, in accordance with the generally accepted accounting policies under the double entry system of accounting
- ii. Unless otherwise stated here under, the Financial Accounts are drawn up on **cash basis**.

TREATMENT OF GRANT IN AID FROM CENTRE/ STATE

Grant-in-Aid has been taken into account **on actual receipt** from CTD/STCS/Others. However, the Grant sanctioned/funds transferred by Government of India / State Society during the year (usually fag end of the year) but actually received by the Society after the close of the year has been credited to Grant-in-aid by debit to the head "Funds in Transit A/c".

TREATMENT OF ADVANCES

General

Advances are charged off to the relevant account head on receipt of adjustment bill/ utilization certificate / actual receipt of goods or services.

Grant-in-Aid to NGO(s)

Funds released to the NGO(s) are booked as expenditure. The utilization of funds will be monitored by the guidelines applicable to NGO s.

For Civil Works

Funds deposited with Public Works Department/ contractor is treated as advance at the time of release. On receipt of certificate of stage of completion, it booked as expense to the extent it is certified by PWD/ to the extent due to the contractor based on the stage of completion / the terms of agreement.

TREATMENT OF PURCHASE OF MATERIAL (e.g. IEC MATERIAL, STATIONERY, MEDICINES, LAB CONSUMABLES ETC.)

The materials purchased are treated as expenditure in full in the year of purchase and the purchase transaction is complete only with the receipt of material and making of the payment.

Material supplied by CTD or other donor agencies free-of-cost are not taken into account in the financial books of accounts, and only recorded in the relevant stock registers.

TREATMENT OF FIXED ASSETS AND DEPRECIATION

Assets acquired under the project are valued at historical cost including all direct costs (i.e. purchase price, transportation expenses, installation charges and other expenses incurred for bringing the fixed asset in working condition), incurred prior to its first use.

In consonance of financial guidelines, no depreciation is charged on fixed assets.

TREATMENT OF INTEREST EARNED IN THE BANK ACCOUNT

No funds are kept in the Fixed Deposit.

Interest earned on the funds kept in the Saving Bank Account maintained by the Society is accounted as Receipt and treated like Grant-in-aid, to be utilized for the same purposes for which the grant was received and subject to the same norms/guidelines.

TRANSFER OF FUNDS TO DISTRICT SOCIETIES /INTER- DISTRICT TRANSFER OF FUNDS WITHIN THE STATE.

The receiving Society credits the amount under the head 'Intra-State Transfer (Receipts) and the remitting Society Debits the same under the head Intra-State transfer (Payments) and in consolidated accounts these are set off against each other like contra entries.

CHART OF ACCOUNTS

The various heads of accounts to be used in the accounts of RNTCP are as under. All state and district societies are to avoid using any other heads of accounts in their accounting books, and under no circumstances should these heads be modified.

Receipts	Payments
Opening Cash Balance	Civil Works
GOI Grants	Laboratory Materials
Grant from State Govt or others (specify)	Counseling Charges/ Honorarium
Earnest Money/Security Deposit	IEC
Intra-State Transfers (Receipts)	Equipment maintenance
Advance	Training
Interest	Vehicle Maintenance
Other Income	Vehicle Hiring
	NGO/PP Support
	Medical Colleges
	Miscellaneous
	Contractual Services
	Printing
	Research & Studies
	Salary of regular staff
	Procurement of drugs
	Procurement of vehicles
	Procurement of Equipment
	Intra-State Transfers (Payments)

Each of the payment heads is described below, in terms of the items of receipt or expenditure which can be booked/ reported under the respective head.

S No	Head	Description
1	Civil Works	<p>All expenditure on construction/ renovation/ improvements/ other structural modification of buildings and necessary furniture and fixtures of RNTCP establishments including STDC, IRL, SDS, State TB Cell office, DTC, TU drug store and Lab of DMC - all these will be incurred as per the RNTCP guidelines.</p> <p>Expenditure on maintenance of Civil works is to also be booked under this head. This includes minor repairs, plumbing, white-wash, electrical and other fixtures etc., requiring no structural modifications, and to be incurred within the RNTCP norms.</p> <p>Expenditure on Civil Works towards refurbishment and repair will not be capitalized in books of accounts.</p>
2	Lab Materials	All laboratory consumables including reagents, sputum containers, slides, phenol, methylated spirit and other consumables required for use in the laboratory as per RNTCP guidelines.
3	Counseling Charges/ Honorarium	<p>This head includes the amount paid to community volunteers (DOT providers) as per norms. A maximum of 25% of all cured/treatment completed cases in the district are eligible for payment of honorarium to the respective DOT providers.</p> <p>Honorarium to sputum collectors as per the Tribal Action Plan is also to be met from this head.</p>
4	IEC	<p>All expenditure towards IEC activities including that incurred on advocacy meetings, community meetings, campaigns, publicity in mass media and local media, publication of IEC material, sensitization meetings with other sectors etc are to be booked under this head, and this should be incurred only as per the IEC action plan.</p> <p>No fixed assets or equipment can be procured under this head.</p>
5	Equipment Maintenance	This includes the expenditure on maintenance, upkeep and consumables of all RNTCP equipment including computer and accessories (internet connectivity, printer costs included), photocopier, OHP, Fax (where provided), Binocular Microscopes, C & S equipment for IRL, LCD projector at state TB cell etc. Annual Maintenance Contract (AMC) is recommended for all equipment after the warranty period, and AMC expenses are to be incurred under this head.
6	Training	<p>All training related expenses including training material, refreshments, honoraria to trainers and trainees, venue expenses etc are to be borne out of this head.</p> <p>TA/DA for trainers (only where required to be paid by the society and not being paid by parent organization) and trainees is also to be borne under this head. Trainees can either draw Daily Allowance or the Honorarium, but not both.</p>
7	Vehicle Maintenance	All expenses related to the Petrol (fuel)/ Oil/ Lubricants (POL), insurance, servicing, repairs and maintenance of RNTCP vehicles (two-wheelers as well as four-wheelers) are to be borne out of this head. Also, where full time Government vehicles have been provided to the STO/DTO and no RNTCP vehicle is available with them, in such case, budget for POL may be made available under this head instead of under Vehicle Hiring. Similarly, where MO-TC has been provided

		with a Government Vehicle, budget for POL only (not for any other maintenance or repairs) may be met out of the Vehicle Maintenance head instead of the Vehicle Hiring head, and the Log Book of the vehicle must indicate clearly such journeys undertaken by the user for RNTCP. No expenditure can be incurred on this head without prescribed records of touring activity being available with the Society.
8	Vehicle Hiring	Where RNTCP guidelines allow the use of a four-wheeler for touring and vehicles are not provided by RNTCP and Government vehicle is also not available, four-wheelers may be hired by the Society for supervision and monitoring and such expenditure should be booked under this head. Such hiring expenses should be within the norms issued in this regard. No expenditure can be incurred on vehicle hiring without prescribed records of touring activity being available with the Society.
9	NGO/PP support	Payments made to NGOs and Private Practitioners for their participation in signed schemes of RNTCP as per the guidelines issued in this regard, are to be booked under this head.
10	Medical Colleges	At the district level, whenever the DTCS incurs expenditure on contractual staff, training programs, IEC, Research and Studies and travel expenses of the faculty of the Medical Colleges located in the district as per guidelines of the program, such expenditure is to be classified under this head. At the STCS level, expenditure on STF, ZTF and NTF contractual staff, training, IEC, travel etc., as per program guidelines, is also to be booked under this head.
11	Miscellaneous	Expenditure incurred for the purpose of the program as per the PIP, and which cannot be classified in any of the other heads, is to be booked as Miscellaneous. Specifically, TA/DA expenses, wherever permissible, are to be booked under this head.
12	Contractual Services	Salary/wages/remuneration of contractual staff, as per norms, is to be booked under this head. Contractual remuneration is all-inclusive and no additional allowances, payments or reimbursements are permissible. Also, there is no other liability on the contracting authority other than the applicable remuneration and TA/DA.
13	Printing	Expenditure on printing of RNTCP modules, registers, forms etc is to be paid under this head of account. However, printing of IEC material is to be booked under IEC head and not under this head.
14	Research and Studies	Expenditure on Operational Research activities which have been approved at the appropriate level, and which has been paid as per guidelines, is to be booked under this head.
15	Salary of Regular Staff	Only where specifically authorized in writing by the Central TB Division, salary of regular staff of the State Government which has been deputed full-time for RNTCP activities on the contractual posts under the program, is provided under this head. Payment is to be made only after receiving a sanction from the Central TB Division.
16	Procurement of Drugs	Patient wise boxes as well as loose drugs are now being procured centrally, under the program, and not at the District or State level. Any procurement of drugs at local level specifically permitted by the program is to be incurred under this head.
17	Procurement of Vehicles	Wherever new TUs have been permitted under the program, two-wheelers can be procured at the district level under this head.

		However, no purchase of four-wheelers can be undertaken without specific written approval of Central TB Division. Replacement of vehicles as per program guidelines, wherever permissible, is also to be booked under this head.
18	Procurement of Equipment	Purchase of one computer, one photocopier, one OHP per DTCS/STCS has been permitted under the program, which is booked under this head. Replacement of equipment as per program guidelines, wherever permissible, is also to be booked under this head. Microscopes and IRL equipment is procured centrally.
19	Intra State Transfers	This is an intermediate head, to be used by the State/District society when transferring funds to another TB control society.

For TOR for audit and formats for audit opinion refer to **Annexure XXI-XXVI**

LEDGER

Date	Particulars	Folio	Debit	Credit	Balance	
			(Rs.)	(Rs.)	Dr./Cr	Amount

JOURNAL

Date	Particulars	Ledger Folio	Amount (Rs.)	
			Debit	Credit

Name of the Society _____
Bank Reconciliation Statement as on _____
Name of the Bank _____ **Account No.** _____

S.No.	Particulars	Amount	Amount
1	Bank Balance as per Cash Book as on _____		.....
2	Add		
a	Cheques issued but not presented	Amount	
	<u>Cheque No.</u> <u>Date</u>		
i	..... .....	.....
ii	..... .....	.....
iii	..... .....	.....
	Sub Total- 2 (a)	.....
b.	Bank interest credited by Bank but not recorded in the Cash Book.	.....
	Total-2 (a+b)	.....	.....
	Total (1+2)		.....
3	Less		
a	Cheques deposited but not yet credited by bank	Amount	
	<u>Cheque No.</u> <u>Date</u>		
i	..... .....	.....
ii	..... .....	.....
iii	..... .....	.....
	Sub Total- 3 (a)	.....
b	Bank Charges debited by Bank but not recorded in the Cash Book	.....
	Total - 3 (a+b)	.....	.....
	Balance as per Pass Book/ Bank Statement - (1+2-3)		.....

NOTE: In case the balance of Pass Book worked out above does not still tally with the Pass book, it may be because of following reasons:

- a. Excess/ less amount debited / credited by bank
- b. Difference in cash book amount and bank statement amount

Action to be taken:

1. Prepare Credit and Debit Voucher as regards 2(b) and 3(b) and make entry in the bank column of the Cash Book on Debit/Receipt side and Credit/ Payment side respectively
2. As regards Note 'a' above advise the Bank for rectifying the mistake in their records. No entry is required to be made in the Books of the Society
3. As regards Note 'b' check such figures with the relevant basic records viz. cheque book counter-foil, bill, invoice, voucher, pay-in-slip, receipt book etc. and in case the mistake is noticed in the Society's records, rectify the relevant figure, otherwise advise the bank for rectification of their records.

PETTY AND CASH VOUCHER

Voucher No. _____

Date. _____

DEBIT

	Rs. _____
	Rs. _____
	Rs. _____
	Rs. _____
	Rs. _____
	Rs. _____

Total

CREDIT

	Rs. _____
	Rs. _____
	Rs. _____
	Rs. _____

Total

Being (Details) _____

Please pay to _____ Rs. _____
 (Rupees _____) by Cash/Cheque/DD

Dealing Asst./Accountant

Member Secretary

Vice Chairman/Chairman

Received by cash/cheque/DD No. _____ dated _____ Rs. _____
 (Rupees _____)

Signature of the Payee

STOCK REGISTER

Name of STCS/DTCS/STDC: _____

Stock Register – Consumable/ Non-Consumable

Name of Item

Date	Particulars	Vr. No./ Issue Slip No.	Qty. Received	Qty Issued	Balance	Signature

Format of SOE State
Consolidated Statement Of Expenditure (Quarterly)

Name of State Society		State						
Reporting Year :						Qtr. : I/ II/ III/ IV		
Ser	Receipt & Expenditure							Remarks
	Receipts	Annual Budget Allocation	RECEIPT					
			Mar - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Cumulative	
1	Opening Cash Balance							
2	GOI Grants							
3	Grant from State Govt or others (specify)							
4	Loan/ Transfer/Advances							
5	Interest							
6	Other Income - EMD etc							
	TOTAL							
	Expenditure (Activity Wise)	Annual Budget Allocation	EXPENDITURE					
			Mar - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Cumulative	
1	Civil Works							
2	Laboratory Materials							
3	Counseling Charges/ Honorarium							
4	IEC/ Publicity							
5	Equipment maintenance							
6	Training							
7	Vehicle Maintenance							
8	Vehicle Hiring							
9	NGO/PP Support							
10	Medical Colleges							
11	Miscellaneous							
12	Contractual Services							
13	Printing							
14	Research & Studies							
15	Salary of regular staff							
16	Procurement of drugs							
17	Procurement of vehicles							
18	Procurement of Equipment							
	TOTAL EXPENDITURE							
19	Balance							
20	Advances							
21	Arrears/Committed Expenditure							

This SOE is based on the SOEs of all DTCS and STCS, which are appended.

Signature of State Accountant with date

Signature of STO with date

**REVISED NATIONAL TUBERCULOSIS CONTROL PROGRAMME - PHASE II
DISTRICT TB CONTROL SOCIETY,(name of the District)
Statement of Expenditure for the Quarter ending**

S.No.	Category of Expenditure	Amount carried forward from the previous financial year.	Funds received during current financial year.	Amount reallocated during current Financial year (+) or (-)	Total Funds available during current Financial year (a+b+c)	Expenditure from April, 1 of current financial year till previous quarter ending.....	Expenditure for the Quarter ending	Progressive expenditure for the current financial year (e+f)	Balance (d- g)	Remarks (reallocation & other remarks)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Civil Works									
2	Laboratory Materials									
3	Honorarium									
4	IEC									
5	Equipment maintenance									
6	Training									
7	Vehicle Maintenance									
8	Vehicle Hiring									
9	NGO/PP Support									
10	Medical Colleges									
11	Miscellaneous									
12	Contractual Services									
13	Printing									
14	Research & Studies									
15	Salary of regular staff									
16	Procurement of drugs									
17	Procurement of vehicles									
18	Proc. of Equipment									
	TOTAL									
19	Bank Interest									
20	Grand Total									

Committed Expenditure:

Transfer of Funds :

Advances:

This SOE agrees with and is based on the books of accounts maintained by the DTCS as on the date of signature.

Name and Signature of DTO.....

R&P

RECEIPTS			PAYMENTS		
Previous year ending-- -----	Particulars	Current Year (AMOUNT)	Previous year ending----- -----	Particulars	Current Year (AMOUNT)
(Rs.)		(Rs.)	(Rs.)		(Rs.)
	Opening Balance			Funds Utilised	
	Cash			Civil Works	
	Bank _____			Laboratory Materials	
	Grant-in-aid received from GOI			Counseling Charges/ Honorarium	
	Grant received from State - Govt. or others (specify)			IEC	
	Advance			Equipment maintenance	
	Loan			Training	
	Transfer of funds (inward)			Vehicle Maintenance	
	Interest			Vehicle Hiring	
	Miscellaneous receipt- EMD etc			NGO/PP Support	
				Medical Colleges	
				Miscellaneous	
				Contractual Services	
				Printing	
				Research & Studies	
				Salary of regular staff	
				Procurement of drugs	
				Procurement of vehicles	
				Procurement of Equipment	
				Sub Total	
				Advance	
				EMD/SD	
				Disbursement to other Units	
				Closing Balance	
				Cash-in-hand	
				Cash-in-bank	
	Total			Total	

Signature of Member Secretary

Vice Chairman

Chairman

Auditor

**Income and Expenditure Account For The Half Year/Year Ending 31st
March_____ (Year)**

Name of the STCS/DTCS _____

EXPENDITURE			INCOME		
Previous Year ending 31st March_____ (Amount)	Particulars	Current Year (AMOUNT)	Previous Year ending 31st March_____ (Amount)	Particulars	Current Year (AMOUNT)
(Rs.)		(Rs.)	(Rs.)		(Rs.)
	Civil Works			Grant-in-aid received from GOI	
	Lab Material			Grant received from State -	
	Honorarium			Govt. or others (specify)	
	IEC			Interest	
	Equipment			Miscellaneous receipt- EMD etc	
	Maintenance			Excess of Expenditure over Income c/f to	
	Training			Balance Sheet	
	Vehicle Maintenance				
	Vehicle Hiring				
	NGO/PP Support				
	Medical Colleges				
	Miscellaneous				
	Contractual services				
	Printing				
	Research and Studies				
	Salary for regular staff				
	Procurement of drugs				
	Excess of Income over Expenditure c/f to Balance Sheet				
TOTAL			TOTAL		

Note: Consolidation Schedule attached

Signature of Member Secretary

Vice Chairman

Chairman

Auditor

BALANCE SHEET

Previous year ending 31st March_____	Particulars	Current year ended 31st March_____.	Previous year ended 31st March_____	Particulars	Current year ending 31st March_____.
Amount (Rs.)		Amount (Rs.)	Amount (Rs.)		Amount (Rs.)
	<u>Capital Fund</u>			<u>Fixed Assets</u>	
	Opening Balance			(As per Schedule 'A-1' attached)	
	Add: Excess of income over the expenditure brought forward from the Income and Expenditure account				
	Less: Excess of Expenditure over Income				
				<u>Receivables</u>	
				Sundry Deposits (telephone deposit etc)	
	<u>Current Liabilities and Provisions</u>			EMD	
	EMD/SD			<u>Other Current Assets</u>	
	Temporary loans and Advances				
	Any other (please specify)				
				<u>Loans/Advances</u>	
				Advances for civil Works.	
				Advances for procurement of Vehicle/Equipment	
				Advances to Staff for expenses	
				<u>Cash & Bank Balances</u>	
				Cash in hand	
				Cash at bank	
				Remittance in transit.	
	Total			Total	

Note: Consolidation Schedule attached

Signature of Member Secretary

Vice Chairman

Chairman

Auditor

UTILIZATION CERTIFICATE
State TB Society/District TB Society,
Utilization Certificate for the year _____ (from _____ to _____)

1. It is certified that out of Rs..... of grants-in-aid sanctioned during the year 200_ in favour of the State TB Society/DTCS, under the Ministry of Health and Family Welfare sanctions No. given hereunder, Rs..... on account of unspent balance of the previous year and an amount of Rs..... on account of miscellaneous receipt (including interest received on bank account), totaling to Rs....., an amount of Rs..... has been disbursed to the various District TB Societies for the purpose of various activities approved by the Government of India for implementation through the DTCSs and an amount of Rs..... has been utilized by the State TB Society for the purpose of various activities approved by the Govt. of India for implementation through the STCS and for which it was sanctioned and that the balance of Rs..... remaining unutilized (after payment/refund of advance/EMD etc amounting to Rs.....) at the end of the year will be utilized and adjusted towards the grants-in-aid payable during the next year _____.

S.No.	Sanction No. and date	Amount (Rs.)
1		
2		
3		

2. Certified that the conditions on which the grant-in-aid was sanctioned have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.
- I. All expenditures incurred are in accordance with the rules and regulations of the STCS and within the framework of the GOI guidelines for STCS/DTCS.
 - II. The expenditure is related to the programme activities.
 - III. The expenditure is incurred with proper resolution of the STCS/DTCS.
 - IV. The expenditure on purchase of fixed assets or consumable goods has been verified from relevant stock register.
 - V. No amount of grant-in-aid or any receipt pf funds from other source is deposited for gains or to generate income by way of interest other than bank interest.
 - VI. Financial grants are released to the bearers of NGOs after their proper scrutiny and verification.

(Signature of STO/DTO/Member Secretary)

(Signature of the Chairman)

UTILIZATION CERTIFICATE

State TB Society,.....(name of State)

Consolidated Utilization Certificate for the State of
(covering STCS,STDC and all the DTCSs) for the year _____
(from ____ to _____)

1. It is certified that out of Rs..... of grants-in-aid sanctioned during the year 2002-03 in favour of the State TB Society, under the Ministry of Health and Family Welfare sanctions No. given hereunder, Rs..... on account of unspent balance of the previous year and an amount of Rs..... on account of miscellaneous receipt (including interest received on bank account), totaling to Rs....., an amount of Rs..... has been utilized by the State TB Society and the District TB Societies of(name of State) for the purpose of various activities approved by the Govt. of India for implementation through the STCS and DTCSs and for which it was sanctioned and that the balance of Rs..... remaining unutilized(after payment/refund of advance/EMD etc amounting to Rs.....) at the end of the year will be utilized and adjusted towards the grants-in-aid payable during the next year _____.

S.No.	Sanction No. and date	Amount (Rs.)
1	(same as in the case of STCS)	
2		
3		

2. Certified that the conditions on which the grant-in-aid was sanctioned have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.
3. All expenditures incurred are in accordance with the rules and regulations of the STCS/DTCS and within the framework of the GOI guidelines for STCS/DTCS.
4. The expenditure is related to the programme activities.
5. The expenditure is incurred with proper resolution of the STCS/DTCS.
6. The expenditure on purchase of fixed assets or consumable goods has been verified from relevant stock register.
7. No amount of grant-in-aid or any receipt pf funds from other source is deposited for gains or to generate income by way of interest other than bank interest.
8. Financial grants are released to the bearers of NGOs after their proper scrutiny and verification.

(Signature of STO/Member Secretary)

(Signature of the Chairman)

CHECKLIST FOR FINANCIAL MANAGEMENT- FOR USE BY STO

Name of Society

Date of Visit

Name of Reviewer

Sl.No.	Description	Yes	No	Remarks
1.	Cash book and Bank book written up to date (indicate date).			
2.	Cash balance reconciles with physical cash in hand. (Do a cash count)			
3.	General Ledger is written up to date (indicate date).			
4.	All vouchers are serially numbered and filed properly.			
5.	Bank reconciliation's has been done as at the end of the previous month.			
6.	Stock register for drugs, consumables and printed materials is up to date.			
7.	Fixed asset register is up to date.			
8.	Are there advances outstanding for long. (greater than 6 months)			
9.	Are there any payments due to contractual staff salaries? What is the duration and what is the outstanding amount due.			
10.	Is there a backlog in preparation of SOE, utilization certificate or audit report.			
11.	Are their any fund flow delays to District Societies?			
12.	Are there any pre-signed blank cheques or large cash withdrawals.			

For adverse observations, what action and time frame has been decided.

- 1.
- 2.
- 3.

Note any adverse/serious findings to be reported to STO and DDG (TB) at the CTD.

TERMS OF REFERENCE FOR THE AUDIT OF REVISED TUBERCULOSIS CONTROL PROJECT PHASE II PROJECT IMPLEMENTED THROUGH THE DISTRICT /STATE TB CONTROL SOCIETY

Objective

The objective of the audit of the Financial Statements (Balance Sheet, Income and Expenditure and Receipts and Payments) is to enable the auditor to express a professional opinion on the financial position of the **(Revised TB Control Project- (RNTCP-II))** carried out through the District/ State ----- Society, at the end of each fiscal year and of the funds received and expenditures for the accounting period ended March 31, 20____, as reported by the Financial Statements.

The **RNTCP-II** accounts (books of account) provide the basis for preparation of the Financial Statements and are established to reflect the financial transactions in respect of the project.

Scope

The audit will be carried out in accordance with standards of auditing issued by Institute of Chartered Accountants of India, and will include such tests and controls as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- a. An assessment of the adequacy of the project financial management arrangements, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities. This would be done in every year of project implementation and a specific comment on these aspects would be provided by the auditor annually in the management letter.
- b. All funds sent by GOI/ State Society as grant-in-aid have been used in accordance with the conditions as laid down in the Project Implementation Plan and RNTCP-II guidelines, and only for the purposes for which the funds were provided.
- c. All funds have been used as per the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the funds were provided.

- d. All expenditure, including procurement of goods and services have been carried out as per the procurement manual of the program and guidelines issued by the Central TB Division, GOI, and have the necessary supporting documentation and have been incurred in accordance with the relevant guidelines.
- e. All the goods procured and issues are supported by valid receipt and issue documents and are recorded in the stock/ inventory registers and the closing balances worked out correctly.
- f. The expenditures as per FMR/SOEs also are in agreement with the books of accounts and variances are documented.
- g. The project accounts have been prepared in accordance with consistently applied relevant Accounting Standards/State Society guidelines and give a true and fair view of the financial situation of the Society for the financial year ending March 31, 20____ and of receipts and payments for the year ended as on that date.

Financial Statements

The financial statements should include:

- a. A summary of funds received, showing the grant in aid, from GOI, and funds received from other sources, donors, if any separately;
- b. A summary of expenditures shown under the main **project activities of expenditures**; and
- c. A Balance Sheet showing accumulated funds of the project, bank balances and other assets of the project.

Statement of Expenditures

In addition to the audit of Financial Statements, the auditor is required to audit the FMR used as the basis for the submission of withdrawal applications by the District / State Society. The auditor should apply such tests and controls as the auditor considers necessary under the circumstances. These should be carefully compared for project eligibility with the relevant financing agreements and the Project Implementation Plan for guidance when considered necessary. The following are required to be annexed to the Project financial statements:

- 1. When ineligible expenditure is identified as having been included in the withdrawal applications, these should be noted separately by the auditor in an annexure.
- 2. The amount of expenditure claimed in the FMR should be reconciled with the amount appearing under the summary of expenditures of the receipts and payments statement.

Audit Opinion

Besides a primary opinion on the Financial Statements, the audit report of the Society Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures shown in the Statements of Expenditure and the extent to which the Donor/Agency can rely on FMR as a basis for reimbursement.

Time Period for Submission

The audited financial statements including the audit report (District/ State Society) should be sent as given in Para _____ above.

Management Letter

In addition to the audit reports, the auditor should prepare a “management letter” in which the auditor should:

- a. Give comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the audit;
- b. Identify specific deficiencies and areas of weakness (if any) in systems and controls and make recommendations for their improvement;
- c. Report on the degree of compliance with the financial/ internal control procedures as documented in the financial manual of the project.
- d. Report any procurement which has not been carried out as per the procurement manual issued by the Central TB Division, Gol.
- e. Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the society; and
- f. Bring to attention any other matter that the auditor considers pertinent.

The Observations in the Management Letter must be accompanied by a suggested recommendation from the auditors and Management Comments on the Observations/ Recommendations from the Management.

General

The auditor should be given access to all legal documents, correspondence, financial manual, procurement manual, guidelines and notices from the Central TB Division/ State Implementing Units and any other information associated with the project and deemed necessary by the auditor.

TERMS OF REFERENCE FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS OF THE REVISED TB CONTROL PROJECT IMPLEMENTED THROUGH THE STATE ----- SOCIETY

Objective

The objective of the audit of the Consolidated Financial Statements (Balance Sheet, Income and Expenditure and Receipts and Payments) is to enable the auditor to express a professional opinion on the consolidated financial position of the RNTCP II project implemented through the (name of the state) State----- Society, at the end of each fiscal year and of the funds received and expenditures for the accounting period ended March 31, 200..., as reported by the Financial Statements.

The RNTCP-II project accounts (books of account maintained by the state and district societies) and the audited financial statements/ audit reports of the district and state of the RNTCP-II provide the basis for preparation of the Consolidated Financial Statements and are established to reflect the financial transactions in respect of the project, as maintained by the State/District Societies.

Scope

The audit will be carried out in accordance with standards of auditing issued by Institute of Chartered Accountants of India, and will include such tests and controls as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

1. An assessment of the adequacy of the project financial management arrangements, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities. This would be done in every year of project implementation and a specific comment on these aspects would be provided by the auditor annually in the management letter.
2. All funds sent by GOI as grant-in-aid have been used in accordance with the conditions as laid down in the RNTCP-II guidelines, and only for the purposes for which the funds were provided.
3. All funds have been used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.

4. All funds disbursed as grant-in-aid to the Districts Societies have been done in accordance with the conditions laid out in the RNTCP-II and have been properly accounted for in the books of account.
5. All expenditures, including procurement of goods and services, h as per the procurement manual of the program and guidelines issued by the Central TB Division and have the necessary supporting documentation.
6. All the receipt and issues of goods have been properly accounted for in the stock registers and the balances worked out correctly.
7. All FMRs received from the Districts as well the State's Statements of Expenditure are verified for their eligibility within the legal agreements wherein such tests and controls as the auditor considers necessary under the circumstances are applied.
8. The consolidated project accounts have been prepared in accordance with consistently applied relevant Accounting Standards/State Society guidelines and give a true and fair view of the financial situation of the Society for the financial year ending March 31, 20.... and of receipts and payments for the year ended as on that date.

Financial Statements

The financial statements should include:

- a. A summary of funds received, showing the grant in aid (from GOI) and funds received from other sources, donors, if any, separately;
- b. A summary of expenditures shown under the main project activities of expenditures, both for the current fiscal year and accumulated to date; and
- c. A Balance Sheet showing accumulated funds of the project, bank balances, other assets of the project and liabilities, if any.

Statement of Expenditures

In addition to the audit of Consolidated Financial Statements, the auditor is required to review the individual audit reports of the Districts/State to identify any ineligible expenditure identified in the audit of the SOE's sent by the District/ State to the centre for submission of withdrawal applications. The following are required to be annexed to the Project financial statements

1. When ineligible expenditure are identified in the district/ state audit reports as having been included in the withdrawal applications, these should be noted separately by the auditor in an annexure.
2. The amount of expenditure claimed in the SOE should be reconciled with the amount appearing under the summary of expenditures of the receipts and payments

statement The amount of expenditure claimed in the consolidated SOE prepared by the State **(submitted for the eligible expenditure incurred during the financial year under audit)** should be reconciled with the amount appearing under the summary of expenditure of the consolidated receipt and payment statement.

Audit Opinion

Besides a primary opinion on the Financial Statements, the audit report of the Society Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditure shown in the Statements of expenditure and the extent to which the Bank can rely on SOEs as a basis for loan disbursement. The consolidated financial statements, including the audit report should be received by the MOHFW not later than four months after the end of the accounting period to which the audit refers onward submission to World Bank.

Management Letter

In addition to the audit reports, the auditor should prepare a consolidated **“management letter”** in which the auditor should summarise the key / material observations, internal control issues reported in the management letter accompanying the district /state society audit report:

- a. comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- b. specific deficiencies and areas of weakness in systems and controls and make recommendations for their improvement;
- c. Report on the degree of compliance with the financial/ internal control procedures as documented in the financial manual of the project.
- d. Report any procurement which has not been carried out as per the procurement manual issued by Central TB Division, Gol.
- e. Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and
- f. Bring to attention any other matter that the auditor considers pertinent.

The observations in the Management Letter must be accompanied by a suggested recommendation from the auditors and Management Comments on the observations/ recommendations from the Management.

General

The auditor should be given access to all legal documents, correspondence, financial manual, procurement manual, guidelines and notices from the Central TB Division / State TB Control Society and any other information associated with the project and deemed necessary by the auditor.

ANNEXURE XXIII**TERMS OF REFERENCE FOR THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA FOR AUDIT OF PROJECT FINANCIAL
STATEMENTS OF RNTCP-II****Objective**

The objective of the external audit of project financial management system is to enable the auditor to express a professional opinion on the financial position of the Central TB Division, Dte. GHS, MOHFW in respect of expenditure incurred under RNTCP-II project at the end of each fiscal year and of the funds received and expenditure incurred for the accounting period ended (fiscal year starting the beginning of the project up to the project closing date), as well as an opinion on the eligibility of the Statement of Expenditures/ Financial Monitoring Reports submitted under the project. The project accounts (books of accounts) provide the basis for preparation of the Financial Statements and are established to reflect the financial transaction in respect of the project, as maintained by the Central TB Division.

Scope

The audit will be carried out in accordance with regulations and standards of audit of the Comptroller and Auditor General of India, and will include such tests and controls as the Comptroller and Auditor General of India, considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- a. All project funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided, Relevant financing agreements are Credit Agreement, Project Agreement, Project Appraisal Document, Borrowers Project Implementation Plan under Credit No..... (to be allotted by World Bank after approval);
- b. Goods and services financed have been procured in accordance with the relevant financing agreement;
- c. All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported via SOEs / PMRs. Clear linkages should exist between the books of account and reports presented to the Bank.
- d. The project accounts have been prepared in accordance with consistently applied Government Accounting Standards in this respect and give a true and fair view of resources and expenditures for the year ended on that date.

Project Financial Statements

The Project Financial Statements should include:

- a. a Summary of funding by Government of India (based on reimbursement claims), showing the World Bank and GOI Components separately;
- b. a Summary of Expenditures shown under the main project components / activities / headings and by main categories of expenditures, both for the current fiscal year and accumulated to date; and

As an annex to the Project Financial Statements, the auditor should audit a reconciliation statement (prepared by the project) between the amounts shown as "reimbursement claims by the project from the World Bank" and that shown as being disbursed by the Bank. As part of that reconciliation, the mechanism for the disbursement (i.e. Special Accounts, Statements of Expenditures / FMRs, or direct reimbursement) should be indicated

Statements of Expenditures

In addition to the audit of the Financial Statements, the auditor is required to audit all Statement of Expenditures (SOEs)/ Financial Monitoring Reports (FMRs) used as the basis for the submission of withdrawal applications for the expenditure incurred at the central level. The auditor should apply such tests and controls, as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financing agreements, and with reference to the Staff Appraisal Report / Project Appraisal Document (PAD) for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, these should be separately noted by the auditor and reported. Annexed to the Project Financial Statements should be a schedule listing individual SOE/ FMR withdrawal applications by specific reference number and amount. The total withdrawals under the SOE/FMR procedure should be part of the overall reconciliation of Bank disbursements described above.

Audit Opinion

Besides a primary opinion on the Project Financial Statements, the annual audit report of the Project Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under SOE procedures and the extent to which the Bank can rely on SOEs/FMRs as a basis for loan disbursement. The Bank should receive the financial statements, including the audit report, no later than six months after the end of the accounting period to which the audit refers. The auditor should submit the two copies of the audited accounts and audit reports to the Implementing Agency.

Audit Observations

In addition to the other areas, the auditor will also comment on:

- i. observations on the accounting records, systems, and controls that were examined during the course of the audit; (ii) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement; (iii) report on the degree of the compliance of the financial covenants on the financing agreements; (iv) communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and bring to the borrower's attention any other matters that the auditors considers pertinent.

General

The auditor should be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding at the Bank. It is highly desirable that the auditor becomes familiar with a copy of the Bank's Guidelines on Financial Reporting and Auditing of Projects Financed by the World Bank, which summarizes the Bank's financial reporting and auditing requirements. The auditor should also be familiar with the Bank's Disbursement Manual. The Project staff will provide both documents to the auditor.

AUDIT REPORT FORMAT
Unqualified Opinion (District/State (stand alone) Society)
Revised TB Control Project
(for Project Financial Statement including SOE)

To: (Addressee)

Introduction

We have audited the accompanying expenditure statements/financial statements of the Revised TB Control Project implemented through the District/ State -----Society under the Revised Tb Control Project))financed under World Bank Credit/Loan No. _____-IN as of March 31, 20XX [indicate any other additional years necessary] for the year(s) then ended. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

Opinion

In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of State/District TB Control Society for the year ended March 31, 20XX, in accordance with Standards on Auditing issued by Institute of Chartered Accountants of India.

In addition, (a) with respect to FMR/SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) which expenditures are eligible for financing under the Loan/Credit Agreement (c) procurement of goods and services has been carried out as per the procurement manual by the Central TB Division, Gol.

[Name and Address of Audit Firm]

[Date – Completion Date of Audit]

Notes:

1. A "Source and Application of Funds" statement is always required for each project. A balance sheet is also required where the project has assets and liabilities.
2. In case a qualified opinion or disclaimer is given by the auditor, the audit report should state in a clear and informative manner all the reasons for such an opinion.
3. Audit report to be accompanied by (a) Management Letter (b) Listing on ineligible claims, if any (c) Reconciliation of expenditure of FMR/SOE claims with the actual expenditure as reported in the audited financial statements.

ANNEXURE XXV

AUDIT REPORT FORMAT
Unqualified Opinion (Consolidated Financial Statements for the Revised TB
Control Project implemented through the State -----Society)
(for Project Financial Statement including SOE)

To: (Addressee)

Introduction

We have audited the accompanying consolidated expenditure statements/ Consolidated Financial Statements of the Revised TB Control Project implemented through (name of the state) State ----- Society (under Revised TB Control Society Project) RNTCP-II) financed under World Bank Credit/Loan No. _____-IN as of March 31, 20XX [indicate any other additional years necessary] for the year(s) then ended. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. In forming our opinion we have relied upon the audit reports and considered all significant audit finding/observations in ----- (nos) District -----Societies/State -----Society's financial statements ----- of which have been audited by other auditors.. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Sources and Application of Funds and the financial position of Revised TB Control project for the year ended March 31, 20XX, in accordance with [indicate International Accounting Standards or relevant national standards.

In addition, (a) with respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) which expenditures are eligible for financing (c) procurement of goods and services has been carried out as per the procurement manual issued by the Central TB Division , Gol.

[Name and Address of Audit Firm]

[Date – Completion Date of Audit]

Notes:

1. A "Source and Application of Funds" statement is always required for each project. A balance sheet is also required where the project has assets and liabilities.
2. In case a qualified opinion or disclaimer is given by the auditor, the audit report should state in a clear and informative manner all the reasons for such an opinion.
3. Audit report to be accompanied by
 - (a) Management Letter
 - (b) Listing on ineligible claims, if any
 - (c) Reconciliation of SOE claims with the actual expenditure as reported in the audited financial statements.

**SAMPLE FORMAT OF AUDIT REPORT/OPINION
(for Project Financial Statement including SOE)
From the office of State A.G. (Audit)**

Revised National Tuberculosis Control Project- II

Introductory Paragraph

We have audited the accompanying financial statements of theProject financed under World Bank Loan No.....as of March 31, 20XX (indicate any other additional years necessary) for the years then ended. Our responsibility is to express and opinion on these financial statements based on our audit.

Scope Paragraph

We conducted our audit in accordance with regulation and standards of audit of Comptroller and Auditor General of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts, internal checks & controls and disclosures in the financial statement. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion Paragraph

In our opinion, the financial statements, read with observations annexed (if any) give a true and fair view of the Sources and Application of Funds of Revised TB Control Project for the year ended March 31, 20XX, in accordance with consistently applied Government Accounting Standards.

In addition, (a) with respect to SOEs/PMRs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditure incurred; and (b) which expenditures are eligible for financing under the Loan/Credit Agreement [Ln.....]. During the course of the audit referred to above, statement of Expenditure/FMR (Each application no.....and amount to be indicated) and the connected documents were examined and these can be relied upon to support reimbursement under the Loan agreements.

This certificate is issued without prejudice to CAG's right to incorporate any further detailed audit observation if and when made in the Report of CAG of India for being laid before Parliament/State Legislature.

[Signed.....]
Name & Designation

[Date-Completion Date of Audit]

ANNEXURE XXVII**The Terms of Reference for the State Accountant**

Job Description: The State Accountant will be required to handle/provide support in all financial & accounts matters pertaining to State Society (implementing agency at the state level) for the Revised National Tuberculosis Project (RNTCP-II) being implemented by the including release of funds to District Tuberculosis Control Societies, settlement of advances and monitoring of expenditure. More specifically the responsibilities include:

General

The State Accountant provides support in all finance & accounts matters pertaining to the State and District Societies, including release of funds to District Tuberculosis Control Societies, settlement of advances and monitoring of expenditure.

Specific

1. Preparing annual and quarterly budgets for the State & review budgets of the District Societies.
2. Ensuring that adequate internal controls are in place to support the payments and receipts.
3. Ensuring timely consolidation of accounts/financial statements at the state level (of all the District T B Societies).
4. Ensuring (by way of training & support to the District Accountants) that common reporting formats as provided in financial guidelines are used by Districts in order that consolidation of accounts is facilitated at state level.
5. Supporting the audit of the accounts of the state society and district societies in accordance with the financial guidelines.
6. Monitoring expenditure and receipt of SOEs from the Districts
7. Reviewing the accounts and records of the District Societies on a periodic basis.
8. Preparing consolidated SOE of the State to be sent to the Central TB Division on a quarterly basis.
9. Coordinating with the District Societies to address the audit objection/internal control weaknesses, issues of disallowances if any.

The skill requirements would be as under:

Essential

1. Minimum CA (Intermediate)/ ICWA (Intermediate)/ Graduate in B.Com
2. Experience 3 to 6 yrs in the maintenance of accounts and monitoring of expenditure etc.
3. Strong budgetary and accounting skills,.
4. Familiar with the use of MS Office especially Excel, Word etc.
5. Ability to manage and monitor a large and spread out operations.

Desirable

1. Preferably, exposure to World Bank/ IDA projects.
2. Exposure to Computerized Accounting packages.

Annexure

Norms and Basis of Costing for RNTCP II

Sl. No.	Norms	Unit cost
1.	Civil works	
	<p>Designated Microscopy Centres – 1 DMC per 1 Lakh population. (In tribal/ hilly areas, 1 DMC per 50,000 population).</p> <p>States can relax the above norms by upto 10% in case of additional requirement of DMCs based on geographical or technical considerations.</p> <p>Tuberculosis Unit – 1 per 500,000 population (and 1 per 250,000 population in hilly/tribal areas).</p> <p>State Drug Store: 1 per 50 million population</p> <p>For minor civil, plumbing and electrical repairs in the Designated Microscopy Centres (DMC), DTC, STDC, TU etc, provisions have been made under Maintenance of Civil Works.</p>	<p>Norms for upgradation of civil work for New DMCs, TUs and DTCs: <u>One Time Costs:</u> DMC- Up to Rs 30,000 per DMC TU – Up to Rs 35,000 per TU DTC – Up to Rs 1.5 lakhs per DTC New DTC (where no DTC exists): a maximum of 4 lakhs per DTC, which includes the above provision of 1.5 lakhs for existing DTC. STO Office up to Rs 0.5 Lakhs State Drug Store – up to Rs 4 Lakhs IRL – up to 10 lakhs.</p> <p>Maintenance of Civil Works:</p> <p>In RNTCP-II, for the maintenance of existing Civil Works, funds have been made available, and the norms are:</p> <p>DMC: Rs. 1000 per year TU Drug Store: Rs 1300 per year Rs 4500 per DTC per year and a total of Rs 10,000 per year for maintenance of Civil Works in State TB Office, SDS and STDC/ IRL.</p> <p>The maintenance amount for DMCs and TUs may be pooled at district level and repairs are undertaken as per requirement.</p>
2.	Procurement of Equipment	
	<p><u>Lab Equipment:</u> Binocular microscopes are being provided by CTD for training institutions and for service delivery in RNTCP areas.</p> <p>Culture and Sensitivity Equipment will be purchased by CTD, wherever approved.</p>	

Handwritten mark

Sl. No.	Norms	Unit cost
	<p><u>Office Equipment:</u> Specified office equipment have been made available to the Districts and State level. In addition, one computer can also be made available to each SDS.</p>	<p><u>Computers:</u> - Computer, Modem, Scanner, Printer, UPS, software including installation- Rs. 60,000 per computer system</p> <p>These will be procured by States for replacing computer systems which are more than 8 years old and are not functional. Procurement can be undertaken after condemnation rules of State Government have been followed in respect of existing equipment.</p>
3.	<u>Procurement of Vehicles</u>	
	<p>New Four Wheelers: All districts are expected to hire four-wheelers except where procurement of four-wheelers has been specifically approved in writing for hilly and tribal districts.</p> <p>Replacement: Replacement of four wheeler vehicles will be only permitted for notified tribal and hilly districts. Purchase of new four wheeler vehicles will only be done with written approval from CTD. Vehicles due for replacement should have completed 6.5 years or 150,000 Kms whichever is later.</p> <p>Replacement for 2 wheelers may be allowed if they have completed 6 years or 100,000 kms whichever is later.</p> <p>Condemnation rules of State Government will be followed, where applicable.</p>	<p>Jeep (petrol/diesel) - Rs. 4.3 lakh Two-wheeler - Rs. 0.5 lakh</p>
4.	<u>Procurement of Drugs</u>	
	<p>Anti-TB drugs are being procured centrally and are not to be procured at the State and District levels.</p>	
5.	<u>Printing</u>	
	<p>Printing of items such as treatment cards, patient identity cards, TB registers, TB Lab registers, laboratory forms, referral for treatment forms, training modules, quarterly reporting formats and any other formats, records and registers required for programme implementation at State/District level.</p>	<p>Rs. 1.50 lakh/million population, including printing undertaken at State and District levels.</p>

Sl. No.	Norms	Unit cost
6.	Laboratory materials	
	Lab consumables for microscopy centres and for IRLs at State level.	<p><u>State Level:</u> 0.15 Lakh per million population at State level for procurement of Laboratory material for states performing culture and DST activities.</p> <p><u>District Level:</u> Laboratory materials: Rs. 1.5 lakh/million population at District level.</p>
7.	<u>Training</u>	
	<p>I. The training of STO/DTOs will be organised at central institutes. The other categories of staff will be trained at State/District level as per the guidelines of the program. The training will be held in batches.</p> <p>II. The STOs/ Dy STO/ DTOs/ MO-STC/ NRL and STDC faculty/ Microbiologist/ TB-HIV Coordinator will be allowed to travel by air for meetings, trainings and programme evaluations outside the State, and only where the distance to be covered is more than 500 kms.</p> <p>III. The training costs include course organization costs, honorarium for trainers, TA/DA, course material and refreshment.</p>	<p>Training to be planned as Initial Training, Retraining and Update training.</p> <p><u>District level:</u> The year-wise costs for training and review meetings at district level are Rs. 55000/million population.</p> <p><u>State Level:</u> The year-wise costs for training at state level are Rs. 15000/million pop.</p> <p><u>Central Level:</u> The year-wise costs for training at Central level are Rs. 10000/million pop.</p> <p>During training programs, the norm for lunch and refreshments is Rs.80 per participant per day. The norms for the size of the batch, cost of training materials and cost of course organization are provided in Annexure 1.</p> <p><u>Review meetings (State level):</u> The cost for review meetings at state level, that include quarterly meetings of DTOs and half-yearly meetings of key policy makers, are as under: Rs. 2 lakh/year for states with >30 million popn Rs. 1 lakh/year for states with 10-30 million population Rs. 0.5 lakh/year for states with < 10 million population</p>
8.	<u>I.E.C./Publicity</u>	
	The IEC campaign would be for the different target groups i.e., medical professionals, para-medicals, patients, relatives of patients and the community.	<p>At the state level, the norms are: Population upto 10 million: Rs. 5 lakhs Population of 10 to 30 million: Rs. 7 lakhs Population of over 30 million: Rs. 10 lakhs</p> <p>At the district level, the cost for publicity has been estimated at Rs 75000/million population per year.</p> <p>For more focused targeting, already identified 16 urban cities with more than 1 million</p>

Sl. No.	Norms	Unit cost
		<p>population, the norm is higher at Rs 1.5 lakh/ million population per year. For all other urban areas with more than 1 million population, Rs 1.0 lakhs per year per million has been provided.</p> <p>An additional Rs 20,000 per district per year have been provided for hiring an agency/NGO to work as a communication facilitator. This selection will be done at State level, and should be one agency/NGO per 5-6 districts.</p>
9.	<u>Medical Colleges</u>	
	<p>I. Medical colleges will be provided funds through concerned STCS/ DTCS for activities relating to referral of cases and treatment, operational research, sensitization and advocacy among the staff, faculty and medical students.</p> <p>II. National/ Zonal/State Task forces have been formed for medical college involvement under RNTCP. The cost for travel and per diem for the Chairmen and members of these task forces for attending task forces meetings and follow-up visits to the medical colleges in their jurisdiction would be borne by the respective STCS/DTCS. The organizational cost for such meetings would also be borne by respective Societies.</p> <p>III. Meetings /Visits to be conducted by the Task forces will be as under:</p> <ol style="list-style-type: none"> NTF - Whenever called for ZTF meetings ZTF- To attend meetings of ZTF and all STF within the zone will be visited once in six months. STF- Quarterly meeting of STF, and all medical colleges in the state will be visited once a year. <p>Provision is available for contractual staff to be hired at medical colleges for RNTCP work and follow up of cases put under RNTCP regimen.</p>	<p>Wherever contractual staff for Medical colleges have been approved by CTD, the norms for the contractual staff will be the same as for similar staff at district level.</p> <p>Provisions have been made for training of resident doctors of all departments in RNTCP.</p> <p>A thesis grant of Rs 20,000 for research on RNTCP priority areas will be approved by STF at one thesis per medical college per year, as per the OR guidelines of the program.</p> <p>Provision is also available for support to conferences, symposiums, panel discussions and workshops organized at National and state levels and at level of Medical college.</p> <ul style="list-style-type: none"> At state level - Rs. 50,000/- per conference for 4 conferences annually. Support to plenary session on RNTCP in seminars / CME /Workshops up to Rs. 5000 once in a year, for a medical college. <p>The state level activities are to be supported in consultation with CTD.</p>

Sl. No.	Norms	Unit cost
10.	<u>Contractual Services</u>	
	<p>State Level: Provisions is available for:</p> <ul style="list-style-type: none"> ▪ Medical officer ▪ TB-HIV Coordinator (where approved) ▪ Urban TB Coordinator(s), where approved ▪ Microbiologist for STDC (for states providing facilities for EQA/DRS), where approved ▪ IEC Officer ▪ Data Entry Operator ▪ Accounts Officer/State Accountant ▪ Secretarial Assistant ▪ Pharmacist/Storekeeper <p>The norms for determination of number of contractual staff at district level are as follows:</p> <p>Medical Officer: Upto 15% of second medical officers at the DTCs in the State/UT.</p> <p>STS and STLS: 1 each per TU. Norm for TU is 1 TU for every 5 lakhs population (1 per 2.5 lakhs population in tribal/hilly areas)</p> <p>LT: Eligibility is 20% of the total requirement as per number of DMCs. In certain cases, with prior approval of CTD, higher percentages have been approved where justified.</p> <p>TBHV: 1 per 1 lakh urban population</p> <p>DEO: 1 per DTC</p> <p>Accountant (part time): 1 per DTC Districts may hire Accountant -cum-DEO to perform the duties of DEO and part time accountant. The remuneration provided will be equal to the sum of the remuneration of DEO and part time accountant. The candidate must meet the requirements for both positions.</p>	<p><u>Contractual Staff : State Level</u></p> <p>Costs for each category of contractual staff are indicated below: Medical officer - Rs. 18,000 per month TB-HIV Coordinators – Rs. 18,000 per month Urban TB Coordinators – Rs. 16,000 per month Microbiologist for STDC (where approved)– Rs 30,000 per month Accounts Officer/ State Accountant – Rs 15,000 per month IEC Officer – Rs 15,000 per month Pharmacist/Storekeeper – Rs. 8500 per month. State DEO – Rs. 7,000 per month Secretarial Assistant – Rs 7,000 per month</p> <p><u>Contractual Staff : District Level</u></p> <p>The cost for each category of contractual staff is as under:</p> <p>Medical Officer (District) - Rs 16,000 per month STS /STLS (each) - Rs. 7500 p.m. DEO - Rs. 6000 p.m. LT - Rs. 6500 p.m. TBHV - Rs. 6000 p.m. (in addition, a fixed TA of Rs 750 per month is also payable, against appropriate travel documentation) Accountant (Part Time) - Rs. 2000 p.m. Driver - Rs. 4500 p.m.</p> <p>A fixed allowance of Rs 1000 per month will be given to contractual STS/STLS/LT at DMCs/TU in notified tribal areas, as per the tribal action plan.</p> <p>All new recruits will commence at the above basic rate of remuneration. All contracts will be for one year. Contracts will be renewed by the society based on satisfactory performance. In the renewed contract, the remuneration would be enhanced by upto 5% each year. Enhancement will be calculated over the basic rate and not the rate of remuneration in the previous year.</p>

Sl. No.	Norms	Unit cost
	Driver: Districts that have vehicles procured out of RNTCP funds are eligible to appoint one driver per vehicle on contractual basis.	Amount of DA (daily allowance for travel) is only to be released against appropriate travel documentation. Where eligible, such DA may be paid under State Government rules from the Miscellaneous head.
11.	Honorarium	
	<p>I. It is presumed that of all the TB patients put on treatment approximately 25% in the district may not come to the public health facility for DOTS. This group of patients will need community volunteers to facilitate DOTS.</p> <p>2. The honorarium/ counseling charges for provision of DOT will be paid only to such workers who are not salaried employees of the Central/State Government. This would include, for example, Anganwadi workers, trained dais, village health guides, community volunteers, ASHA, etc.</p>	<p>Rs. 0.28 lakh/million based on actual expenditure at district level.</p> <p>Rs. 250 per patient upon completion or cure to each volunteer. This is expected to be within 25% of all the patients put on DOTS.</p> <p>Tribal areas : As per the tribal action plan, an aggregate amount of Rs 250 will be provided to patients on completion of treatment to cover travel costs of tribal patients and attendant(s) in tribal areas.</p> <p>Also, as per the Tribal Action Plan, volunteers for Sputum Collection activity in tribal areas may be paid an honorarium of Rs 100 per month for costs towards sputum collection and transport to the DMC from tribal areas. If visit to health centre is more than one per week then Rs 200 per month may be given.</p>
12.	NGO / PP support	
	<p>I. NGO should be registered under State Societies Act/ Societies Act/ Companies Act or Trusts Act with their Memorandum /Articles of Association expressly stating that the Company/ Society has been formed for purpose of non-profit and has its independent sources of funding and is not solely dependent on any programme funds.</p> <p>II. NGOs working for or planning to work for TB Control Programme are required to follow the NGO guidelines of RNTCP.</p> <p>III. Activities under this head are to be taken up only as per RNTCP guidelines for NGOs and PPs.</p>	<p>1 lakh per million population.</p> <p>Norms for various schemes are as provided in the NGO and PP Guidelines issued by RNTCP, and summarized below:</p> <p>NGO Scheme 1: 25000/year/10 lakh population NGO Scheme 2: 25000/year/ 1 lakh population NGO Scheme 3: 20000/year NGO Scheme 4: 50000/year NGO Scheme 5: Rs. 4.8 lakh in first year and Rs. 3.4 lakh per year in subsequent years</p> <p>PP Scheme 1: Rs 10 per sputum sample collected and transported to DMC PP Scheme 2: Rs 250 per patient cured/ treatment completed PP scheme 3A: No financial support PP Scheme 3B: Rs 250 per patient cured/ treatment completed PP scheme 4A: Rs. 15 per slide PP scheme 4B: Rs 15 per slide and Rs 250 per patient cured/ treatment completed</p>

Sl. No.	Norms	Unit cost
13.	Research & Studies	
	<p>There are certain studies like ARI studies, mortality surveys and drug resistance surveillance studies will be undertaken by CTD and Central Institutes.</p> <p>Additionally, operational research proposals on identified priority areas will be invited from State level and from the Medical Colleges.</p>	<p>The priority areas for operations research, guidelines for OR projects and formats for proposals are given in the website www.tbcindia.org.</p> <p>Proposed studies and their estimated costs may be included in the Annual Action Plans.</p>
14.	Vehicle maintenance	
	<p>Vehicles used for supervisory visits by DTO, MO-TC and STS/STLS are costed on the basis of:</p> <p>I Kilometers traveled/ day, number of days in a month and current cost of POL.</p> <p>II Total amount spent on maintenance includes repairs, spare parts, servicing, insurance, etc. which may be required for the maintenance of vehicles.</p> <p>III Appropriate travel documentation including ATP, tour diary, tour report, log book etc as applicable is to be ensured.</p>	<p>2 wheelers – Rs. 25,000 per year 4 wheelers – Rs. 1.25 lakh per year 4 wheeler of State TB Cell/ STO- Rs 2.00 lakh per year</p> <p>In case of 4 wheelers, funds for vehicle maintenance are only provided to districts which have jeeps rather than hired vehicles.</p> <p>Vehicle maintenance for two wheelers may be increased, where justified, up to Rs 30,000 per annum, for STS/STLS in notified tribal areas.</p>
15.	Vehicle hiring	
	<p>Vehicles can be hired where RNTCP or State Government vehicles are not available, for supervisory visits to be undertaken by DTO or MO-TC. Appropriate documentation for supervisory visits to be ensured.</p>	<p><u>MO-TC</u>: Upto 7 days a month, up to Rs 700/day (can be increased up to Rs 850 / day in tribal and hilly areas) <u>DTO</u> (where not provided with Jeeps): Upto 25 days a month, up to Rs 700/day (can be increased up to Rs 850 / day in tribal and hilly areas)</p> <p>There is no change in the norm for vehicle hiring by TB/HIV Co-ordinator and Urban TB Co-ordinators, where these posts exist.</p>
16.	Miscellaneous	
	<p>This includes cost of TA/DA (except for training related TA/DA) wherever applicable and admissible for STOs, DTOs, MO-TC and all contractual staff, electricity charges, telephone bills, fax bills, postage, office stationery, any janitorial expenses (including biomedical waste management), loading and unloading of drugs, transportation of drugs from State drug store to district store, office rental etc.</p>	<p><u>State Level</u>: Population upto 20 million: Rs. 3 lakhs Population of 20 to 30 million: Rs. 5 lakhs Population of >30 million: Rs. 7 lakhs</p> <p>District Level: Rs. 1.5 lakh/million population/ year in RNTCP districts. Only costs not covered by State/ Districts budgets will be provided under project funds. Only activities as per PIP can be undertaken.</p>

Sl. No.	Norms	Unit cost
17.	Equipment Maintenance	
	<p>Maintenance/upgradation costs for Laboratory equipment and office equipment like computers, photocopier, fax, etc. are included under this head.</p> <p>One each of specified office equipment has been made available for each district and also for each STC and STDC.</p>	<p>The maintenance funds will be pooled at state or district level and arrangements made for responsive maintenance of equipment for least down time.</p> <p>Office Equipment like Computers/ Photocopier/ Fax/ Projectors etc – Rs 0.30 Lakh per year per district and per state</p> <p>Rs. 1500 per microscope per year</p> <p>15% of the cost of C&S equipment</p>

- *For North-Eastern states (Arunachal Pradesh, Assam, Nagaland, Mizoram, Meghalaya, Manipur, Tripura and Sikkim), these norms would be applicable at the rate of 1.3 times as compared to the rest of the country, except for the expenditure under the head “Contractual Services”.*
- *Some enhanced norms have been proposed in tribal areas, as has been indicated above.*

Annexure 1: Financial Norms for Training

Category	Trainees per Batch	Faculty	Course Organisation (per batch)	Course Material (per participant)	Level of Training
Initial Training					
STO/DTO	20	4	5000	350	Centre
MO-TC	20	4	3000	350	State
MO	20	4	2000	350	State/District
STS / TO / SA/ IEC Officer	12	3	3000	300	State/District
STLS	6	3	3000	300	State/District
LTs	8	3	2000	150	State/District
MPH Supervisor	25	3	2000	100	State/District
MPW / TBHV	25	3	2000	100	District
Pharmacists in RNTCP	25	3	2000	100	District
Training of Staff Drug Management (Pharmacists State/Dist/TU)	25	3	2000	100	District
Accountants	25	3	3000	100	State
Community Volunteers	25	2	2000	100	District
Pvt. Practitioners	20	4	2000	350	District
Private LTs	8	3	2000	150	State/District
Update Training and Re-Training					
EQA trg (Master trs, Microbiologists)	10	2	5000	350	Centre/State
EQA Trg (IRL LTs)	6	2	5000	350	Centre/State
EQA Trg (STDC Dir/ STO)	15	3	5000	350	Centre/State
EQA Trg (DTO/MOTC)	25	5	3000	350	State
EQA Trg (STLS)	6	2	2000	350	State
EQA Trg (LTs)	25	2	2000	150	District
TB-HIV (Master Trainers)	10	1	5000	350	Central
TB-HIV (DTO/MOTC)	10	1	3000	350	State
TB-HIV (MO)	30	3	2000	350	District
TB-HIV (STS/STLS)	10	1	2000	100	State
Retraining of STO	20	4	5000	350	Centre/State
Retraining of DTO/MO-TC	20	4	2000	350	State
Retraining of MO	20	4	1000	350	State/District
Retraining of STLS	6	3	2000	300	State/District
Retraining of STS /TO /SA/IEC Offrs	20	4	2000	300	State/District
Retraining of LTs	8	3	1000	150	State/District
Retraining of MPH Supervisor	25	3	1000	100	State/District
Retraining of MPW / TBHV	25	3	1000	100	District
Retraining of Pharmacists in RNTCP	15	3	1000	100	State
Retraining of Staff Drug Management (Pharmacists State/Dist/TU)	15	3	1000	100	State
Retraining of Accountants	25	3	1000	100	State
Retraining for EQA (Master trs, Microbiologists,)	10	2	5000	350	Centre/State
Retraining for EQA (IRL LTs)	6	2	5000	350	Centre/State
Retraining for EQA (STDC Dir/ STO)	15	3	5000	350	Centre/State
Retraining for EQA (DTO/MOTC)	20	4	2000	350	State
Retraining for EQA (STLS)	6	2	2000	350	State
Retraining for TB-HIV (DTO/MOTC)	10	1	2000	350	State
Retraining for TB-HIV (MO)	30	3	1000	350	District
Retraining for TB-HIV (STS/STLS)	10	1	1000	100	District

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