

## **Minutes of 17<sup>th</sup> Quarterly Review Meeting of Finance Controllers**

1. The 17<sup>th</sup> Quarterly Review Meeting of Finance Controllers of State Implementation Societies of Sarva Shiksha Abhiyan was held on 25<sup>th</sup> April, 2008 in Tagore Chamber of SCOPE Convention Center, New Delhi.
2. The meeting was chaired by Shri. S.R. Dogra, Under Secretary, Department of School Education & Literacy, Ministry of Human Resource Development, New Delhi.
3. The list of participants is at Annexure – A.
4. The agenda of the meeting is at Annexure – B.
5. Since no comments were received from the States/UTs, the minutes of the 16<sup>th</sup> Review Meeting held on 11<sup>th</sup> & 12<sup>th</sup> February, 2008 were confirmed.
6. The Under Secretary, Ministry of Human Resource Development welcomed the participants from the States/UTs.
7. After the introduction of the participants, following issues were highlighted :
  - 7.1 Still there are some States who have not refunded the unspent balances of DPEP lying with them to Ministry of HRD despite reminders. The Ministry is seriously concerned on the issue. The proposal to adjust the unspent balances from the State Share of 2008-09 is under active consideration of the Ministry.
  - 7.2 The reports submitted by the IPAI revealed cases of diversion of SSA funds for non-SSA activities. Ministry has decided to adjust the amount of diverted funds from the State Share of 2008-09.
  - 7.3 The funding of 2<sup>nd</sup> phase of SSA in collaboration with the Development Partners has started. It is one of the pre-conditions of external funding that the States/UTs should submit immediately the audit report of 2006-07 and should continue to submit the audit reports in future as per the prescribed time frame. Finance Controllers are to ensure that the audit report of 2006-07 is submitted to the Ministry immediately.
  - 7.4 It was reiterated that there are still instances of either not submitting the MMR or submitting the defective MMR. Many shortcomings have also been noticed in the QPRs submitted by the State/UTs. Financial Controllers were impressed upon the necessity and utility of submitting the MMR and QPR to the Ministry. States/UTs are to ensure timely submission of these reports to the Ministry by 15<sup>th</sup> of the following month.
8. Sh. K. Gopalan, Senior Consultant, TSG made a presentation on Quarterly Progress Reports. A copy of the presentation is at Annexure – C.

The main highlights of the presentation are as under :-

- 8.1 Para 92 of Financial Management & Procurement prescribes submission of QPR in the format as per Annexure IX by 15<sup>th</sup> of the month following the close of the quarter.
- 8.2 Ensure timely submission of QPR in the prescribed format and not wait for the Quarterly Review Meeting of Finance Controllers.
- 8.3 Some States/UTs delay submission of the QPR or are not submitting the information in the prescribed format.

- 8.4 As KGBV has been merged with SSA from 2007-08, the progress of KGBV should also be included in the QPR.
- 8.5 Pending formal amendment of the Financial Management & Procurement and Annexure IX, a proposed revised format of Annexure IX is enclosed for compliance from next quarter onwards.
- 8.6 The States/UTs of Andhra Pradesh, D&N Haveli, Daman & Diu, Delhi, J&K and Manipur are not submitting QPR regularly.
- 8.7 The States/UTs of Arunachal Pradesh, Assam, Bihar, Chhatisgarh, J&K, Jharkhand, Madhya Pradesh, Manipur, Orissa, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and West Bengal have not submitted QPR for December, 2007 on KGBV.
- 8.8 A&N Island, Assam, Karnataka, Kerala, Meghalaya and Punjab have not included information of Civil Works in QPR of December, 2007.
- 8.9 Defects observed in QPR are :
- Prescribed format is not used.
  - Incorrect figures adopted in cumulative progress.
  - Correct figures of outlay approved not shown.
  - Figures of physical performance not indicated.
  - Expenditure against approved activities not indicated properly.
  - There are cases of variations in figures reported in Review Meeting and FMRs.
- 8.10 States/UTs should ensure submission of QPR on the prescribed format with correct figures in future.
9. Presentation by Madhya Pradesh.

The Finance Controller of Madhya Pradesh made a presentation on procurement process as is in vogue in SSA, Madhya Pradesh. A copy of the presentation is at Annexure – D. The main highlights of the presentation are as under :-

- 9.1 All purchases are to be made after approval by the Purchase Committee constituted at various levels viz State, District, Block, Cluster and School.
- 9.2 With the approval of Execution Committee, State Implementation Society has adopted the procurement through Madhya Pradesh Store Purchase Rules.
- 9.3 SIS follows the various methods of procurement of material as under :-
- Inviting open tenders,
  - Through limited tenders,
  - Through single tenders,
  - Through rate contracts at State/District levels through respective Purchase Committees.
  - By inviting quotations through local news paper in case of Community Construction.
- 9.4 Procurement of Free Text Books Printing, Office Equipments, Office Furniture, Stationary, Contingency Works, Vehicle Hiring, Printing of Teacher Training

Modules, Bridge Course Materials, Printing of Educational materials & Hiring of Professionals is done at State level.

- 9.5 Procurement of items required at District, Block & Cluster level is made with the approval of Purchase Committee at respective levels.
  - 9.6 Materials of Civil Works construction through Panchayat, TLE, Uniforms, items out of School Grant, Teacher Grant & Maintenance Grant are purchased after approval by village/PTA level committee.
  - 9.7 SIS is following a decentralized mode of procurement as per Madhya Pradesh State Store Purchase rules. Specifications are provided and samples are kept secured. Payments are made to the suppliers after quality tests and receipt of material.
  - 9.8 Cases of purchases of items costing more than the prescribed ceiling without taking 3 quotations and TDS not deducted have come to light at lower levels.
  - 9.9 Remedial action to avoid mis-procurement has been taken by issuing a Purchase Manual, imparting training to staff on procurement and getting internal audit done etc.
10. Presentation by Chhatisgarh.
- 10.1 Finance Controller of Chhatisgarh made a presentation on the findings of IPAI on the progress of SSA in Chhatisgarh. A copy of the presentation is at Annexure – E.
  - 10.2 Main highlights of the presentation are as under :-
    - There is a difference in figures of expenditure on Civil Works as compared to approved allocation & reported expenditure and figures of audited annual accounts.
    - There is diversion of plan funds for purchases of books to purchasing books for library at BRCs and CRCs. Payments were also made from out of funds allocated for School Grant, TLE and TLM.
    - Diversion of SSA funds for NPEGEL programme.
    - Large amount of funds remain as advances for want of Utilization Certificates.
    - Bank Reconciliation between the balances as per Bank Pass Book and Cash Book is not being done on regular basis.
    - Annual accounts of KGBV are not being maintained properly.
    - Procurement procedure as prescribed in the FM&P is not followed in the case of purchase of computers, cameras and DVDs.
    - Diversion of funds for imparting training to other departments/ institutions.
    - Release of funds to NGOs in an unauthorized manner or undertaking certain activities. UCs remain outstanding for a long time.
    - Release of SSA funds as a loan to an NGO viz Bal Shramik Pariyojana in disregard to provisions of FM&P.

State of Chhatisgarh to submit the detailed reply to observations of IPAI to MHRD for examination.

11. Presentation by Arunachal Pradesh.

- 11.1 Finance Controller of Arunachal Pradesh made a presentation on the maintenance of SSA accounts including internal audit in the State. A copy of the presentation is at Annexure – F.
12. The financial indicators were reviewed by Sh. S.R. Dogra, Under Secretary, Ministry of Human Resource Development.
- 12.1 Expenditure as on 31<sup>st</sup> March, 2008 : The total expenditure of SSA, NPEGEL and KGBV to end of March, 2008 is Rs. 1581001.25 lakhs. It is 80.25% of the total available funds of Rs. 1970062.60 lakhs. The financial status of SSA, NPEGEL and KGBV as on 31<sup>st</sup> March, 2008 is at Annexure – G. The total expenditure of SSA and NPEGEL upto 31<sup>st</sup> March, 2008 is Rs. 1556557.24 lakhs which is 81.09% of the total available funds of Rs. 1919556.79 lakhs. The expenditure statement for SSA and NPEGEL as on 31<sup>st</sup> March, 2008 is at Annexure – H. The States/UTs which have achieved expenditure more than 90% of the available funds as on 31<sup>st</sup> March, 2008 are Andhra Pradesh, J&K, Karnataka, Kerala, Nagaland, Rajasthan, Sikkim & Tamil Nadu. The States/UTs which have spent between 70% to 90% of the available funds are Arunachal Pradesh, Assam, Bihar, Chandigarh, Chhatisgarh, Goa, Haryana, Himachal Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Orissa, Punjab, Tripura, Uttar Pradesh and West Bengal. The States/UTs which have spent between 50% to 70% of the available funds are Delhi, Gujarat, Jharkhand, Lakshwadeep, Madhya Pradesh, Pondicherry and Uttarakhand. The States/UTs whose performance of expenditure has not been good are A&N (41.56%), Dadar & Nagar Haveli (36.08%) and Daman & Diu (27.55%). The expenditure statement of DPEP is at Annexure – I. The total expenditure of DPEP as on 31<sup>st</sup> March, 2008 is 78.15% of the total available funds of Rs. 14555.52 lakhs. The performance of DPEP in Orissa has been 67.80% only.
- 12.2 Kasturba Gandhi Balika Vidyalaya : The financial status of KGBVs as on 31<sup>st</sup>, March, 2008 is at Annexure – J.
- 12.3 Quarterly Progress Report : The consolidated QPR of States as on 31<sup>st</sup> March, 2008 is at Annexure – K. The observations on the QPR are at Annexure – L.
- 12.4 Release of State Share : State-wise statement of release of State Share is at Annexure – M. The statement indicating shortfall in State Share is at Annexure - N. There is shortfall in receipt of State Share in Andhra Pradesh (Rs. 557.52 lakhs), Arunachal Pradesh (Rs. 1934.33 lakhs), Chhatisgarh (Rs. 338.85 lakhs), Daman & Diu (Rs. 35.61 lakhs), Delhi (Rs. 55.20 lakhs), J&K (Rs. 5767.09 lakhs), Jharkhand (Rs. 2212.54 lakhs), Pondicherry (Rs. 173.06 lakhs), Punjab (Rs. 1932.94 lakhs), Rajasthan (Rs. 9854.54 lakhs), Sikkim (Rs. 60.44 lakhs), Tamil Nadu (Rs. 214.16 lakhs), Tripura (Rs. 244.01 lakhs) and West Bengal (Rs. 220.27 lakhs). These States/UTs should ensure release of State Share to State Implementation Society very early.
- 12.5 The progress of other financial indicators is as under :
- a. Annual Report : States/UTs of Chhatisgarh, Delhi, Goa, Haryana, Himachal Pradesh, J&K, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Punjab, Sikkim, Tamil Nadu and Uttaranchal should submit the report within May 2008 to Ministry of Human Resource Development. No one from the States/UTs of Andhra Pradesh, Dadar & Nagar Haveli, Daman & Diu, Lakshwadeep, Manipur, Pondicherry attended the meeting. These States/UTs should submit their reports immediately. Hindi version of the report is

required to be submitted by Kerala within May, 2008. The status is at Annexure – O.

- b. Audit Report : States/UTs of A&N Island, Delhi, Goa, Himachal Pradesh, Madhya Pradesh are required to submit their audit report for 2006-07 immediately to Ministry of Human Resource Development. States/UTs of Andhra Pradesh, D&N Haveli, Daman & Diu, Lakshwadeep, Manipur and Pondicherry are also required to submit their reports immediately to the Ministry. The status is at Annexure – O.
  - c. Utilization Certificates : States/UTs of Andhra Pradesh, D&N Haveli, Daman & Diu, Lakshwadeep, Manipur and Pondicherry to immediately indicate the status of submission of UCs for the year 2005-06 and 2006-07. States/UTs of A&N Island, Delhi, Goa, Himachal Pradesh, Karnataka, Madhya Pradesh should submit the UCs for the year 2006-07 to Ministry of Human Resource Development immediately. The status is at Annexure – P.
  - d. Internal Audit : The States/ UTs of Andhra Pradesh, D&N Haveli, Daman & Diu, Lakshwadeep, Manipur, Pondicherry are required to submit the status of internal audit of SSA accounts within a month. The States/UTs of A&N, Arunachal Pradesh, Assam, Haryana, Mizoram, Tripura, Uttarakhand and West Bengal should strengthen their organisation of internal audit either by creating an in-house team or by hiring the CAs so that all the units which incur expenditure for implementation of SSA are covered in internal audit as per the provisions of Financial Management and Procurement. The information given by States/UTs regarding the number of units to be covered in internal audit by Arunachal Pradesh, Bihar, Gujarat, Haryana, J&K, Karnataka, Kerala, Madhya Pradesh, Meghalya, Nagaland, Orissa, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand and West Bengal does not seem to be correct. The States/UTs are required to recheck the number of units where expenditure for implementation for SSA is incurred and report the correct number of units to be covered in internal audit in the next Review Meeting of Finance Controllers. The status is at Annexure – Q.
  - e. Staffing in Account & Internal Audit : The positions of accounts and internal audit staff are still vacant in the States/UTs of Assam, Bihar, Chandigarh, Chhatisgarh, Goa, Haryana, J&K, Jharkhand, Karnataka, Kerala, Maharashtra, Punjab, Sikkim, Uttaranchal and West Bengal. States/UTs should fill up the vacant posts on priority. The status is at Annexure – R.
  - f. Status of Training of staff of Accounts and Internal Audit : The States/UTs of A&N, Chandigarh, Goa, Maharashtra and Tripura have not correctly indicated the number of man days spent in imparting training to the staff. States/UTs of Delhi, J&K, Meghalya, Nagaland and Sikkim should take immediate initiative to impart training to the accounts staff. The status is at Annexure – R (a).
13. Sh. S.R. Dogra, Under Secretary, MHRD stated that States/UTs have spent 81.09% of the total available funds for SSA & NPEGEL upto 31<sup>st</sup> March, 2008 as against expenditure of 85.46% of available funds as on 31<sup>st</sup> March, 2007. Ministry is concerned that States have not spent the matching amount of the available funds in 2007-08.
- 13.1 The coverage and quality of Internal Audit needs to be improved. States/UTs should gear up their internal machinery for internal audit or engage CA firms to undertake the job.
  - 13.2 The States/UTs which have not paid their due share should immediately release their share to the State Implementation Society.
14. The meeting ended with a vote of thanks to the chair.