



**MINUTES**  
**of the 19<sup>th</sup> Quarterly Review**  
**Meeting of Finance Controllers of**  
**State Implementation Societies**

**23<sup>rd</sup> – 24<sup>th</sup> October, 2008**

**Vedic Village, Kolkata,**  
**(West Bengal)**

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## **Minutes of 19<sup>th</sup> Quarterly Review Meeting of Finance Controllers**

1. The 19<sup>th</sup> Quarterly Review Meeting of Finance Controllers of State Implementation Societies of Sarva Shiksha Abhiyan was held on 23<sup>rd</sup> and 24<sup>th</sup> October, 2008 at Vedic Village, Kolkata, West Bengal.
2. The Meeting was chaired by Sh. D. K. Gautam, Deputy Secretary, 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 18<sup>th</sup> review meeting held on 18 July, 2008 were confirmed.
6. Sh. D. K. Gautam, Deputy Secretary, MHRD welcomed the participants from the States/UTs.
  - 6.1 After the introduction of the participants of the meeting, Deputy Secretary emphasized upon the refund of Unspent Balances including the amount of interest and other receipts of DPEP on priority basis. The Unspent Balances should be refunded to GOI and State Governments in the same ratio in which the funds were received. Such cases where the States/UTs failed to give their contribution to the State Implementation Societies may be referred to MHRD for decision. States/UTs should ensure that there does not remain any balance left with the State Implementation Society.
  - 6.2 Figures of unspent balances of pre-project activity should be immediately reported to MHRD and the amount lying with the State Implementation Society should be refunded to GOI without any further delay.
  - 6.3 Position of unspent balances lying with the SSA Implementing Agencies should be periodically consolidated at the SPO level.
  - 6.4 Unspent balance beyond the prescribed period as per para 73.1 of the Manual on Financial Management & Procurement should be refunded to SSA account.
  - 6.5 Internal Audit continues to be a weak area. JRM and other Monitoring agencies have expressed concerned in this regard. States/UTs should assess the workload and strengthen the in-house team or engage CA firms to conduct the Internal Audit of all the SSA Implementing Agencies as required as per FM&P Manual.
  - 6.6 Assets Registers should be maintained at all levels where assets are created from the SSA funds.

- 6.7 Machinery to collect the Utilisation Certificates should be strengthened and it should be ensured that the Utilisation Certificates are submitted as per the prescribed schedule in the FM&P Manual.
  - 6.8 Training of Staff dealing with accounts for at-least five days in a year should be ensured to bring significant improvement in maintenance of accounts at various levels.
  - 6.9 States/UTs should resolve all the outstanding audit objections of CA Firms, C&AG of India, Institute of Public Auditors of India and internal auditors and submit report to MHRD after verification by the next statutory auditor.
  - 6.10 All the assets being created from SSA funds should be physically verified at-least once a year and compared the Assets Register. Discrepancies noticed during physical verification should be resolved to their logical end.
  - 6.11 States/UTs should come forward to get the second installment released by MHRD after complying with all the conditionalities prescribed for release of funds.
  - 6.12 The pace of expenditure is not up to the mark in the first half of the year ending 30<sup>th</sup> September, 2008. There is an urgent need of enhancing the pace of expenditure of various SSA interventions.
  - 6.13 Monthly Monitoring Reports are required to be submitted in time.
  - 6.14 Parliamentary Committees are reviewing the performance of SSA in the States. Annual Reports and Audit Reports should be submitted to MHRD as per the prescribed schedule. Annual Reports are to be submitted to the Parliament by end of December every year. Many of the States/UTs have not submitted their audit report and annual report for the year 2007-08 as yet. They need to expedite submission thereof. Meghalaya, Manipur and Lakshadweep have not submitted even the report for the year 2006-07.
  - 6.15 Some of the States have not submitted their comments on observations of IPAI even though the reports of IPAI were shared with them long ago. The comments of the States on IPAI reports should be submitted to MHRD with in a month.
7. The State of West Bengal made a presentation on the overview of Implementation of SSA in the State. A copy of the presentation is placed at Annexure C.
  8. Sh. K. Gopalan, Sr. Consultant, TSG made a presentation on the External Funding of SSA in the meeting. A copy of the presentation is placed at Annexure D.
  9. Presentations on observations of IPAI:

- 9.1 The State of Meghalaya stated that IPAI observations are under process and the detailed comments will be submitted to MHRD by end of November, 2008. DS/DKG point out that the pace of expenditure in Meghalaya is very low and as a result even the first installment has not been released. FC Meghalaya was advised to ensure that the pace of expenditure is significantly improved and the State should come forward to MHRD for further release of funds for implementation of SSA interventions.
  - 9.2 State of Mizoram made a presentation on the observations of IPAI and stated that the report is under process. The full comments on the IPAI observations will be submitted to MHRD by end of November, 2008.
  - 9.3 State of Goa stated that the observations of IPAI have since been processed and the report has already been submitted to MHRD.
  - 9.4 UT of Andaman & Nicobar Islands made a presentation on the observations of IPAI and stated that these are under active consideration. Comments of the UT will be submitted to MHRD by end of November, 2008.
10. Presentation on Internal Audit by States of Haryana, Madhya Pradesh and Uttarakhand:
    - 10.1 During the course of presentation made by the States on the position of internal audit, it came to light that accounts of all the SSA Implementing Agencies are not being covered as per the requirement of FM&P Manual. The main reason emerged as the lack of adequate staff in the internal audit wing of the States. States are required to strengthen their Internal Audit Teams by posting of suitable and qualified Internal Auditors. States may also take the help of the Chartered Accountant firms for covering the accounts in Internal Audit of all the SSA Implementation Agencies as per the requirements of FM&P Manual. Copies of the presentations made by the States are at Annexure E1, E2 and E3 respectively.
  11. Presentation on Staffing and Training of Account Staff by State of Bihar. A copy of the presentation of Bihar is at Annexure F. The main highlights of the presentation are the accounts maintenance in Bihar is completely computerized and is being maintained on Tally Software. There are many vacancies of various positions of accounts Staff both at SPO and DPO level. Training in Accounts has been arranged for account officers and other functionaries of SSA Implementing Agencies. For imparting training Resource persons from SPO and outside agencies were utilized.
  12. The Financial indicators were reviewed in the meeting and the position is as under:
    - 12.1 Financial Status of SSA as on 30<sup>th</sup> September, 2008 is at Annexure G.

- 12.2 Financial Status of NPEGEL as on 30<sup>th</sup> September, 2008 is at Annexure H.
- 12.3 Financial Status of KGBV as on 30<sup>th</sup> September, 2008 is at Annexure I.
- 12.4 Financial Status of SSA, NPEGEL and KGBV as on 30<sup>th</sup> September, 2008 is at Annexure J.
- 12.5 The States which have spent more than 80% of the available funds are: Chattisgarh (88.53), Goa (84.05), J&K (89.42), Pondicherry (97.43), Punjab (93.86), Rajasthan (84.57), Tripura (95.90) and Uttarakhand (81.24).
- 12.6 The States which have spent from 50% to 80% of the available funds are: Andhra Pradesh (70.58), Assam (58.38), D&NH (52.93), Delhi, (50.81), Gujarat (57.06), Karnataka (67.54), Kerala (66.76), Madhya Pradesh (71.08), Maharashtra (68.27), Mizoram (66.13), Orissa (67.33), Tamilnadu (66.96) and Uttar Pradesh (52.78). Rest of the States/UTs have spent less than 50% of the funds available as on 30<sup>th</sup> September, 2008. The overall achievement of expenditure as on 30<sup>th</sup> September, 2008 is at 57.32% of the available funds. There is an urgent need of enhancing the pace of expenditure by all the States during the current quarter.
- 12.7 The statement of expenditure for SSA and NPEGEL as on 30<sup>th</sup> September, 2008 is at Annexure K. The States which have unspent balance of more than Rs. 100 crores and have spent less than 50% of the available funds are: Andhra Pradesh (151.28), Bihar (1282.59), Haryana (181.92) and Jharkhand (558.15). The amount of unspent balance in brackets is Rs. in crores. The States/UTs have spent only 58.05% of the available funds for SSA and NPEGEL as on 30<sup>th</sup> September, 2008. States/UTs need to take measures to improve the level of expenditure during the current quarter.
- 12.8 The States/UTs which have not released their due State Share upto 30<sup>th</sup> September, 2008 are: Andhra Pradesh (3193.13), Arunachal Pradesh (1019.94), Assam (210.17), Chattisgarh (438.37), Daman & Diu (35.61), Delhi (600.75), Himachal Pradesh (1068.45), J&K (13816.87), Kerala (1054.44), Maharashtra (10811.82), Mizroam (93.98), Nagaland (260.77), Pondicherry (250.74), Punjab (762.94), Rajasthan (6567.16), Sikkim (319.50), Tamilnadu (214.07), Tripura (137.48), West Bengal (52.26). The States/UTs to ensure that the amounts shown in brackets are released in favour of the State Implementation Society very early. The figures are Rs in lakhs. The Status of release of State Share for SSA & NPEGEL as on 30<sup>th</sup> September, 2008 is at Annexure L.

The cumulative status of release of State Share for SSA upto 2007-08 is at Annexure M.

- 12.9 The expenditure statement of DPEP as on 30<sup>th</sup> September, 2008 is at Annexure N. Orissa has spent only 27.86 % of the available funds and Rajasthan has not supplied the figures of expenditure upto 30<sup>th</sup> September, 2008. The States need to accelerate the expenditure during the current year for the DPEP.
- 12.10 The QPR of States/UTs as on 30<sup>th</sup> September, 2008 is at Annexure O and the observations on the QPR are at Annexure P.
- 12.11 The progress of other financial indicators is as under:
- a) **Bank Reconciliation:** The Status of Bank Reconciliation as on 30<sup>th</sup> September, 2008 is at Annexure Q. The States/UTs of Andhra Pradesh, Dadar & Nagar Haweli, Daman & Diu, Goa, J&K, Lakshadweep, Manipur, Mizoram, Punjab and Sikkim have not submitted the information regarding preparation of Bank Reconciliation Statement. The States/UTs are to ensure that monthly reconciliation between the Bank Statement/Bank Passbook and the cash book is conducted every month.
  - b) **Annual Report:** The Status of submission of Annual Report for the year 2007-08 by the States is given at Annexure R. None of the State/UT has submitted the Annual Report for 2007-08.
  - c) **Audit Report:** The Status of submission of Audit report for 2007-08 is also at Annexure R. Except the state of Gujarat no other state has submitted the audit report of the year 2007-08. The submission is badly delayed. The audit report should have been submitted latest by end of September 2008. States to ensure that the audit report for the year 2007-08 is submitted to MHRD immediately.
  - d) **E-transfer of Funds:** Status on mode of Transfer of funds (e-transfer) as on 30<sup>th</sup> September, 2008 is given at Annexure S.
  - e) **Internal Audit:** The Status of Internal Audit as on 30<sup>th</sup> September, 2008 is at Annexure T. It is observed that the correct status of the number of SSA Implementing agencies has not been provided by some States/UTs. As lack of conduct of internal audit is receiving the attention of agencies like JRM and Chartered Accountant Firms, States/UTs are to ensure that the accounts of all the SSA Implementing Agencies are covered in the current year as per the requirements of Manual of Financial Management and Procurement
  - f) **Staffing in Accounts and Internal Audit:** The status of staffing in accounts and internal audit as on 30 September, 2008 is at Annexure U. The figures of positions lying vacant in accounts and internal audit in the States/UTs are indicated in bracket against the States/UTs: Andaman & Nicobar (1), Andhra Pradesh (6), Arunachal

Pradesh (2), Assam (25), Bihar (37), Chattisgarh (8), Goa (6), Gujarat (28), Haryana (20), Himachal Pradesh (5), Karnataka (5), Kerala (1), Madhya Pradesh (14), Maharashtra (165), Meghalaya (1), Nagaland (3), Orissa (13), Punjab (9), Rajasthan (12), Tamilnadu (4), Tripura (4), Uttar Pradesh (24), Uttaranchal (21), West Bengal (24). States/UTs to ensure that there are no vacant positions in accounts and internal audit wing during the current year.

- g) **Training of Staff of Account and Internal Audit:** Status of training of Staff of Accounts and Internal Audit as on 30<sup>th</sup> September, 2008 is at Annexure V. The States/UTs are required to conduct a mandatory training of 5 days for the staff of accounts and internal audit during the current year.

13. Presentation by State of Jharkhand on E-transfer of Funds. A copy of the presentation made by Jharkhand is at Annexure W. The main highlights of the presentation is that the funds are being transferred from SPO level to DPO and directly to VECs by the SPO. It was pointed out to the Finance Controller of Jharkhand that the procedure adopted by the State is at variance with the provisions of Manual of Financial Management & Procurement. FC/Jharkhand promised that the State will make a reference to MHRD for their approval.
14. The participants were grouped in three teams for the purpose of field visits. The reports of three teams are at Annexure X1, X2, X3.
- The observations of the teams were discussed and responded to by the Finance Controller of West Bengal, He promised to remove the deficiencies observed by the teams.
15. Director Finance expressed his concern about the large amount of unspent balances in the States Bihar, Jharkhand and Madhya Pradesh. Finance Controller/MP was asked to reconcile the figures with the MHRD.
- 15.1 The State Governments should forward the letters of sanctions of State Share to MHRD, New Delhi for reference and record. State Implementation Societies to ensure this.
- 15.2 The State Implementation Societies should settle the excess State Share received for SSA from the States/UTs by crediting it to 'Advances Received'.
- 15.3 It was further made clear to the participants that the releases made on 31<sup>st</sup> March of the year are required to be accounted in the same month even if the amounts are received in the next month.
16. Sh. D. K. Gautam, Dy. Secretary, MHRD, stated that the States/UTs should submit the audit and annual report for the year 2007-08 immediately. He expressed the concern of the Ministry regarding the late submission of annual

reports. Annual report for the year 2007-08 is required to be submitted to the Parliament by the Ministry latest by the end of December, 2008.

- 16.1 The States/UTs were impressed upon to complete all the conditionalities for the release of funds timely. In some cases even the first installment has not been released for want of completion of the prescribed formalities.
- 16.2 The States/UTs have spent only 57.32% of the total available funds for SSA, NPEGEL and KGBV up to 30<sup>th</sup> September, 2008. States/UTs should take suitable measures urgently to speed up the expenditure in the current year.
- 16.3 States/UTs which have not yet paid their due share are to ensure that the their share is immediately released to the States Implementation Society.

The Meeting ended with a vote of thanks to the chair.