

MINUTES
of the 23rd Quarterly Review
Meeting of Finance Controllers of
State Implementation Societies

4th – 5th November, 2009

Bhopal
Madhya Pradesh

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Minutes of 23rd Quarterly Review Meeting of Finance Controllers

1. The 23rd Quarterly Review Meeting of Finance Controllers of State Implementation Societies of Sarva Shiksha Abhiyan was held on 4th and 5th November, 2009 at Bhopal, Madhya Pradesh.
2. The Meeting was chaired by Ms. Richa Sharma, Director, 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. Shri C. H. Dubey Additional Mission Director/SSA, Madhya Pradesh welcomed Ms. Richa Sharma/Director, MHRD and other participants of the meeting. He stated that SSA, Madhya Pradesh is getting funds for implementation of elementary education in Madhya Pradesh and it is the moral responsibility of the State to use these funds efficiently and judiciously to the full satisfaction of all stake holders of SSA viz. Government of India, State Government of MP, Children in the age group of 6-14 years and the parents.
6. After introduction of the participants of the meeting, Dir/RS, MHRD addressed the participants and highlighted the following:
 - a) States/UTs should immediately intimate the action taken on the recommendations of the 10th JRM relating to Financial Management.
 - b) Action Plan for strengthening the Financial Management System in SSA has already been shared with the States/UTs. It was confirmed by the Finance Controllers that necessary action on various issues raised in the Action Plan is being taken and the formal response will be submitted to MHRD within a month. **Director (MHRD) requested all States to ensure that copies of the SSA FMAP(Financial Management Action Plan) should be shared with all levels and progress must be reviewed regularly in the monthly meeting of the Finance Controllers' with their District finance and accounts staff. States were informed that implementation of the SSA FMAP will be examined at the field level (at SPO,DPOs,Blocks,VEC/PTA/SDMC and school level) , by GOI and DP FM experts during the XIth SSA JRM, in January 2009.**
 - c) Government of India has introduced the Central Plan Scheme Monitoring System (CPSMS) to monitor fund flows to the States/UTs in respect of all the centrally sponsored schemes. Component wise expenditures will also be tracked under the scheme. The Controller General of Accounts has been nominated to implement the CPSMS. Broad contours of CPSMS will be

discussed in the presentation to be made by the representatives of the Controller General of Accounts, Ministry of Finance, Government of India.

- d) Chief Controller of Accounts, MHRD and Canara Bank are here to make a presentation about the implementation of web based monitoring of funds released by Government of India for SSA . Less than half of the districts are using the Canara Bank portal. Thus, Web Based Monitoring of the funds is

not fully effective. All the remaining districts should make use of the Canara Bank portal, so that cash balances at district and SPO level can be monitored on a real time basis, by CCA, MHRD.

- e) 10th JRM reviewed the procurement procedures prevalent in the States/UTs. Development Partners have conducted a post review of the contracts of procurement. States/UTs are to take action on the findings of the post review of the procurement contracts. Government of India has also asked the TSG consultants of Financial Management Unit to conduct post review of procurement contracts. The consultants will shortly visit the States in this regard. The States/UTs may please keep the records of procurement ready for review.
- f) In the last review meeting held on 10th and 11th August, 2009, certain issues were raised by the States/UTs. Necessary clarifications in this regard have already been issued to the States/UTs.
- g) A status paper on key issues pertaining to financial management in each State, has been shared with the States/UTs under a DO letter from the Joint Secretary EE-II, MHRD. This was a comprehensive status paper, covering issues such as staffing position in accounts and audit wing in the State; pending paras of statutory audit and concurrent financial review; status of internal audit; etc. States' need to expedite their response to this letter of JS(EE-II). It has now been informed by the States of Andhra Pradesh, Madhya Pradesh and Tamil Nadu that they have since submitted the reply to MHRD.
- h) The position of number of Bank Accounts at SPO and district level was reviewed and States/UTs **were advised to immediately rationalize the number of bank accounts being maintained at the level of SPO, DPO and at below district level.** States should make efforts to maintain only one savings bank account each for SSA (including NPEGEL) and KGBV. If State SSA missions are also implementing other State Government schemes in elementary education, a separate account should be maintained for this.
- i) The format of Utilization Certificate has been revised. The revised format has already been shared with the States/UTs. Finance Controllers should

ensure that the Utilization Certificate is prepared on the revised format and submitted for audit accordingly.

- j) The Audit Report of 2007-08 was badly delayed and only 9 States/UTs had submitted the audit report by December 2008. The consolidated audit report of the States/UTs could not be submitted to the Development Partners by the prescribed date. This should not be repeated this year. It is expected that the audit report for 2008-09 is submitted well in time so that the consolidated audit report is submitted to the Development Partners as per schedule.
 - k) As audit report is required to be uploaded on the Web Site of SSA, the audit report for 2008-09 should be comprehensive and all the required documents should be attached with it.
 - l) The observations of first phase study report of IPAI are yet to be settled. Final comments from many States/UTs on IPAI observations are still pending. The States/UTs should immediately submit the final comments so that the IPAI reports are finally settled.
 - m) IPAI has since submitted second phase study report in respect of 23 States/UTs. The reports have also been shared with the States/UTs. The States/UTs are required to submit their comments against the IPAI observations within a month.
 - n) Internal Audit continues to be a weak area and it attracts adverse comments from various agencies such as Joint Review Missions, Statutory Auditors etc. States/UTs should, therefore, strengthen their in-house internal audit teams. In case there is any difficulty in finding the qualified staff, States/UTs can engage the chartered accountant firms for conducting internal audit of SSA accounts.
 - o) It is observed that some of the States/UTs are still busy in conducting internal audit of accounts of the previous years. The States/UTs should complete the internal audit of accounts of the current year as per the provisions of Manual on Financial Management and Procurement. Internal Audit should be completed before the Statutory Audit for the year 2009-10 starts.
7. Presentation by the office of Controller General of Accounts, Government of India on Central Plan Scheme Monitoring System (CPSMS). A copy is at Annexure 'C'.
- a) The scheme of CPSMS has been initiated by the Planning Commission. Office of Controller General of Accounts has been mandated to implement the scheme. This scheme of CPSMS has been started as a pilot project for SSA, NREGA and NRHM etc.
 - b) The work of implementation of CPSMS is required to be completed upto

block level by 31st March, 2010.

- 7.1 Main objectives of CPSMS are: -
- a) All releases of funds by Government of India to States, Societies Autonomous bodies and NGOs are to be monitored on a periodical basis.
 - b) To develop interface between CPSMS portal and core banking system to facilitate e-payment.
 - c) To keep entire project in public domain.
 - d) To capture expenditure on real time basis from different implementation agencies of various schemes.
 - e) To facilitate reduction in the period of funds remaining idle.
 - f) States will get reports on all releases made by the Government of India for all the schemes.
 - g) Component-wise real time MIS on releases and expenditure incurred by implementing agencies will be available to the State Governments.
 - h) Once the system gets stabilized, facility of filing the utilization certificates online will be available.
 - i) It will get integrated with the core banking system and the bank reconciliation will be automatic.
 - j) Accounts of the State Implementation Society will be prepared as and when required.
- 7.2 Implementation Plan of CPSMS.
- a) Registration of lower level agencies at States level.
 - b) Component-wise releases and expenditure will be filed at the State level.
 - c) CPSMS will be taken to the lower level agencies subsequently.
8. Presentation was made by TSG consultants regarding field visits to States. Copies are at Annexures 'D' & 'E'.
- 8.1 SSA accounts in Assam were reviewed at the level of SPO, DPO, Block, CRC and SMCs. It has been observed that accounts are maintained properly at the level of SPO and DPO. However cash book was occasionally not written on daily basis. In some cases , each entry in the cash book was not attested by the DDO. The staff at SPO and DPO however, ensured that the cash book was completed in all respect during the time of visit by the TSG consultant.

- c) Bank reconciliation has been regularly conducted at the level of SPO and DPO. However, certain very old entries on account of wrong debit or credits allowed by the bank and many stale cheques are continuing in the reconciliation statement. Finance Controller, Assam assured that there will not be any such undesirable entries in the bank reconciliation statement from next month onward.
- d) State to continue with its efforts to settle the old outstanding advances.
- e) Advances on account of annual grants such as school grant, teacher grant etc are treated as expenditure at BRC level. This practice needs to be stopped immediately. Advances should be treated as expenditure only when utilization certificates/statement of expenditure is available.
- f) Assets Register and Stock Register are being prepared at SPO and DPO level. However the maintenance of the register at below district level needs substantial improvements. These registers should be maintained in the prescribed format.
- g) Physical verification of assets is a very important item and should be regularly conducted at-least once a year. The results of physical verification should be compared with the entries in the asset register. Final results of physical verification need to be submitted to the State Project Director.
- h) Training of Staff handling accounts particularly below district level needs to be organized on a time bound basis.
- i) Internal Audit is being conducted but it still lacks in coverage of the prescribed number of units. Chief auditor SSA, Assam assured that the internal audit of the current year accounts will be taken up from the next month onward.
- j) Utilization Certificate are prepared and consolidated at Block level. Income and expenditure account needs to be prepared at DPO level with the support of the Utilization Certificates.
- k) Post review of contracts:** Prescribed procurement procedures are being followed at SPO and DPO levels. However State needs to ensure that a minimum of 30 days time is allowed to bidders while inviting tenders through press notifications.
- l) Reasonableness of rates of the lowest bidder needs to be suitably commented upon before these are accepted.

8.2 SSA accounts in Manipur were reviewed at the level of SPO, DPO, Block, CRC and VECs. **It has been observed that the State is maintaining current account in the banks instead of savings bank account.** This results in loss

of interest as no interest is allowed in the current account.

- a) Cash book is not being properly maintained in as much as there are cuttings/over writings without attestations by the DDO.
- b) Some of the books of accounts like Ledger, Journal, Remittance made in to the bank etc are not being maintained. The maintenance of these books of accounts is essential for finalization of the annual accounts.
- c) Bank reconciliation statement is not being prepared on monthly basis.
- d) Audit report for the 2008-09 has been promised to be submitted by 15th December, 2009.
- e) Internal Audit needs to be strengthened and should be conducted as per the prescribed provisions of the Manual on Financial Management and Procurement for the current year.
- f) Maintenance of books of accounts at below district level needs to be strengthened by maintaining properly the cash book, advance register, ledger and Journal etc.

9 Canara Bank made a presentation on monitoring of cash balances at district level, through web portal. A copy of the presentation is at Annexure 'F'.

9.1 Main highlights of the Presentation are:

- a) Canara Bank in association with MHRD has developed a web portal for monitoring the funds of SSA.
- b) The aims of the portal are to monitor (i) Status on transfer of Government of India funds to the SPO; (ii) Receipt of State contribution; (iii) transfer of funds to districts and their utilization; (iv) details of other receipts and (v) cash balance at state level and district level.
- c) In respect of some of the district where Canara Bank has no branch, dedicated accounts have been opened with other banks in consultation with MHRD.
- d) Funds from MHRD are sent to Canara Bank branch, Parliament Street, New Delhi. Canara Bank transfers funds through dedicated accounts to SPOs. From SPO funds are transferred to the Districts and from Districts to below district level dedicated accounts.
- e) The web portal has been implemented in 27 States and 274 Districts including North Eastern states.
- f) The web portal is being implemented in consultation with other banks wherever Canara Bank Branches are not available. User IDs have been

created for other banks.

- g) Canara Bank has also conducted training for other bank's officials and SSA officials.

It was informed by the Bank representative that they will be conducting trainings in those States where the web portal usage has not yet started. All SSA finance controllers were requested to ensure that they attend the trainings an information regarding district cash balances should be uploaded in the web portal.

10. A presentation was made by Director Finance, MHRD. A copy of the presentation is at Annexure 'G'. Main highlights of the presentation are as under:
 - a) Utilization Certificate from 2008-09 has to be submitted in the revised format. In the past it has been observed that Utilization Certificates were not properly prepared. In as much as the amounts remaining as advance were shown as expenditure. Now a format for reflecting advances yet to be adjusted are to be indicated clearly in the Utilization Certificate.
 - b) The problem of change in figures of Opening Balance continues. States/UTs keep on changing the figures of opening balance. This results in delay in release of funds to the States/UTs.
 - c) Instances of keeping the SSA funds in fixed deposits with the banks have been noticed. Keeping the funds in fixed deposit is not allowed in the SSA. Wherever funds are still kept in fixed deposits, these should immediately be withdrawn and credited to the SSA account.
 - d) The practice of having multiple accounts should be immediately stopped and only one savings bank account should be maintained for each programme. Maintenance of single bank accounts facilitates quicker bank reconciliation. Having multiple bank accounts are prone to frauds.
 - e) Statutory Auditors have observed in certain cases that the money books/books of accounts were not produced to them for proper and comprehensive statutory audit. States/UTs to ensure that all the books of accounts as required by the statutory auditors are submitted to them promptly.
 - f) Statutory Auditors have also reported that all the books of accounts are not maintained in some units of SSA. States/UTs should ensure that such observations do not find place in the audit report for the year 2009-10.
 - g) Past audit observations continue to remain unsettled in the States of Rajasthan, Haryana, Jharkhand and Jammu and Kashmir. The previous years observations of auditors should be settled promptly and got certified

by the statutory auditor of 2009-10.

- h) Instances have also come to notice that qualified audit certificates have been issued by the statutory auditors on SSA accounts. Such practice should be stopped immediately and there should not be a single case of qualified certificates.
 - i) **It would not be out of place to mention that if there is no proper compliance in respect of accounting matters and the quality of audit is not improved substantially, the fund flow to the States/UTs is likely to be restricted.**
 - j) Internal Audit continues to be a weak area States/UTs to ensure that the accounts of the current year are covered in internal audit as per the provisions of Manual on Financial Management and Procurement. It is expected that proper conduct of internal audit will result in substantial reduction in observations by the statutory auditors.
 - k) Annual accounts and audit report of SSA should be got approved by the Executive Committee of the States/UTs before submission to MHRD.
 - l) States/UTs to ensure that the accounts are computerized as early as possible.
11. Finance Controller, SSA, Madhya Pradesh made a presentation on implementation of SSA in State with focus on Financial Management of SSA. A copy of the presentation is at Annexure 'H'.
12. Financial indicators were reviewed in the meeting and the position is as under:
- a) The Financial status in respect of SSA as on 30th September, 2009 is at Annexure 'I'. States/UTs have spent Rs. 707767.54 lakhs upto 30th September, 2009. Out of the available funds of Rs. 1124822.21 lakhs. This is 62.92% only of the available funds. The States which have spent less than 50% of the available funds are Andhra Pradesh (33.24%), Bihar (40.94%), Dadar and Nagar Haveli (38.09), Daman and Diu (20.07%), Haryana (26.75%), Lakshadweep (21.83%), Manipur (47.46%) and West Bengal (38.78%). These States/UTs needs to take steps urgently to enhance the pace of expenditure. The States/UTs which have spent more than 85% of available funds are Goa (86.99%), Karnataka (88.28%), Maharashtra (91.52%), Mizoram (97.77%), Puducherry (92.04%), Punjab (90.06%), Rajasthan (89.00%) and Tripura (85.06%). All States/UTs should make out all effort to increase the level of expenditure beyond 95% in the current financial year.
 - b) Financial status of NPEGEL as on 30th September, 2009 is at Annexure 'J'. Out of the total available funds of Rs. 32723.58 lakhs, States/UTs have spent Rs. 13285.72 lakhs only. States have spent 40.60% only of the

available funds upto 30th September, 2009. There is an urgent need to step up the level of expenditure. The States/UTs which have spent more than the available funds are Himachal Pradesh (143.06%), Karnataka (109.83%) and Mizoram (300.32%). These States may elaborate the source of funding.

- c) Financial status of KGBV as on 30th September, 2009 is at Annexure 'K'. The position of expenditure on KGBV in the States/UTs has been 21.44% of the available funds. The level of expenditure in respect of KGBV has been far below the expected level except in the case of Mizoram, Punjab and Tripura. All other States needs to enhance the level of expenditure of KGBV during the period of current financial year.
- d) The overall Financial Status of SSA, NPEGEL and KGBV as on 30th September, 2009 is at Annexure 'L'. The States/UTs which have spent less than 50% of available funds are Andhra Pradesh (25.20%), Bihar (36.83%), Dadar and Nagar Haveli (38.08%), Daman and Diu (20.07%), Haryana (26.61%), Lakshadweep (21.83%), Manipur (47.46%) and West Bengal (38.22%). These States/UTs need to take urgent steps to accelerate the pace of expenditure of SSA, NPEGEL and KGBV.
- e) The Status of release of State share for SSA, NPEGEL and KGBV as on 30th September, 2009 is at Annexure 'M'. There is a shortfall in release of State share by the States/UTs of Andaman and Nicobar (Rs.117.51 lakhs), Andhra Pradesh (Rs.29638.20 lakhs), Assam (Rs. 583.55 lakhs), Chattisgarh (Rs. 356.45 lakhs), Delhi (Rs. 653.84 lakhs), Himachal Pradesh (Rs. 658.21 lakhs), Jammu and Kashmir (Rs.15659.26 lakhs), Jharkhand (Rs.6585.25 lakhs), Maharashtra (Rs.12449.98 lakhs), Mizoram (Rs.192.71 lakhs), Orissa (Rs.5839.09 lakhs), Puducherry (Rs.263.31 lakhs), Punjab (Rs.4954.42 lakhs), Tamilnadu (Rs.216.64 lakhs) and West Bengal (Rs.29850.16 lakhs). Thus there is an overall shortfall of Rs.108018.58 lakhs in release of State share. The States/UTs who have released their share in excess of due amount are Arunachal Pradesh (Rs.580.99 lakhs), Bihar (Rs.33478.68 lakhs), Chandigarh (Rs.2124.37 lakhs), Dadar and Nagar Haveli (Rs.415.80 lakhs), Daman and Diu (Rs.263.85 lakhs), Goa (Rs. 605.88 lakhs), Gujarat (Rs.10698.29 lakhs), Haryana (Rs.4763.44 lakhs), Karnataka (Rs.18570.51 lakh), Kerala (Rs.86.96 lakhs), Lakshadweep (Rs.259.39 lakhs), Madhya Pradesh (Rs.3094.15 lakhs), Manipur (Rs.304.98 lakhs), Meghalaya (Rs.921.67 lakhs), Nagaland (Rs.106.67 lakh), Rajasthan (Rs.155.54 lakhs), Sikkim (Rs.1.18 lakhs), Tripura (Rs.2.01 lakhs), Uttar Pradesh (Rs.20901.99 lakh) and Uttarakhand (Rs.336.64 lakhs). The States/UTs have released Rs. 976730.01 lakhs in excess of their due share.
- f) The status on mode of transfer of funds as on 30th September 2009 is at Annexure 'N'. The States/UTs who are transferring funds through cheques are Andaman & Nicobar, Dadar & Nagar Haveli, Kerala, Maharashtra, Meghalaya, Manipur, Nagaland and Sikkim. These States should make

efforts in consultation with the Banks to adopt mode of e-transfer of funds.

13. The QPR of States/UTs along with the observations of MHRD as on 30th September, 2009 are at Annexure 'O'.
14. The status of submission of Audit Report and Annual Report is at Annexure 'P'. Only 8 States/UTs of Andaman & Nicobar Islands, Assam, Andhra Pradesh, Chandigarh UT, Daman & Diu, Goa, Orissa and Uttar Pradesh have submitted their Audit Report for 2008-09. Remaining States/UTs have promised to submit the Audit Report by end of November/December 2009. The States/UTs to note that the Audit Report for 2008-09 should positively be completed in all respects and submitted to MHRD by the committed dates. States/UTs of Chhattisgarh, Dadar & Nagar Haveli, J&K, Lakshadweep, Puducherry, Rajasthan and West Bengal did not commit any final dates by which the audit report of 2008-09 will be submitted to MHRD. These States/UTs should review it afresh and ensure submission of audit report 2008-09 by December 2009.
 - 14.1 The States/UTs of Arunachal Pradesh, Bihar, Chhattisgarh, Delhi, Rajasthan, Tamil Nadu and Uttaranchal have not yet submitted the Annual report for 2007-08. These reports were required to be laid on the table of the House (Parliament) by December 2008. These were delayed very badly. States/UTs to ensure that the Annual Report is submitted to the MHRD without any further delay.
 - 14.2 Annual Report for the year 2008-09 is to be presented to the Parliament by December 2009. States/UTs to ensure that the Annual report is submitted to MHRD to enable it to present the same to the Parliament within the prescribed period.
15. The status of internal audit as on 30th September 2009 is at Annexure 'Q'. It is observed there from that the coverage of accounts in internal audit is far below the prescribed levels in the Manual on Financial Management & Procurement. States/UTs should ensure that the internal audit of SSA accounts needs to be conducted concurrently in such a manner that the internal audit is completed before the statutory audit is undertaken in the State. The States/UTs should, therefore, complete the internal audit for the year 2009-10 by March-April 2010.
16. The status of staffing in accounts and internal audit is at Annexure 'R'.
 - 16.1 It is observed from the information submitted by the States/UTs that there are vacant positions in accounts and internal audit at the level of SPOs and DPOs in most of the States. These States/UTs to take measures immediately to post the staff to fill the vacancies as early as possible. The States which have lesser sanctioned strength of accounts staff needs to review the same vis-a-vis AWP&B. States may also consider the feasibility of posting a qualified accountant at the block level within the sanctioned budget. **TSG will modify**

the format in which information is currently being collected about staffing levels. A new format should be designed, that should demonstrate the actual number of units where expenditure is being incurred in the State under SSA(SPO,districts,blocks,VECs/PTAs/SDMCs and schools) ; the annual budget of the SSA mission ,overall and district wise; indicative optimal suggested staffing at each level; actual staff sanctioned at each level; positions filled and positions remaining vacant. This will provide a clear picture of whether an optimal number of staff have been sanctioned or not . Filling up the positions of sanctioned staff should be examined thereafter.

- 16.2 States of Mizoram, Punjab and Tripura to ensure that the post of Finance Controller is filled up on priority basis.
17. The status of issue of VEC Manual is at Annexure 'S'. State of Manipur to take steps urgently to issue the VEC Manual for the guidance of the community.
18. The Status of training of staff of accounts and internal audit as on 30th September 2009 is at Annexure 'T'.
- 18.1 The States/UTs of Andaman & Nicobar Islands, Daman & Diu, Delhi, Lakshadweep, Maharashtra, Manipur, Puducherry and Sikkim have not conducted any training programmes for the accounts staff during the current quarter. States/UTs are aware that there is a provision of a 5 days mandatory training of accounts staff every year. States/UTs need to ensure that all staff working in accounts and internal audit wing are imparted training for 5 mandays. The level of training imparted in Chhattisgarh, Haryana and Jharkhand is below the prescribed limit of 5 mandays.
19. The status of Bank Reconciliation as on 30th September 2009 is at Annexure 'U'.
- 19.1 The States/UTs which have not completed the Bank Reconciliation with the cash book upto September 2009 at SPO and DPO level are Bihar, Karnataka, Madhya Pradesh, Rajasthan and Sikkim. Dadar & Nagar Haveli, Manipur and West Bengal have not submitted any information in this regard. **States/UTs to ensure that the Bank Reconciliation with the cash book is regularly conducted in respect of each bank account every month.**
20. Status on system for web based monitoring of funds as on 30th September 2009 is at Annexure 'V'.
- 20.1 It is observed that many of the States/UTs have not yet started to make use of the tool of Web Based Monitoring of funds. States/UTs should take steps to use the Web Based Monitoring of funds immediately.
21. A presentation on procurement procedures in SSA/NPEGEL/KGBV was made by Shri K.Gopalan, Senior Consultant. A copy of the presentation is at

Annexure 'W'.

22. Shri K.Gopalan, Senior Consultant, TSG made a presentation on key observations of IPAI in respect of procurement procedures being followed by the States/UTs. A copy of the presentation is at Annexure 'X'.
23. Main high lights of the presentation are as under:
 - a) Prescribed method of procurement was not followed in some cases and deviations from the prescribed procedure have been reported.
 - b) Single tender method was adopted instead of open tender method.
 - c) Purchase proposals were split deliberately to avoid the procurement through tenders / quotations.
 - d) Many computer systems were purchased without ensuring availability of space/power resulting in the computers remaining idle.
 - e) Liquidated damages were not recovered despite delay in supplies
 - f) Purchase of excess quantities than required in the case of textbooks, furniture and bicycles etc.
 - g) Materials purchased from SSA funds but utilized in State Government offices.
 - h) VAT paid in addition to price when the contract price was inclusive of VAT.
 - i) Repeat orders issued without following the prescribed procedures.
 - j) Procurement documents were not kept in safe custody and not produced to IPAI team for review.

States/UTs were advised to examine all procurement related observations in the IPAI reviews, and submit their comments on these to MHRD, at the earliest.

24. Three Teams were constituted of the participants of the 23rd Quarterly Review Meeting of Finance Controllers to conduct field studies in the State of Madhya Pradesh on 5th November 2009. The findings of team I, II and III are at Annexures Y (I), Y (II) & Y (III).
25. Director (RS), MHRD congratulated the States/UTs of Andaman & Nicobar Islands, Assam, Andhra Pradesh, Chandigarh UT, Daman & Diu, Goa, Orissa and Uttar Pradesh for submitting the audit report of 2008-09.
- 25.1 The States/UTs were required to submit the information required for the 23rd Quarterly Review Meeting by 20th October 2009. It is, however, observed that the States/UTs Andaman & Nicobar (partial), Chandigarh, Dadar & Nagar Haveli, Daman & Diu (partial), J&K (partial), Lakshadweep and Nagaland submitted the information by 20th October 2009. States/UTs of Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Delhi, Goa, Gujarat, HP, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Mizoram, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh and Uttarakhand submitted the information upto 31st October 2009. Remaining States/UTs did not submit the desired

information even by 31st October 2009.

- 25.2 The States/UTs of Andhra Pradesh, Assam, Bihar, Chandigarh, Chhattisgarh, Daman & Diu, J&K, Jharkhand, Lakshadweep, Manipur, Nagaland, Rajasthan, Sikkim, Uttar Pradesh and Tripura have not submitted the quarterly statement of settlement of audit observations. These States/UTs to ensure that the quarterly statement of settlement of audit observations is submitted regularly in future.
- 25.3 **10th JRM pointed out that approximately Rs. 4000 crores were accounted for even though these were uncertified expenditures. Only 3 States have submitted replies to the MHRD so far . Remaining States/UTs are advised to finalize this matter before the start of next JRM.**
- 25.4 Director (RS) advised the States/UTs to sanction posts in accounts and internal audit keeping in view their approved outlay and the staffing pattern in other comparable States. Feasibility of posting a qualified accountant at block level may also be considered by the States within the approved outlay.
- 25.5 There are large vacancies in accounts and internal audit wing of SSA in J&K, Jharkhand, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh. The States need to take measures urgently to fill up the vacant positions by recruitment / deputation/ contract.
- 25.6 It is important to impart training to all the accounts and internal audit staff every year. The module of training should be such that it takes care of professional needs of individual staff.
- 25.7 The States of Haryana and Punjab are to submit the comments on IPAI observations by end of November 2009.
- 25.8 Finance Controller, Chhattisgarh to frame an action plan to improve the financial management of SSA in the State. It should be ensured that audit report for 2008-09 is not delayed beyond December 2009.
- 25.9 States/UTs were advised that there should not be multiple accounts for SSA/NPEGEL/KGBV.
26. Following issues were raised by the States/UTs for necessary clarifications:-
- 26.1 (a) Whether the provision of Manual on FM&P or the rules of the States are to be followed in respect of Procurement?
(b) Can the period of submission of bids be reduced from 30 days to 21 days?
(c) Which rate of dollar is to be considered in the case of procurement cases?
(d) Can a Chartered Accountant Firm be appointed for conduct of audit even if he has already completed three years but is on panel of C&AG , specially when the number of auditors on C&AG panel are limited?
- 26.2 Shri K.Gopalan, Senior Consultant, TSG to process the above cases and get

the necessary clarifications issued by MHRD in due course.

27. The meeting ended with a vote of thanks to the chair.