

**Minutes of  
12<sup>th</sup> Review Meeting of  
Finance Controllers of SIS  
(1<sup>st</sup> February, 2007)**

**Mirza Galib Hall, Scope Convention Hall Scope Complex,  
Core-8, Lodhi Road, New Delhi**

## MINUTES OF 12<sup>TH</sup> REVIEW MEETING OF FINANCE CONTROLLERS

1. The 12th National Review Meeting of Finance Controllers of SIS of Sarva Shiksha Abhiyan was held on 1<sup>st</sup> February, 2007 at Scope Convention Hall, Scope Complex, Lodhi Road, New Delhi.
2. The meeting was chaired by Shri P. Sukumar, Director, Department of School Education and Literacy, MHRD, 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 any State/UT, the minutes of the 11<sup>th</sup> Review Meeting held on 27<sup>th</sup> October, 2006 were confirmed.
6. While welcoming the participants from States/ UTs, Shri P. Sukumar mentioned the following to the participants for taking suitable action:
  - 6.1 ICR team and JRM which visited 9 States, in its report has submitted some major observations relating of Finance matters. It has been pointed out that in number of States Internal Audit mechanism is either not present or wherever present, its functioning is quite poor. It's the responsibility of Finance Controller to strengthen the Internal Audit System.
  - 6.2 Necessity of a Manual for the guidelines of VEC has been emphasized time and again. Implementation of SSA gets attention at international forum. Non-availability of a Manual in local language for VEC Member gives bad impression about the implementing agency of the programmes as major expenditure is incurred at VEC level He mentioned that non-Hindi States are lagging behind in this respect than the Hindi speaking States. He urged the States to take this matter very seriously and prepare such manual on priority.
  - 6.3 He informed the participants that the audit carried out by the Chattered Accountant Firm is not of good quality in some of the States. The States may

look into the matter and ensure that the CA Firm conduct audit properly of all the aspects of accounts.

- 6.4 He further added that fund release is not a major issue now as most of the States/ UTs have responded positively in the matter except some states particularly in North-Eastern region. NE States get part of States share from DoNER. State Government have not passed on the funds received from DoNER to the State Implementation Society for 2005-06 and for 1<sup>st</sup> installment of 2006-07. In the sanction order itself there is a condition that within one month of receipt of funds. States should be transfer funds to the Society. Assam and Manipur are major defaulters in the respect.

States asked if the DoNER can release funds directly to the society. It was clarified by Shri P. Sukumar that the funds are being released under the DoNER scheme where 10% of entire fund of GOI is reserved for North East and any amount not spent by any department is returned to the non-lapsable account of DoNER. Hence the releases are to be made to State Government by DoNER and State Government would further release the funds to the implementing agency.

- 6.5 He added that its good that expenditure figures are being sent regularly by most of the States. However on this issue the matter of concern is the reliability of the figures. Figures provided at different times and through different reports do not tally. These figures are available online, hence States/ UTs should be extra careful to give the figure correctly.

- 6.6 He also stressed on complete and correct reporting of figures in the prescribed formats. Like in MMR some States report only financial figures without providing the physical progress. Some of the defaulting States are J&K, Uttarakhand, Nagaland and Manipur.

- 6.7 He informed that newly formed Ministry of Minorities Affairs has asked for details on spending on minority districts. This has become very important as this is being monitored by the Prime Ministers office. Hence the data (to be sent in MMR) should be submitted on timely basis.

- 6.8 He said that audit reports are supposed to be received by Government of India by October. Four months have passed from the due date of submission of audit reports and some States/ UTs are still to submit the audit reports. Annual Report has also to be laid on the Table of the House in December. There are many States who have not submitted the Annual Reports. These are to be expedited.
- 6.9 Shri S. R. Dogra, collected responses of the States on the vetted comments of C&AG to be submitted to PAC.
7. Shri P. Sukumar took review of the financial indicators as follows :
- (a) **Adoption of Manual on Financial Management and Procurement** – Approval for adopting the Manual is still pending in Andaman & Nicobar. In all other States/UTs the Manual has been adopted. However, no information is available for Lakshadweep and Pondicherry. Detailed statement is annexed at *Annex-C*.
- (b) **Status on submission of Audit Report**- Audit report for 2005-06 has been submitted by Andhra Pradesh, Arunachal Pradesh, Assam, Chhatisgarh, Dadar & Nagar Haveli, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Tripura, Uttar Pradesh, Uttaranchal and West Bengal (20 States). Other States/UTs were requested to expedite the matter and submit the audit report at the earliest. State wise status is at *Annexure – D*.
- (c) **Status on submission of UC** – Utilisation certificate for 2004-05 has been submitted by all the States /UTs except Sikkim. UC for 2005-06 has been submitted 20 States along with Audit Report. Other States are requested to submit UCs immediately after the completion of audit. Detailed status is at *Annexure-D*.
- (d) **Annual Report** – Most of the States/UTs have submitted Annual report till 2004-05 except for:
- Arunachal Pradesh, which has not yet submitted any Annual report.

- Bihar has submitted Annual Report till 2003-04 and has committed to submit the Annual Report for 2004-05 by 7<sup>th</sup> February, 2007.
- Chhattisgarh would submit by 10<sup>th</sup> February, 2007.
- Jammu & Kashmir – to be submitted by February end.
- Kerala - English version submitted till 2004-05 but Hindi version is under translation for 2003-04 onwards.
- Madhya Pradesh – English version submitted till 2004-05, but Hindi version is still due.
- Orissa – Hindi version for 2004-05 is still due which would be submitted by February end.
- Punjab –EC approval is due for 2004-05.
- Annual Report for 2005-06 has been submitted by Assam, Dadar & Nagar Haveli, Gujarat, Tripura, UP, and West Bengal.

Detailed status is at *annex-D*.

- (e) **Bank Reconciliation** – The States/UTs, which need further follow up action, are Assam, Bihar, Jammu & Kashmir, Madhya Pradesh, Meghalaya, and West Bengal. State-wise detail is at *annexure – E*.
- (f) **VEC Manual** – No VEC manual has been prepared by Dadra & Nagar Haveli, Delhi and Goa. Status in respect of Jammu & Kashmir, Lakshadweep, Manipur and Pondicherry is not available. State-wise position is at *annex – F*.
- (g) **Internal Audit** – Internal Audit system has been put in place by most of the States/UTs either through CA firm or through in-house Teams. However system is yet to be in place in Bihar, Delhi and West Bengal. These States/ UTs should provide compliance in next meeting. State wise detail is at *annex– G*.
- (h) **Staffing and Training** – The detailed staffing status and training is annexed at – H. The States/UTs, where the staffing still remains to be a major concern are Andaman & Nicobar Islands, Bihar, Delhi, Haryana, Jharkhand, Maharashtra, Rajasthan and West Bengal. Detailed status is at *annexure – H*.

(i) **Opening Balance and Unspent Balance:** Difference in the opening balance as of 1<sup>st</sup> April 2006 as reported in the last meeting and as reported in this meeting was discussed in detail for reconciliation. Andhra Pradesh, Himachal Pradesh, Meghalaya, and Orissa have variation in the figures reported which is due to the difference in audited figures and reported figures. The detailed statement on opening balance and closing balance is given at *annexure – I*.

As per the statement, the amount lying with the States as on 1<sup>st</sup> April 2006 was Rs. 242828.20 lakhs and the unspent balance for the project as on 31<sup>st</sup> December is Rs. 3428965.51 lakhs.

(j) **Expenditure as on 30<sup>th</sup> September 2006:** The statement is annexed at *annexure – J*. Total expenditure in 2006-07 till 31<sup>st</sup> December, 2006 is Rs. 977065.25 lakhs which is 74% of total available funds.

(k) **Release of State Share:** The state wise statement of state share is attached at *annexure –K and L*. Chattisgarh was advised to send the copy of sanction orders to reconcile the figures.

(l) AP, Arunachal Pradesh, Assam, Daman & Diu, Delhi, Himachal Pradesh, J&K, Kerala, Lakshadweep, Pondicherry, Punjab, Rajasthan, Sikkim, Uttaranchal and West Bengal have shortfall in release of State share as on 31<sup>st</sup> December. However, Kerala and Rajasthan had cleared this shortfall in January, 2007.

(m) **Quarterly progress report:** The compilation of QPRs as on 31<sup>st</sup> December, 2006 as submitted by the State is annexed at *annexure – M*. Also the observations on the QPR submitted by States/ UTs is annexed at *annexure N*

(n) **Monthly Monitoring Reports:** MMR as on 31<sup>st</sup> December was submitted by States/UTs compiled and state-wise status is at *annexure – O*.

(o) **Kasturba Gandhi Balika Vidyalaya:** The Status on the implementation and expenditure on KGBV is annexed at *annexure - P*

8. Shri R. K. Sharma, Director (Finance) pointed out few important issues during the meeting.
  - 8.1 From next financial year funds would be released in four installments. 1<sup>st</sup> installment would be released on adhoc basis.
  - 8.2 He urged all the States/ UTs to make efforts to initiate Electronic banking with their lead banks by June 2007.
  - 8.3 He informed that the decision on the sharing pattern between GoI and States in awaited till that time, it is 50:50.
  - 8.4 He informed that funds would not be released by GOI after February to curb the piling up of unspent balances.
  - 8.5 During the current year lots of funds have been allocated to civil works particularly for additional classrooms. Hence pace of expenditure has to be monitored and from next year there would be ceiling on quarterly expenditure.
  - 8.6 He suggested the States should do valuation of the assets created under SSA.
9. Review on the pending reports of IPAI was taken and the States were told to send the response to IPAI reports at the earliest.
10. Dr. Anamika Mehta made a presentation of the new MMR format developed. Copy of the presentation is annexed at annexure R. During presentation she urged the States/ UTs to submit the completely & correctly filled MMR regularly on time (10<sup>th</sup> of every month).
11. The current status on utilization & operationalisation of KGBV was reviewed. Detailed statement at Annex S.

The meeting ended with vote of thanks to Chair.