

**Minutes of
13th Review Meeting of
Finance Controllers of SIS
(20th April, 2007)**

Tagore Hall, Scope Complex, New Delhi

Minutes of 13th Review Meeting of Finance Controllers

1. The 13th National Review Meeting of Finance Controllers of SIS of Sarva Shiksha Abhiyan was held on 20th April 2007 at Tagore Hall, Scope Complex, New Delhi.
2. The meeting was chaired by Shri K.R. Meena, Deputy Secretary, 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 11th Review Meeting held on 1st February, 2007 were confirmed.
6. While welcoming the participants from States/UTs, Shri K.R.Meena highlighted following issues to the participants.
 - 6.1. As SSA has entered into second phase of implementation from 2007-08, the focus in the 2nd phase would be on upper primary schooling and therefore States/UTs should concentrate to provide adequate infrastructure to the children at upper level. There would also be change in relationship of MHRD with the States/UTs as the sharing pattern would be 50:50 in this phase against 75:25 in 10th five year plan. He urged the Finance Controllers to update their States/UTs on the issue to ensure adequate fund provision against State share in their State budget so that fund flow to the project remain smooth.
 - 6.2. He updated the participants on the changes made in the Manual on Financial Management and Procurement about the release of adhoc grant. The amendment provides for adhoc release of grant in the month of April amounting to 50% of the expenditure of last year. He added that because of delay in providing expenditure figure for the year 2006-07, the adhoc release for 2007-08 for some States has got delayed. Hence he urged the States to provide data related to expenditure by 10th April for the years to come, so that adhoc grant could be released by 20th April.

- 6.3. He pointed out that most of States/UTs have still to clear the UCs of the programme/schemes implemented by the State implementation society. This is going to be a main hurdle for release of first installment of SSA/DPEP to the States/UTs for the year 2007-08. The States/UTs therefore should ensure that pending Utilization Certificate for all the programmes / schemes run by it are immediately issued to ensure smooth funds flow from GoI.
- 6.4. Auditors for audit for 2006-07 must have been put in place by all the States/UTs. In this regards he furthered informed that for this year it has been decided that the States/UTs having more than 20 districts should appoint a Lead Auditor at State level to coordinate/ consolidate the work done by the auditors at district level.
- 6.5. It has been come to the notice that AG audit is not regular in some State/UTs. To ensure regular audit by State AGs, State Education Secretaries are being requested by GoI to ask the Accountant General of their respective States/UTs to ensure regular audit of SSA accounts every year. A letter in this regard is being issued by GoI.
- 6.6. The current provision of ToR of C.A. Audit, covers BRC/CRC/School on representative nature. There is no clear norm on the issue of coverage of quantum of audit works below district levels unit. Hence an amendment in this regards has been approved by PAB in which it is proposed that all VECs whose expenditure is more than one lakh per annum should be audited by CA within 3 years cycle starting 2007-08 and rest VECs should be audited as per the provision of statute under which they were constituted. In case of absence of any such provision they should be audited by arrangement provided by Panchayati Raj/ local body institutions.
- 6.7. He further informed that GoI is also amending provision of Manual to make e-transfer legitimate. He also highlighted the issue of non submission of periodical reports on time and frequently changing figures of closing balances. The discrepancies should be rectified by States/UTs on priority.

6.8. Other issues

- MHRD is also looking into the procurement processes to simplify them. Moreover Capacity building of VEC members on maintaining of accounts would be focused area in next three years.

7. Review on Financial Indicators was taken:

- 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 all States/ UTs except for States/ UTs of Andaman & Nicobar Islands, Jammu & Kashmir, Lakshadweep, Manipur, Nagaland, Pondicherry, and Sikkim .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. UC for 2005-06 has been submitted by all States/UTs except the States/UTs mentioned at 7 (b) above where audit report is not submitted. Detailed status is at *Annexure-D*.
- d. **Annual Report** – Most of the States/UTs have submitted Annual report except for States/UTs given below:-
 - Andaman & Nicobar has submitted the annual report till 2004-05.
 - Chandigarh committed to send the annual report of 2005-06 by 1st week of May 2007.
 - Daman & Diu has submitted annual report for 2004-05, however regarding 2005-06 no information is available
 - Delhi committed to send the annual report for 2005-06 by of May 2007.
 - Goa has not submitted the Hindi version for 2005-06 and would be submitting the same by May end.
 - Haryana to submit annual report for 2005-06 by 2nd week of May 2007
 - Himachal Pradesh to submit annual report for 2005-06 by 2nd week of May 2007
 - Jammu & Kashmir – has submit for 2003-04, thereafter no information is available

- Jharkhand to submit annual report for 2005-06 by 20th May 2007
- Lakshadweep has submit for 2004-05, thereafter no information is available
- Madhya Pradesh – English version submitted till 2004-05, but Hindi version is still due.
- Manipur has submitted for 2004-05, thereafter no information is available
- Meghalaya has submit for 2004-05, thereafter no information is available
- Nagaland has submit for 2004-05, thereafter no information is available
- Orissa to be submit annual report for 2005-06 by 2nd week of May 2007.
- Pondicherry has submit for 2004-05, thereafter no information is available
- Punjab's annual report for 2005-06 to be submitted by May 2007.
- Rajasthan to submit annual report for 2005-06 by May 2007.
- Sikkim has submitted for 2003-04, thereafter no information is available
- Tamil Nadu to submit annual report for 2005-06 by 1st week of May 2007.

Detailed status is at *annex-D*.

- e. **Bank Reconciliation** – The States/UTs, which need further follow up action, are Assam, Bihar, Delhi, Jammu & Kashmir, Madhya Pradesh, Mizoram, and West Bengal. State-wise detail is at *annexure – E*.
- f. **VEC Manual** – VEC manual has been prepared and issued by States/ UTs except Chandigarh which was suggested to take a copy of the manual used in Punjab and Haryana and amend it as required. Status in respect of Jammu & Kashmir, Lakshadweep, Manipur and Pondicherry is not available. All the States/ UTs were requested to send a copy of the VEC to TSG. 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. 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. **Expenditure as on 31st March 2007:** The expenditure statement for SSA and NPEGEL together is annexed at *annexure – I*. Total expenditure in 2006-07 till 31st March, 2007 is Rs. 1454081.76 lakhs which is 85.46% of total available funds.

The expenditure Statement for DPEP which is operational in 2 States (Orissa and Rajasthan) is annexed at *Annexure J*

- j. **Release of State Share:** The state wise statement of state share is attached at *annexure –K and L*. There is shortfall in release of State share for Andhra Pradesh, Arunachal Pradesh, Chhatisgarh, Jammu & Kashmir, Orissa, Pondicherry, Punjab and Sikkim
 - k. **Quarterly progress report:** The compilation of QPRs as on 31st March, 2007 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*
 - l. **Kasturba Gandhi Balika Vidyalaya:** The Status on the implementation and expenditure on KGBV is annexed at *annexure - O*
8. Issue of change in Opening Balance as on 1st April was discussed and the States response were collected. Shri K.R.Meena informed that sample cases would be studied and thereafter guidelines would be issued.
 9. Review on the pending report of IPAI was taken and the States were told to send response to IPAI reports at the earliest. The review on observation will be taken up in next quarterly meeting of all 7 States/UTs.
 10. Shri K.Gopalan, urged the States to send replies to the pending issues of CAG report for settlement.

The meeting ended with vote of thanks to chair.

Annex - A-Participants List

Annex - B- Agenda

Annex - C-F

Annex - G- Status of internal audit

Annex - H(1)- Training staff

Annex - H(2) - Staffing

Annex I- Exp SSA

Annex J-DPEP

Annex K (State Share)

Annex L (Yrwise State Share)

Annex M –QPR

Annex N Observation on QPR

Annex O (KGBV)