



Financial Management Under NRHM

State Institute of Health & Family Welfare,
Jaipur



Financial Management NRHM Rajasthan

- Coordination,
- Establishment of new procedures of accounting
- Ensuring that institutions function in accordance with Financial Management Group (FMG) guidelines



Accounting?

Process of recording the financial transaction of a business in a systematic manner and preparing summarized financial statement.

Accounting Process

- Identification of Transaction
- Recording the Transaction
- Classifying the transaction
- Summarizing
- Analyzing and Interpretation
- Presentation or reporting



Fundamentals of Accounting

- Personal Accounts
 - Debit-Receiver
 - Credit-Giver
- Real Accounts
 - Debit- What comes in
 - Credit-What goes out
- Nominal Account
 - Debit-All Expenses and Losses
 - Credit-All Income and Gains



Accounting Tools

➤ Ledger:

- Summarized statement of all the transaction relating to Persons, Assets, Income & expenditure

➤ Cash Book:

- All the transaction in cash or cheque; Receipt of Debit Side and Payment on Credit side

➤ Types of Cash Book

- Simple Cash book
- Cash book with discount
- Cash book with Discount and Bank
- Bank Cash Book
- Petty Cash Book



- Purchase Book /Purchase return Book
- Sales Book/Sales return books
- Bills receivable
- Bills Payable
- Trial Balance
 - Statement of total of all ledger accounts. Prepared at given time. Method checking arithmetical accuracy

Genesis of FMG

- Weak Financial Management in WB/DFID funded RCH-I (1997-2004):
 - Release and Utilization tracked by each Program Division separately.
 - Disjointed picture of the program (even for Exp. Monitoring)
 - Fin. Mgt. confined to mere collection of UCs
 - Multiple interface for States and Development partners
- FMG, 2004, Director (RCH-Fin) only to look after RCH-II



FMG Under NRHM

- FMG expanded to cover NRHM.
- Key features are:
 - Concept of flexi pool
 - Single nodal point for release, accounting, tracking of utilization and audit reports.
 - Single Window interface for all stake-holders
 - Holistic picture of the program



Functions of FMG

- Reforms in the area of financial processes
- Financial Management studies of States
- Fund releases under Mission
- Monitoring of FMR & UCs, etc.
- Audit arrangements
- Analysis of financial data and generation of FMIS.
- Skill up gradation of PMU staff at State, District and Block levels.



Importance of Financial Management

- Two Way Process: Top-down, Bottom-up
- Flow of funds at each level (Top-down)
- Clear purpose, adequacy, timely and sufficient guidance to spend
- Centre>States>Districts>Blocks (BMOs)>Other CHCs/PHCs>SHCs>VHSCs
- Reporting of Expenditure through reports & returns
- VHSCs>SHCs>PHCs/CHCs>Blocks (BMOs)>Districts>State>Centre



Fund Flow Under NRHM

- Fund Flow to States under 2 routes:
- Treasury Route: primarily salary component.
 - Salaries of the posts of ANMs & LHVs
 - Training of ANMs.
 - Support to Family Welfare Bureau at State and District levels.
- Society Route:
 - For program implementation
 - Salaries for the contractual employees hired under the Mission



Financial Guidelines Under NRHM

- Funds available for various interventions under NRHM
 - RCH Phase-II Program
 - Additionalities under NRHM
 - Routine Immunization
 - Village
 - SC
 - PHC
 - CHC
 - District



Financial Guidelines Under NRHM

- National Disease Control Programs
- Inter-sectoral convergence with drinking water, sanitation, AYUSH, WCD, PRI
- Issues related to untied funds at SCs, PHCs, CHCs, FRUs & District Levels
- Problems relating to fund release, disbursement, SoEs, UCs at Facility Level
- Mechanism for optimal utilization of funds
- Importance of monitoring of Financial Mgt.
- Format for monitoring fund flow



Financial Accounting & Reporting at NRHM

➤ State Level

- Cash Balance Certificate
- Treatment of interest earned in the bank account
- Preparation of cheques
- Cash Book with cash & bank columns
- Petty Cash Book
- Serial Numbering of vouchers
- Ledger

Financial Accounting & Reporting at NRHM



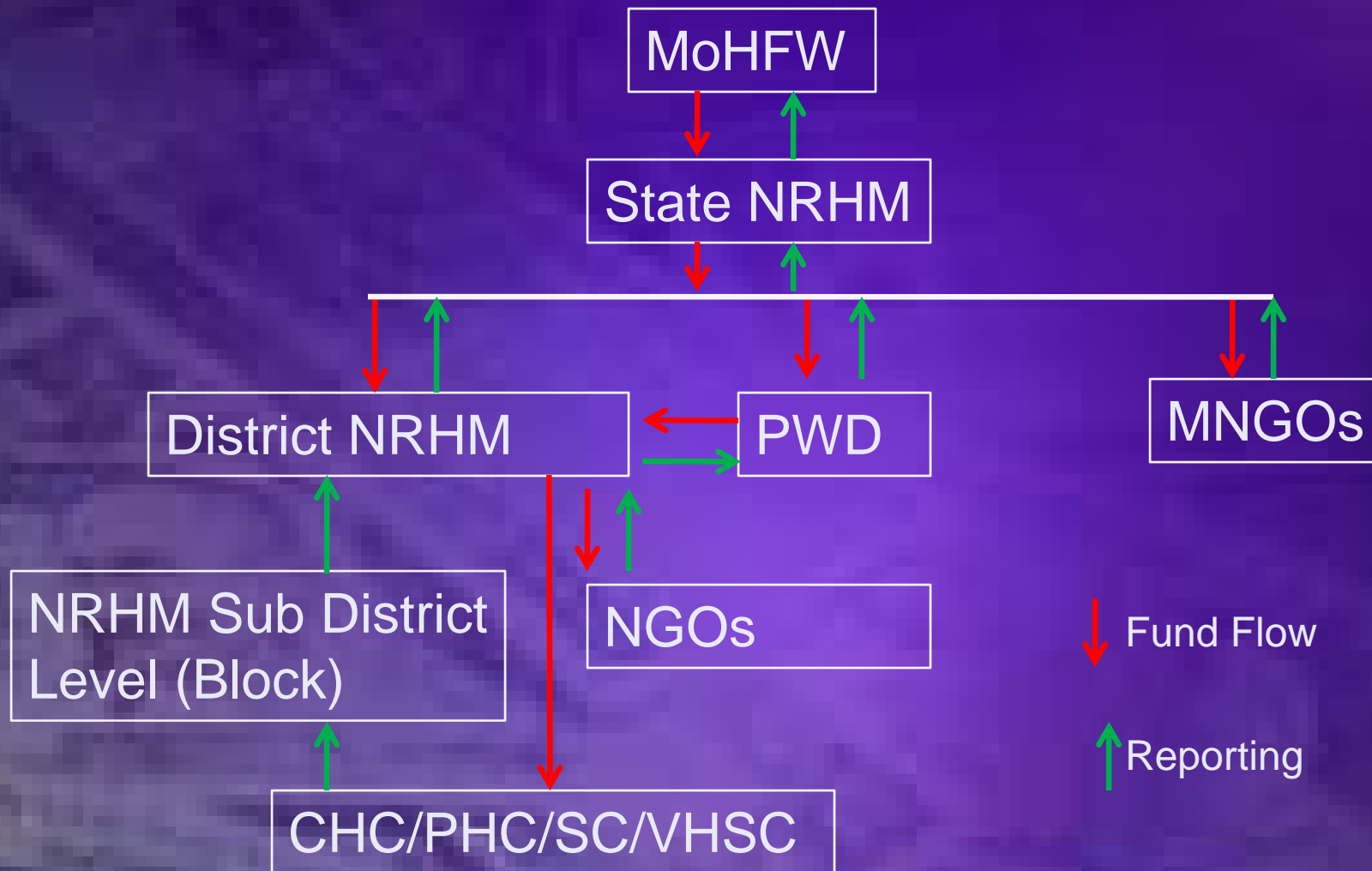
- District Program Management Support Unit-wise ledgers
- Journal
- Register of investments
- Registers for temporary advances:
 - Advance to staff
 - Advances to Contractors / NGOs
 - TA/DA Advance



Financial Accounting & Reporting at NRHM

- Stock Register for:
 - Machinery & Equipment
 - Furniture & other non-consumable articles
 - Register for drugs, medicines & consumable articles
 - Dead Stock Register (machinery & equipments, other non-consumable articles)
 - Receipts & Payments Statement
- Annual audited accounts to GoI

Fund Flow & Reporting





GOI Funds

Parts of the State PIP

- A – RCH
- B – Add. Under NRHM
- C – Immunization
- D – NDCPs

Fund Flow Parts - A, B, C

Fund Flow Parts - D

•Managed centrally by **FMG**

•PAO issuing cheques and passing them on to FMG for e-transfer for entire NRHM

Main Bank Account For Parts- A,B,C

State Health Society

D1 D2 ...

Joint Signatories:

- MD/ED
- State A/cs Mngr/ State Finance Manager/State Prog. Manager
- State Prog. Officer

•Managed centrally by FMG, **State PMSU**

• issuing Cheques on sanctioned issued by Different Prog. Divs.

Main Bank Account For Parts – A, B, C

Distt. Health Society

D1 D2 ...

Bank accounts for NDCPs (For Part-D)

•Managed centrally by FMG, **Distt. PMSU**

•issuing Cheques on sancts. issued by Different Prog. Divs.

Joint Signatories:

- CMO
- DistA/cs Mngr/ Distt. Prog. Mngr
- Programme Officer

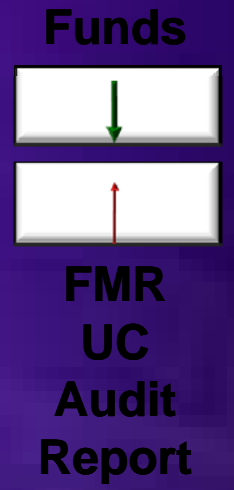
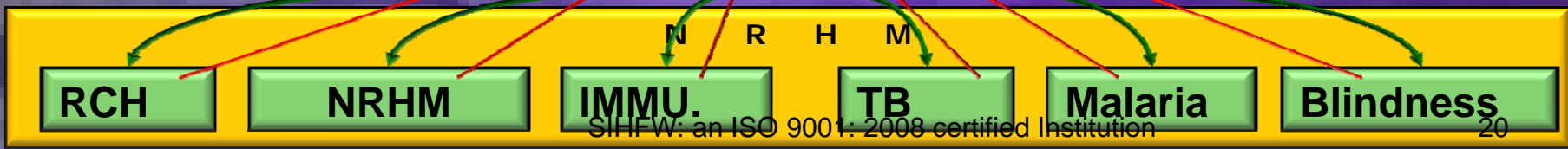
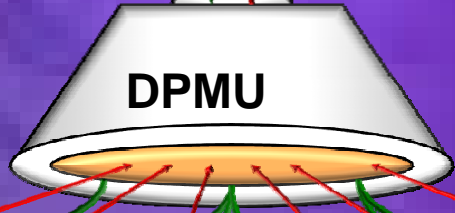
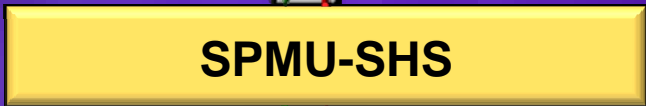
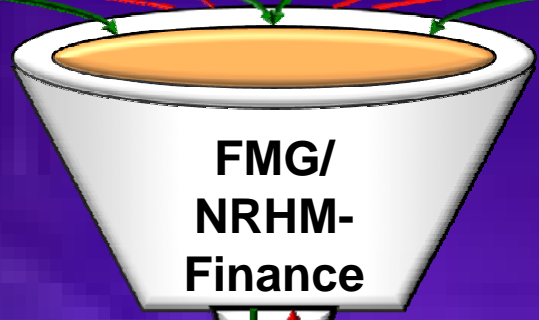
Block CHC/PHC



Fund Flow



Reporting back of Expenditure



FMR Format





Reporting Requirements

1. Financial Monitoring Report (FMR) – Within a month after the close of quarter
2. Statement of Fund Position (SFP) – Within a month after the close of quarter to be sent along with FMR
3. Monthly Bank Balance Statement – (within 10th of the following month)
4. Audit Report: annually by 31st July of the following year
 - A consolidated audit report for the integrated Society (including all programs under NRHM) from 2006-07 onwards.
5. Utilization Certificates:
 - Final UCs along with Audit Report
 - Provisional UCs along with March, 07 FMR



Reporting

- Certificate by State (funds transferred to Districts within 15 days)
- Monthly FMR from DHS to SHS
- Quarterly FMR from SHS to GOI
- Statement of fund positions
- Monthly statement of bank balances
- Annual UCs in form GFR-19A along with audited statements
- Annual audited accounts to GOI



Monitoring

- DHS–Monthly SoEs/Bills/ Vouchers from Block PHCs
- At State - monthly FMR from Districts
- At Centre –Quarterly FMR from States
- Finance & Accounts Manual clearly indicates dates of all monthly, quarterly & annual reports with responsibility matrix
- E-Banking:
 - To evaluate the program implementation status independently
 - Shows red-alert districts
 - Allows mid-term corrections

e-transfer of Funds

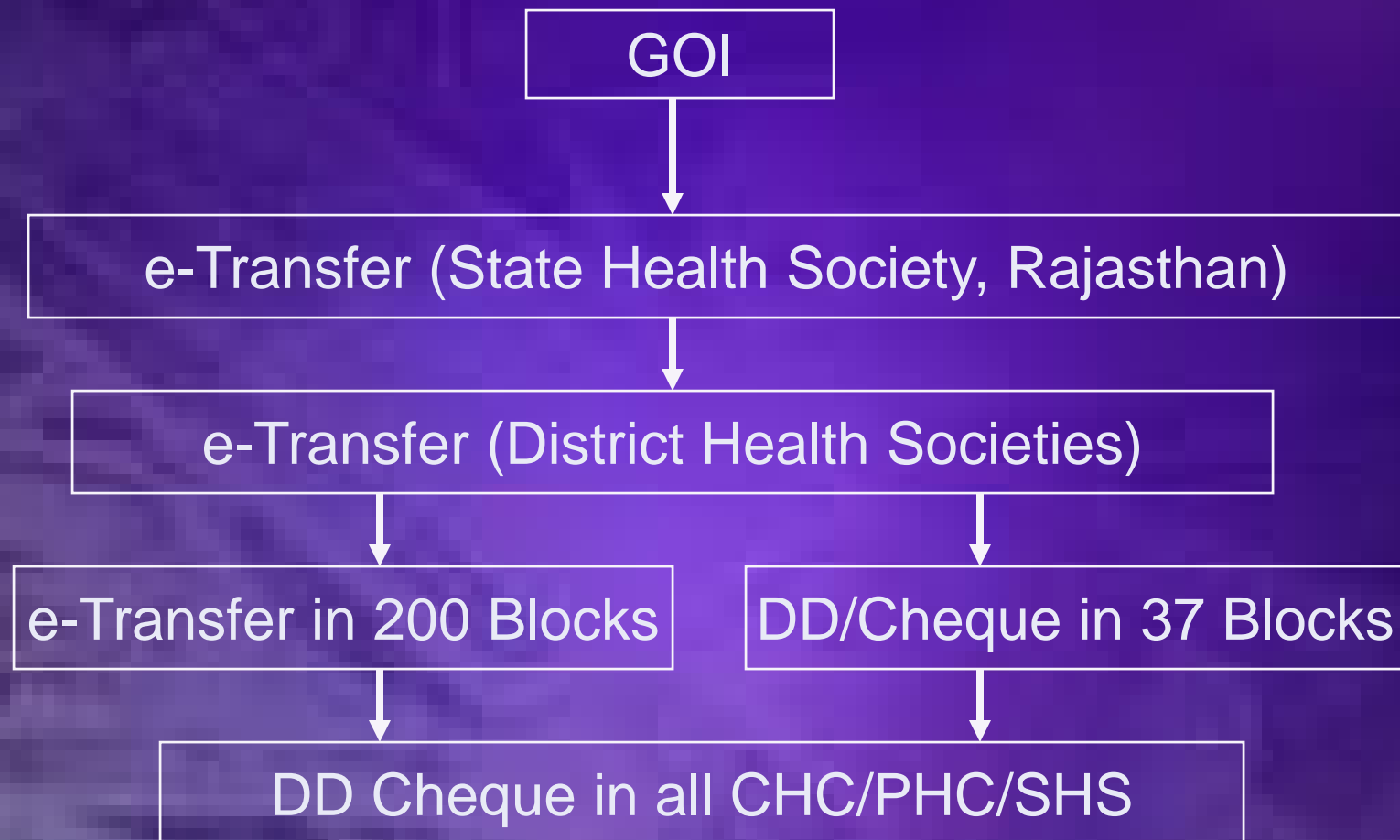
Intended outcome:

- Send funds electronically to the lowest possible level.
 - 100% of funds going to States/UTs electronically.
 - Delay in DDs reaching and loss in transit a thing of past.
 - In the last 3 years not even a single complain.
 - In many states funds are transferred to Districts electronically too.

Trigger:

- FMG study showed that it took 1-3 months for the funds to just reach the society.
- Reporting of utilization taking undue time through multifarious levels.

Fund Flow Through e-transfer



Unification of Financial, Accounting, Auditing & Banking Processes



Intended outcome:

- Synergise the manpower and other related resources scattered earlier under different societies under NRHM.
- Provide the Mission with unified financial and accounting processes for fund flow and reporting back of utilization.
- For the first time provided a framework for unification of NDCPs with other components of NRHM.

Trigger:

- NRHM fund flow scattered and reporting of utilization disjointed.
- At any given time financial position of NRHM not available at a single point either at District, State or Centre.
- Financial and accounting manpower artificially segregated under different NRHM components like RCH, NDCPs, etc.



Accounting Policies & Reporting Requirements

- **Accounting Centers**
 - SHS
 - DHS
 - Block CHC/PHC (provided the Block Accountant has been posted; else DHS should be the Accounting Centre).
 - RKS of PHC/CHC/Rural Hospitals/Sub-district Hospitals



Movement of Records

- SHS Level
- DHS Level & Block CHC/PHC level:
- All transactions records to be kept at concerned institutions itself.
- Records will not be moved from these institutions
- Furnish SoE/FMRs to next higher institution

Treatment of G-I-A

- Funds transferred from GoI but not received shall be entered on the income side of the income and expenditure account under the heading "Grants- in- Aids" and taken in the balance sheet on the assets side under the heading **"Funds in Transit"** below Current Assets (Cash and Bank Balance).
- G-i-A is reflected in the Income & Expenditure accounts as income to the extent of fund utilization against it.
- The Grant-in-Aid to the extent of unutilized at the end of the financial year is shown as liability in the Balance Sheet.



Recognition of Expenditure

- Releases to Public Health Institutions: shall not be treated as expenditure unless they are reported back as expenditure
- Advance to NGOs: NO
- Advances for Civil Works: treated as advance at the time of release. On receipt of certificate of stage of completion and part bill from PWD or Contractor, it is booked as expense to the extent it is certified by the PWD as per the terms of the agreement.

Releases to VHSCs:

- Untied Fund to VHSCs @ of Rs 10,000/ per annum shall be deemed to be treated as expenditure provided the Untied Funds have been credited in the Bank Account of VHSC.

Commodity Grants:

- Not reflected in the financial statements of the Society. However, they
- Should be appearing in the Notes on Accounts and Disclosure of the Audit Report.

- **Expenditure Reporting Basis**
- From DHS: Based on FMR/SoE. (certification that expenditure made for the approved items and vouchers retained at the District level.
- From Block CHC/PHC: Based on FMR/SoE. However, FMR or SoE must carry a certification
- From PHC, SHC: Based on actual receipt of vouchers and supporting documents.
- From Rajasthan Medical Relief Societies at various levels: Based on Monthly and Quarterly SoEs.



Reporting from RMRS

- For Monthly/Quarterly FMRs: monthly Statement of Expenditure (SoE) to the controlling Block CHC/PHC or DHS.
- For Annual Audit of DHS/SHS:
 - SHS and DHS should ensure that Audit of all the RKS is complete within 2 months of the closure of financial year
 - However, if the Audit can not be completed then, Audit Report of the DHS be finalized (without delay) based on monthly SoEs for the last month (i.e. March) showing monthly and cumulative expenditure for the financial year.
 - Differences can be adjusted during next year audit correspondingly.

- **Treatment of Fixed Assets**
- Assets that are to be capitalized: to B/S while sending Utilization Certificates (UCs), the expenditure shown in UCs should include the expenditure as per Income & Expenditure Account plus the amount of such Capitalized Assets.
- Assets not to be capitalized: in Income & Exp Statement.

Financial Reports from SHS to Centre



| | Report | Basis and Checks for sending the Report | Date on which to be sent |
|----|----------------------------|---|--|
| 1. | FMR | To be prepared from the books of accounts. | Quarterly (within a month of end of the quarter). |
| 2 | SFP | Along with FMR & duly reconciled with FMR and books of accounts. | Quarterly Within a month of end of the quarter. |
| 3 | Bank Balance Report | On the basis of bank Statement of the Bank Accounts of DHS & SHS. This should be tallying the SFP for the quarter ending months. | Monthly. By 10th of the following month. |



| | | | |
|---|---|---|---|
| 4 | Statement of Interest earned by DHS & SHS. | <p>1. This should include the interest earned on all the bank account of all DHS and SHS.</p> <p>2. Interest earned at State and District level should be shown separately.</p> <p>3. The interest earned on different bank accounts (for various programmes) should be shown separately.</p> | Six Month First Report By 10 th October Second Report – by 10 th April. |
| 5 | Audited Statement of Accounts and Audit reports of SCOVA | As per the Audit Format provided. | Annually. By 31st July of the following year |
| 6 | Utilisation Certificate | <p>1. UCs should be sanction wise.</p> <p>2. UCs should be as per Form 19 A.</p> <p>3. UC should be as per the expenditures certified in the Audit Report.</p> | By 31st July along with the Audited statements |



Synchronization Demo

NRHM Accounting Software

Steps for Synchronization DEMO



- Step 1 : Install (DHS) NRHM Acc. SW
- Step 2 : Configure District for Synchronization
- Step 3 : Install Accounting SW on the Block /CHC/PHC side in a Separate Folder
- Step 4: Configure Block->CHC/PHC for Synchronization
- Step 5 : Create Sync Rule on Block->CHC/PHC
- Step 6 : Handshake Process from Block->CHC/PHC
- STEP 5 : Activate/Enable Sync Rule on District

The Highlights of Accounting Software



- Simple, efficient and cost effective mechanism.
- Simple installation and set-up.
- Simultaneous updating of data at District and Blocks.
- Single click for updating data.
- Synchronization using SW network environment.
- Synchronization over the Internet using a low bandwidth dial-up connection.
- Adaptable to an occasionally connected environment.

Guidelines for Use of SC Funds



- SC untied fund - Rs.10, 000
- Joint bank account of the ANM and the Sarpanch
- Decisions approved by the VHSC , administered by the ANM.
- Untied Funds - used only for the common good, except for referral and transport in emergency.
- **Untied Funds may be used for:**
 - Minor modifications to sub center-
 - Curtains to ensure privacy,
 - Repair of taps,
 - Installation bulbs,
 - Other minor repairs,
 - Cleaning up sub center, especially after childbirth.



Guidelines for Use of SC Funds

- Transport of samples during epidemics.
- Purchase of consumables
- Purchase of bleaching powder and disinfectants
- Labor and supplies for environmental sanitation
- Payment/reward to ASHA for identified activities
- Not for salaries, vehicle purchase, and recurring expenditures



Management of Funds at the SC Level

- **Expected Funds Inflow:** Sub-Centres to receive funds under the following heads:
 - Permanent Advance for performance related incentive to ASHA
 - Annual Maintenance Grant of Rs 10,000/-
 - Untied grant of Rs 10,000/- every year.
 - JSY

- **Banking System:**
 - A bank account, signatories - ANM and Sarpanch
- **Records:**
 - separate register for each of the activities – receipts and expenditure (ANM)
 - Verification (Sarpanch)



Submission of SoE:

- **Quarterly**, within 5 days of the end of the quarter to MO/IC (ANM)
- Reconciliation with bank (ANM).
- SoE on the simple format on plain paper for Untied Grant, Annual Maintenance Grant, JSY, separately



Guidelines for Use of Funds at PHC

- PHC untied grant Rs. 25,000/- p.a., Annual Maintenance Grant of Rs.50,000/-.
- A separate register indicating sources of funds
- Bank account of the concerned RMRS
- PHC - Panchayat level Committee/RMRS to undertake and supervise the work from Annual Maintenance Grant.
- Expenditure monitored by RMRS.



Fund Management by BCMO and MO/IC – CHC/PHC

- JSY
- Untied Grants/annual maintenance grants to Sub-Centres and VHSC
- Workshops for Block Level Mission team Constitution & Orientation of all community leaders on PHC and CHC committees
- Training of community health workers (ASHAs, AWW)
- ASHA support/mentoring mechanism



Fund Management by BCMO and MO/IC – CHC/PHC

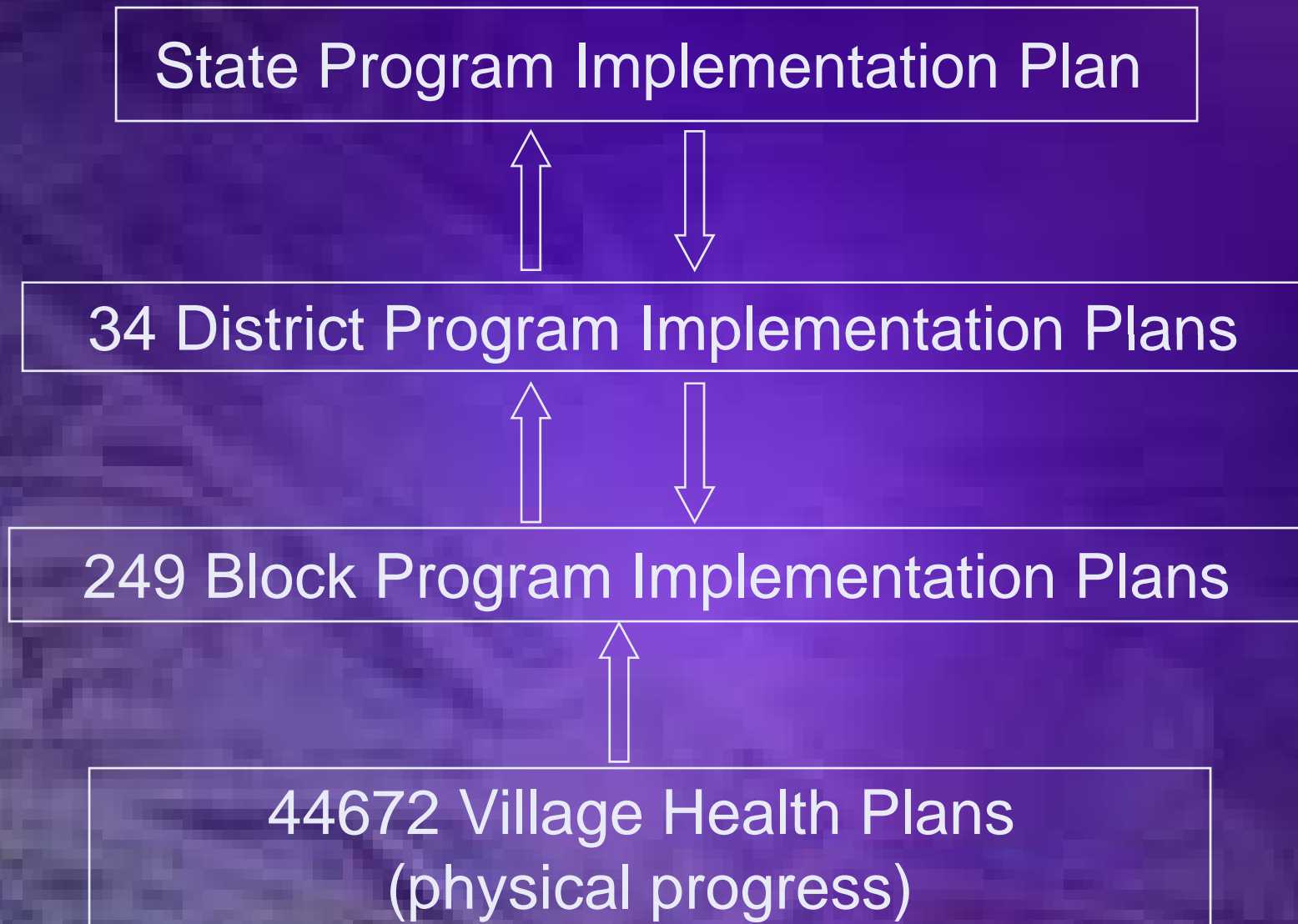
- Training of ANM, PHN, Staff Nurses etc
- Support for School Health Programs.
- Improving physical infrastructure
- Ambulances for PHC/CHC
- National Disease control Programs,
- Health melas, RCH Camp,
- Program Management, etc.



Program Implementation Plans

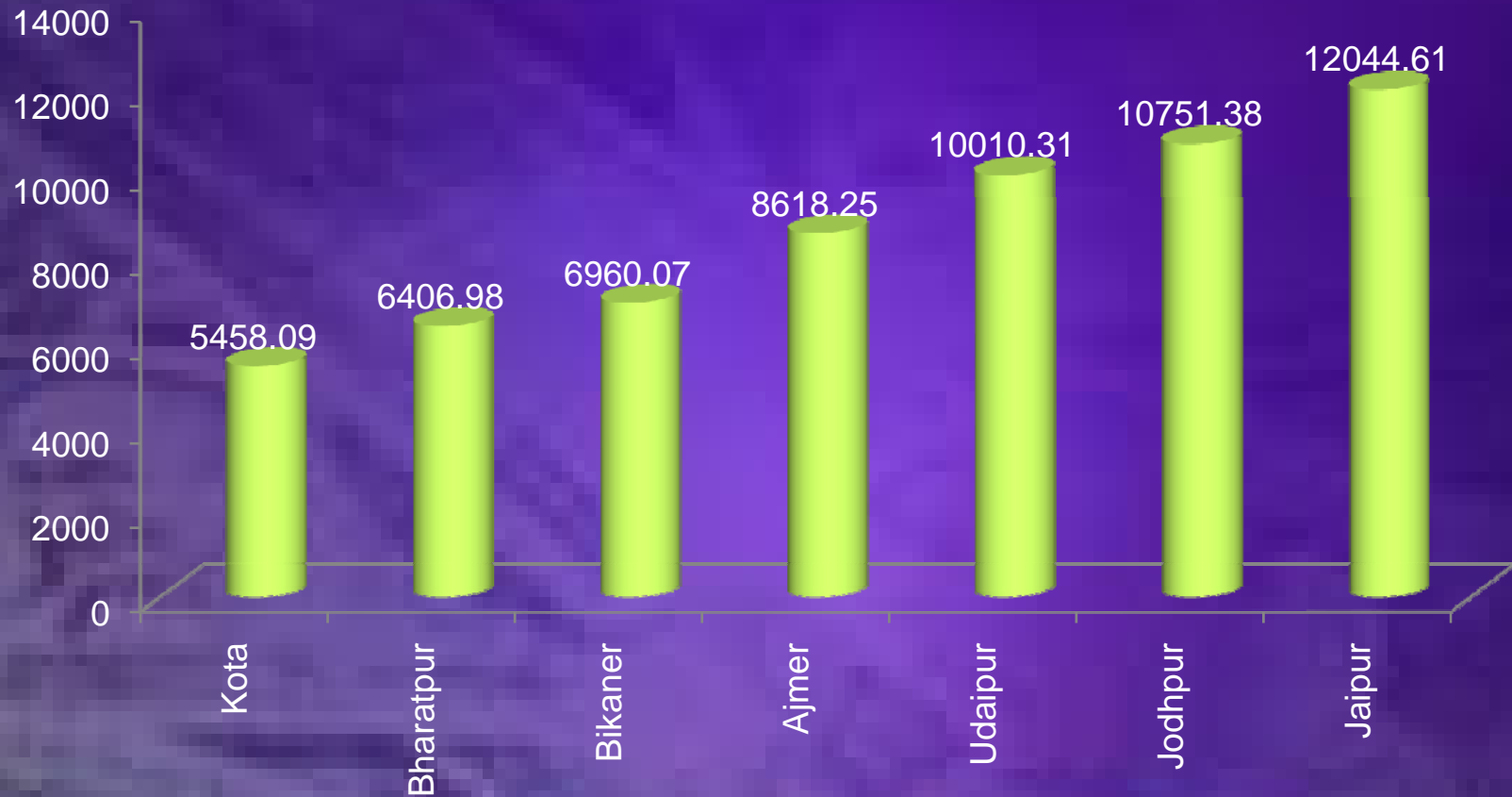


Planning Process



Division-wise PIP (2011-12)

Rs. in lakhs



District-wise PIP (2011-12)

Rs. in Lakhs



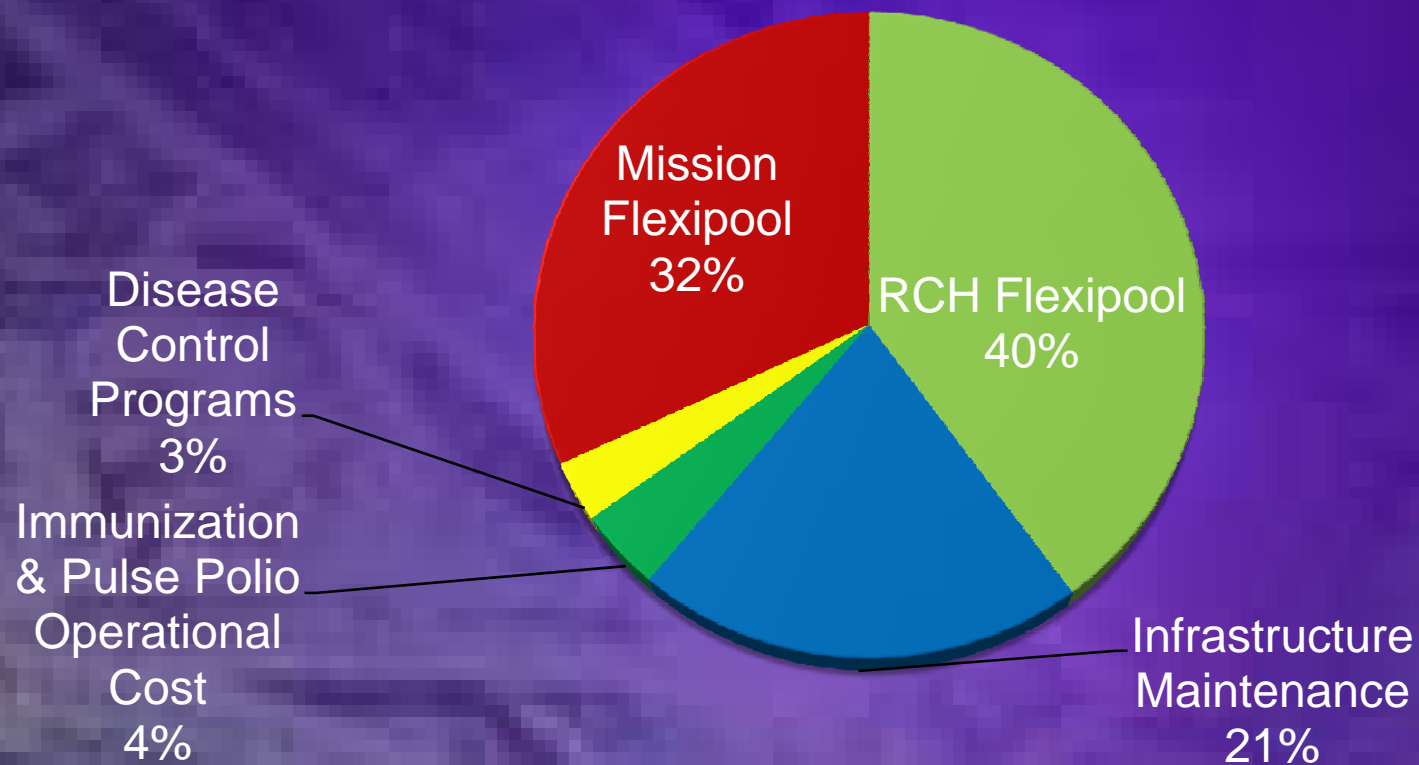


Component-wise Expenditure (2011-12 - till Dec.)



Approved Budget Under PIP 2012-13

Amount (Rs. 142428.9 lakhs)





NRHM – Rajasthan State Health Society

Roles & Responsibilities

- Consolidation of District PIPs and finalization of State PIP;
- Timely release and transfer of funds to DHS;
- Collection & compilation of SOEs, UCs, prepare reports & returns for monthly meetings and reporting to State Government & GoI;
- Ensure timely completion of statutory audit



NRHM Rajasthan- DHS

Roles & Responsibilities

- Finalization of District PIPs
- Release of funds to district functionaries and blocks
- Accounting for all programs, sending Financial Monitoring Reports, UCs and Audit reports to the State FMG.
- Timely completion of audit
- Liaison with the Block Program Office (BPO) and Block Accountant - expenditure reports and UCs on a fortnight / monthly basis



NRHM Rajasthan – Sub District Level (Block Level)

Primary Roles & Responsibilities

- Preparation of Block PIPs
- Consolidation of SoE from:
 - CHC
 - PHC
 - SC
 - VHSC
- Submission of consolidated SoE to District Office.



Total Accounts Under NRHM

12889 Bank Accounts

**2 Bank A/c
SHS, Rajasthan**

**34 Bank A/c
DHS**

**237 Bank A/c
Block**

**365 Bank A/c
CHC**

**1509 Bank A/c
PHC**

**10742 Bank A/c
SHC**

1. All Bank Accounts operational.
2. E-transfer is functional at all districts and out of 237 Block A/c 200 are covered through E-transfer
3. We are negotiating talks with our Bankers to facilitate E-transfer/ RTGS at Block & CHC level.



Thank You

For more details log on to
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