

Training Module on
“Concurrent Audit”

April, 2014



Learning Objective of the Module

The aim of this module is to familiarize the audience with the practice of Concurrent Audit under NRHM including the following:

- ✓ Process of Appointment and Selection of the Concurrent auditor for both state and district level
- ✓ Functions to be performed by the State and District Concurrent Auditor
- ✓ Contents of the state and district level concurrent audit reports
- ✓ Timelines for conducting the audit and submission of the audit report
- ✓ Responsibility of the State/ District in facilitating the audit and compliance with the audit observations

Contents of the Module

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INTRODUCTION

Objective of Concurrent Audit

What is Concurrent Audit?

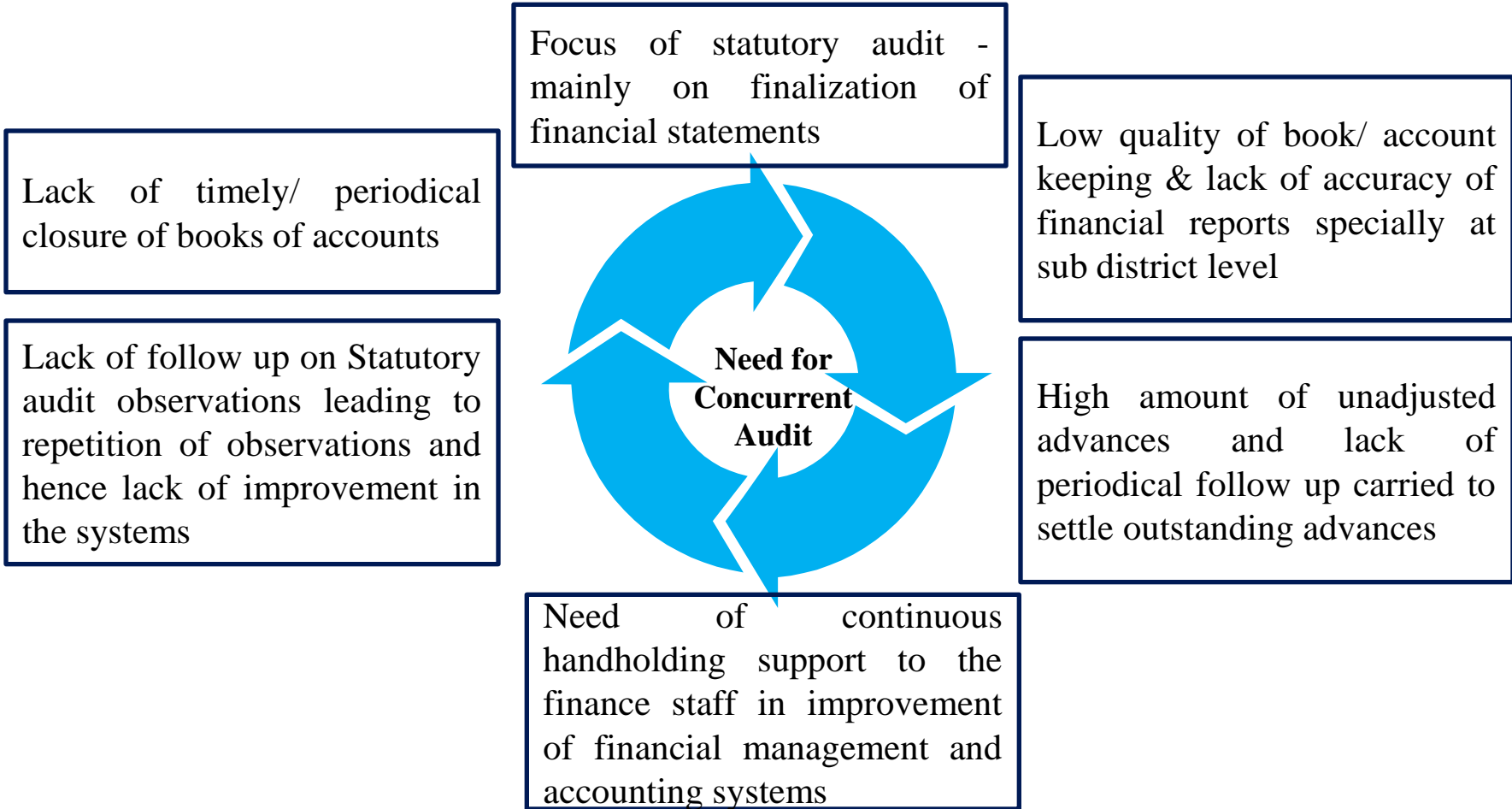
Concurrent audit is a systematic and timely examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines. The emphasis under concurrent audit is not on test checking but on substantial checking of transactions.

It is an ongoing appraisal of the financial health of an entity to determine whether the financial management arrangements (including internal control mechanisms) are effectively working and identify areas of improvement to enhance efficiency.

Objectives of Concurrent Audit

- ✓ Ensure voucher/ evidence based payments to improve transparency
- ✓ Ensure accuracy and timeliness in maintenance of books of accounts
- ✓ Ensure timeliness and accuracy of periodical financial statements
- ✓ Improve accuracy and timeliness of financial reporting especially at sub-district levels
- ✓ Ensure compliance with laid down systems, procedures and policies
- ✓ Regularly track, follow up and settle advances on a priority basis
- ✓ Assess & improve overall internal control systems

Need for Concurrent Audit under NRHM



Recognizing the above need, GoI recommended to institute the concurrent audit system under NRHM wherein monthly concurrent audit need be carried out at both the state and district level. Detailed framework/ guidelines were issued by MoHFW in Aug,2007

SCOPE OF WORK

Scope of Work

As per the guidelines issued by GoI, concurrent auditor is to be appointed both at the state and district level. The scope of work of the *State concurrent auditor* is as follows:

- ✓ Audit of the SHS accounts and expenditure incurred by SHS
- ✓ Verification of Quarterly FMRs with Books of Accounts
- ✓ Audit of Advances at the SHS level
- ✓ Audit of the Provisional Utilization Certificates sent to GoI
- ✓ Monitoring timely submission of the District concurrent audit reports
- ✓ Detailed analysis and compilation of the District concurrent audit reports
- ✓ Vetting of the State Action Taken Reports and providing observations thereon
- ✓ Follow-up & monitoring over the ATRs prepared by districts on the observations made in the audit
- ✓ Preparation of Quarterly Executive summary to be sent to GoI in the prescribed format
- ✓ Any other evaluation work, as desired by the State Audit Committee

Scope of Work

The scope of work of the *District concurrent auditor* is as follows:

- ✓ Review of the DHS Accounts and expenditure incurred by the DHS
- ✓ Audit of Financial Statements of DHS
- ✓ Certification of the Statement of Expenditure
- ✓ Review and analysis of the Age wise and Party wise Advances Report
- ✓ Comparison between financial and physical performance and analysis
- ✓ Visits to sample blocks (in a way to cover all blocks in a year) and peripheral units
- ✓ Filling in the checklist provided
- ✓ Vetting of the district ATRs and providing observations thereon
- ✓ Any other evaluation work, as desired by the District Audit Committee

Coverage, Frequency and Remuneration

Coverage

- ✓ The State Concurrent Auditor should ensure coverage of all the districts and the District Concurrent Auditor should ensure that all the blocks are covered over the entire year.
- ✓ For districts containing upto 12 blocks, it needs to be ensured that atleast one block is covered every month. For districts consisting of more than 12 blocks, it needs to be ensured that every block is covered atleast once during the year.
- ✓ The audit plan should include a visit to atleast 50% PHCs/ CHCs, 3 sub-centres and 3 VHSNCs located within the block selected for visit. The states may decide to increase the scope for the same.
- ✓ The audit has to include accounts maintained under RKS and NDCP (wherever applicable)

Frequency

- ✓ Concurrent Audit will be carried out on a “monthly basis”

Remuneration

- ✓ The fee structure for the concurrent auditor should be decided keeping in mind overall scope and coverage of audit. The state may provide an ‘indicative range’ for audit fees, however actual fees for state as well as district level audits should be decided through competitive bidding process.
- ✓ The respective audit committees can take a view on the rationalization of fees before approving the same and can also make suitable modifications to limits for the audit fee taking into account factors such as, inflation.
- ✓ In case the appointment does not happen within the first quarter the fees should be appropriately reduced as per the decided scope and coverage.
- ✓ The decision on remuneration should be judicious and balanced.

AUDIT COMMITTEE

Audit Committee

- ✓ An audit committee should be constituted at the state as well as district level to facilitate and monitor the appointments and overall audit process at state and district level.

State Audit Committee (SAC)

- ✓ The SAC should function under overall guidance of Principal Secretary (Health) at the State level.
- ✓ The SAC should meet atleast 4 times in a year. Also, a copy of minutes of the meetings of the SAC related to the appointment of auditors shall be sent to Principal Secretary –Health at the state level for concurrence purpose.
- ✓ SAC should consist of the following members:
 - Director (Finance) – State/ Mission Director (where Director Finance or equivalent is not appointed) – **Member Secretary**
 - Divisional commissioner – **Member**
 - State Finance Manager – **Member**
 - Regional Director- DHS – **Member**
 - State Programme Manager – **Member**
 - Representative from NDCP (atleast one) – **Member**

District Audit Committee (DAC)

- ✓ The DAC should function under the guidance of Director (Finance) (or Mission Director, where Director (Finance) is not available) at the state level.
- ✓ The DAC should meet at least 6 times in a year.

Audit Committee

- ✓ The members of the district audit committee should be the following:
 - Chief Medical Officer – **Member Secretary**
 - District Magistrate – **Member**
 - District Accounts Manager – **Member**
 - Representative from NDCP (atleast one) – **Member**

Functions of the State Audit Committee

- ✓ Selection and appointment of the State concurrent auditors
- ✓ Issue of advertisement for appointment of District concurrent auditors
- ✓ Final concurrence for the appointment of District concurrent auditor
- ✓ Monitoring timely audits at the state and district level and timely submission of audit reports
- ✓ Discuss the key audit findings with state concurrent auditor and state finance manager and suggest appropriate actions
- ✓ Monitor whether adequate follow up action is being taken by the state finance personnel on the audit observations
- ✓ Authorize the payment of remuneration to the auditor (only after approving the Action Taken Report on the issues highlighted during the course of the audit)
- ✓ Carrying out an assessment of the audits in case the auditors are being considered to be reappointed and the renewal of the auditors' contracts, in case of reappointment.

Audit Committee

Functions of the District Audit Committee

- ✓ Selection and appointment of District concurrent auditors (in concurrence with the State Audit Committee)
- ✓ Monitoring timely audits at the district level and timely submission of audit reports
- ✓ Discussing the key audit findings with district concurrent auditor and district accounts manager and suggest appropriate actions
- ✓ Monitoring whether adequate follow up action is being taken by the district accounts manager on the audit observations
- ✓ Monitor whether ATR has been prepared by the DAM/ CMO and given to the auditor and whether the same has been vetted and sent by the auditor within the requisite time limit
- ✓ Carrying out an assessment of the audits in case the auditors are being considered to be reappointed with intimation to SAC
- ✓ Renewal of the auditors' contracts with intimation to SAC

SELECTION PROCESS

Auditor Selection Process

- ✓ Appointment and selection of the State and District level concurrent auditors will be done by the respective State/ District Audit Committees, although the initial advertisement for appointment of District Level Auditors will be floated at the state level
- ✓ Also, the final appointment of district auditor can be done only after obtaining the concurrence of State Audit Committee and Director (Finance)/ Mission Director

Appointment and Selection Process

1

Tendering

- Open Tender System to be followed
- Advertisement to be published
- Circulation of EoI format along with the Terms of Reference

2

Evaluation of Bids

- Technical evaluation carried out
- Financial evaluation only for qualifying firms

Appointment and Selection Process

A. Tendering

- ✓ Open Tender system is to be followed to invite quotations
- ✓ Advertisement should be hosted in the local newspapers and displayed at the SHS/ DHS office board
- ✓ EoI format as prescribed in the guidelines along with the Terms of Reference should be circulated to firms in order to submit their technical bids (**Appended as [Annexure I](#)**)

B. Evaluation of Bids

- ✓ Interested firms should submit both Technical and Financial bids in two separate envelopes
 - ✓ Audit committee should first open the technical bids and evaluate them on the basis of the criteria as prescribed in the guidelines
 - ✓ Committee should arrive at a base minimum figure/ threshold and CA firms scoring above the base minimum figure will be deemed to have technically qualified to undertake the job
 - ✓ Financial bids of only qualified firms shall be opened by the committee and audit will be awarded to the lowest bidder
- ✓ If the lowest financial bidder does not agree to undertake the audit work within the prescribed audit fee or the audit committee deems it unfit for any reason (reasons to be recorded in writing), the job may be awarded to the next lowest financial bidder if the firm agrees to undertake the job.
 - ✓ However, the work may only be awarded to a technically qualified bidder (the firms which are above the base minimum figure of the technical evaluation)

Technical Evaluation Sheet

The Audit committee has to evaluate the bids submitted by interested firms on the following parameters. Each member of the committee has to fill the following sheet:

S. No.	Particulars	Remarks	Max Marks	Marks Obtained
1.	No. of partners (FCA/ACA)		10	
2.	Years of partners experience		10	
3.	Years of partners association with the firm		10	
4.	No. of staff			
i	Qualified (Qualified CA's in addition to partners)		10	
ii	Semi Qualified (CA inter)		5	
iii	Others (B.Com graduate or equivalent)		5	
5.	Nature of experience (during last 5 years)			
i	RCH / NRHM Audit (Number of assignments)		5	
ii	Govt. Social Sector Audit (Number of assignments)		15	
iii	Other Social Sector Audit (Number of assignments)		10	
6.	No. of Branches		10	
7.	Total turnover of the firm in last 3 years		10	
	Total		100	

Note:

- In the invitation letter, CA firms will be asked to give details of all these criteria while applying
- CA Firms will also provide their latest Certificate of Firm Constitution as on 1st January of the current year issued by ICAI and their latest Income Tax Return duly acknowledged by IT Department. Firms not able to provide these two documents will not be considered
- Each member of the evaluation committee will fill up this form separately
- Total marks are given by all the members will be totalled and the Audit work will be awarded to the firm obtaining the maximum marks

	Name of the Member		Signature with Date	
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Timelines for Appointment Process

Timelines for the appointment process of State Level Auditor are as follows:

Activity	Timeline
Floating of the RFP	31 st December
Receipt of bids	31 st January
Evaluation of bids	End of February
Issue of award letter	31 st March

Timelines for the appointment process of District Level Auditor are as follows:

Activity	Timeline
Floating of the centralized RFP by the state	15 th December
Receipt of bids by the districts	15 th January
Evaluation of bids by districts	15 th February
Forwarding recommendations by the districts to states	End of February
Approval by the state to the districts	15 th March
Issue of award letter	31 st March

Key Points- Auditor Selection Process

Appointment and Selection

- ✓ The Expression of Interest should be accepted only if submitted in the prescribed format. In the past, bids have been accepted when the EoI contained only a letter expressing interest and contained no information on the profile of the firm
- ✓ Technical Evaluation should be carried out as per the format prescribed in the guidelines. Sometimes states/ districts tend to form their own parameters or directly appoint the auditor with the lowest bid which is not recommended
- ✓ The Annual Statutory Auditor should not be appointed as the State Concurrent Auditor
- ✓ The auditor for the next financial year should be appointed by 31st March of the current financial year
- ✓ In addition to the Concurrent Auditor, the SHS is authorized to appoint an additional Chartered Accountant to assist the State Auditor in review of DHS reports, if required
- ✓ Once selection of State Level Auditor is finalised by SAC, the same may be intimated to Principal Secretary Health for his concurrence
- ✓ The final appointment of District Level Auditor will be done only after obtaining the concurrence of State Audit Committee and Director (Finance)/ Mission Director in the prescribed format

Key Points- Auditor Selection Process

Term of appointment of the Auditor

State Level

- ✓ At the state level, the concurrent auditor appointed once can be retained/ reappointed for a maximum of two financial years i.e. current year and next year.
- ✓ However, the contract awarded should be for one year at a time and should be renewed next year on the basis of review of auditor's performance.

District Level

- ✓ At the district level, the concurrent auditor appointed once can be retained/ reappointed for a maximum total term of two financial years i.e. current year and next year.
- ✓ However, the contract awarded should be for one year at a time and should be renewed next year on the basis of auditor's performance review.
- ✓ There is no bar on the auditor from applying for the audit of a different district in the same state for the next year, provided it does not exceed the limit of 30% of the districts in the state, or 8 districts, whichever is lower.

AUDIT REPORT

Audit Report

- ✓ Audit reports of the DHS and SHS are supposed to include :
 - **Financial statements** (including trial balance, Income & Expenditure A/c, Balance Sheet, etc.)
 - **Filled in audit checklist** (as prescribed in the guidelines which elaborates on the status of reporting, maintenance of books of accounts, receipts and income, payments and expenditure, assets, liabilities, etc.)
 - **Observations & recommendations** on the SHS/ DHS and the units covered under audit
- ✓ Audit reports are to be submitted by the DHS to the SHS every month/ quarter as per the audit frequency.
- ✓ As per the guidelines, the audit report of **District Health Society** needs to contain the following:

- Duly filled in Checklist provided in the guidelines (**Appended as [Annexure II](#)**)
- Financial statements as prescribed
 - Audited Trial Balance
 - Audited Receipts & Payments A/c
 - Audited Income & Expenditure A/c
 - Balance Sheet
 - Audited Statement of Expenditure
 - Bank Reconciliation Statement
 - List of advances
- Observations and Recommendations of the auditor (including observations on blocks visited)
- Action taken by District Health Society on the previous audit observations, along with his observations on the same

Audit Report

- ✓ As per the guidelines, the **State Health Society Audit Report** needs to contain the following:
 - Filled in Checklist provided in the guidelines (**Appended as [Annexure III](#)**)
 - Financial statements as prescribed
 - Audited Trial Balance
 - Audited Receipts & Payments A/c
 - Income & Expenditure A/c
 - Balance Sheet
 - Audited SoE
 - Bank Reconciliation Statement
 - List of outstanding advances
 - Observations and Recommendations of Auditor – Needs to cover the following
 - Deficiencies noticed in internal control
 - Suggestions to improve the internal control
 - Extent of non - compliance with Guidelines issued by GOI
 - Action taken by State Health Society on the previous audit observations, along with his observations on the same
- ✓ The state is required to send a **Quarterly Executive Summary** to the Centre by compiling the observations from the State as well as District Concurrent Audits (**attached as [Annexure IV](#)**).
- ✓ The executive summary gives information on aspects like quality of FMRs, maintenance of books of accounts, advances, vacancy in the SHS/ DHS, compliance with audit observations etc.
- ✓ It shall be signed by both the concurrent auditor and the Mission Director at state level and sent to the Mission Director, MOHFW

Things to remember to ensure completion of Audit Report

- ✓ Audit Reports should be submitted monthly as per the prescribed frequency. Sometimes, states/ districts tend to submit audit reports together for few months (e.g. submission of 3 reports at the end of the quarter even if monthly audit is being carried out) which should be discouraged as a practice.
- ✓ In case of districts/ blocks visited during the audit, the audit report should contain a separate checklist for each unit covered and the observations should also pertain to them respectively.
- ✓ The audit report should also cover qualitative issues emerging from the audit other than the financial statements.
- ✓ The District Audit Committee shall meet atleast 6 times in a year (i.e. once every 2 months) and the State Audit Committee shall meet atleast 4 times in a year (i.e. once every 3 months) for follow up on the observations made by the auditor.
- ✓ Soft copy of the consolidated executive summary & ATR (district and state) should be mailed by the Director (Finance) at the state level to Mission Director in the Ministry of Health & Family Welfare on quarterly basis.

Things to remember to ensure completion of Audit Report

- ✓ In the past, the audit reports have lacked on the following aspects:
 - Filled checklists are not attached
 - Financial statement of NDCPs are not included in the consolidated audit report and hence are not audited
 - Observations reported on accounting and internal control issues are not properly detailed and substantiated
 - Compliance status on the observations made in the previous audits is not reported
 - Action Taken Report are not sent to the audit committee

Key Timelines

Activity	Timeline
Appointment of the SHS and DHS Concurrent Auditors	Before 31 st March of the current year
Carrying out concurrent audit	Monthly
Submission of Audit Report by Auditor to DHS/SHS	10 th of the next month
Submission of soft copy of district audit report to the Director (Finance) at state level	10 th of the next month
Submission of District Concurrent audit reports to the SHS	15 th of the next month
Submission of soft copy of the consolidated executive summary & Action taken Report to MD, MoHFW	Quarterly – by 20 th of the first month of the next quarter
Submission of the executive summary report by the SHS to Centre	Quarterly – by 25 th of the first month of the next quarter

FACILITATION AND COMPLIANCE

Responsibilities of SHS/ DHS in Audit

❖ Closing of Books of Accounts

- ✓ SHS and DHS finance personnel need to ensure timely closure of books of accounts. Draft trial balance, income and expenditure a/c and balance sheet should be prepared and kept ready. This will facilitate in commencing audit quickly.

❖ Production of relevant documents for Audit

- ✓ All State Health Societies and their district programme units, along with CHCs/ PHCs and other RCH Programme implementing agencies shall be under legal obligation to provide the following:
 - Books of Accounts
 - Prescribed Registers
 - Files regarding purchases of all types of goods/ items
 - Files of Construction works
 - Any other document requested by auditor in support/ reference of the above
- ✓ The responsibility for the same shall lie with District Accounts Manager at the District Level and Director (Finance) & Mission Director at the State Level
- ✓ These shall be handed over to the auditors and receipt should be obtained of any such record on plain paper which shall be returned to the In- charge of the audit party once the records are given back

Responsibilities of SHS/ DHS in Audit

❖ Facilitation of the Audit

- ✓ The following arrangements need to be made for the auditors:
 - To provide proper space for sitting during conduct of Audit
 - To provide requisite explanations & documents on the queries raised by the auditor during audit
 - To provide auditors with ATRs on previous audit observations without any delay
 - To arrange payments to the Auditor at the agreed times

❖ Submission & Compilation of Monthly Audit Reports

- ✓ Overall responsibility of monitoring the progress, timely submission and compilation of monthly audits should be of Director (Finance) of state who may be supported by the State Finance Manager and State Accounts Manager. In states where separate Director (Finance) has not been appointed the responsibility should be assigned to the State Finance Manager.

❖ Compliance of Audit Observations

- ✓ District Accounts Manager (along with Chief Medical Officer at District level) and State Finance/ Accounts Manager are responsible for compliance of audit observations made in the audit report within the time limit prescribed.

❖ Provide Relevant Guidelines issued by GoI to Auditors

- ✓ All relevant guidelines issued by GoI should be provided to the auditors before the audit work starts.

Compliance of the Audit

- ✓ An Action Taken Report (ATR) should be submitted by District Accounts Manager/ CMO in case the DAM's post is vacant within 30 days of completion of audit
- ✓ ATR should be vetted by the district concurrent auditor and should be sent to the Director (Finance) of the state along with his observations
- ✓ SAM/ SFM should compile the ATRs of the state and districts and submit it to the Director (Finance) and Mission Director of the State at the end of every quarter
- ✓ Quarterly Consolidated ATRs of all the districts should be submitted to the Mission Director & Principal Secretary (Health) by the Director (Finance) of the state (as member-secretary)
- ✓ Soft copy of the consolidated ATR should be mailed to the Mission Director, MOHFW along with the soft copy of the quarterly executive summary
- ✓ The auditor's fees should be released only after ATR has been received by Director (Finance) of the state

Compliance of the Audit

- ✓ Indicative format of ATR is as follows:

S. No	Observation	Action to be taken	Responsibility to Implement	Timeline agreed	Current Status

- ✓ In order to ensure follow up of observations at the Block level, discussion on the audit observation and the way forward should be carried out during the monthly meeting convened by the CMO held at the district in the presence of District Accounts Manager.
- ✓ In order to effectively handle the audit observations, they should be classified as 'material' and 'non-material' based on their impact. Observations related to system deficiency should also be separately noted for system improvements.

KEY ISSUES/ OBSERVATIONS

Key Issues/ Observations

Selection & Appointment of Auditor

- ✓ Substantial delays in appointment at State level/ District level
 - Lack of availability of suitable audit firms in and around the district
 - The firms are not ready to bid due to low fees offered
- ✓ Evaluation criteria is not strictly followed
 - Format for Technical Evaluation is not strictly followed
 - Bid evaluation cum selection committee is not formed, rather the evaluation is carried out by senior personnel like the MD / SFM
 - EoI format is not followed - In some states, either the EoI format hasn't been circulated to the interested firms for submission of the bids or the firms haven't submitted the bids in the format
- ✓ Multiple audits are given to one audit firm which sometimes affects the quality of audit

Scope of Work & Coverage

- ✓ Wide variation has been observed in the scope of work across districts/ states
 - Some states have circulated the scope provided in the guidelines and some have modified it according to the level of work required at the districts. The scope of work should ideally be defined based on the existing level of quality of finance & accounting systems at the districts while retaining a minimum standard scope of work across districts.
- ✓ Inadequate coverage has been observed in certain instances
 - At state level, lack of detailed review of district reports & lack of visits to sample districts is noted
 - At district level, inadequate coverage of blocks and peripherals

Key Issues/ Observations

- ✓ The auditors are not completely following their defined scope of work
 - The actual scope of work carried out by them gets restricted mainly to the review of the accounts or finalizing the year-end financial statements.
 - No real assistance is provided in preparation of accounts/ handholding FM staff at weaker units
 - In most cases, the auditors do not certify the FMRs even

Timeliness & Quality of report

- ✓ Inconsistency & irregularity has been observed in the frequency of the concurrent audit.
 - As per the guidelines, the audit should be done on monthly basis
 - Substantial delays have been noted in submission of District level audit reports
- ✓ The quality of district audit reports is found to be low
 - Inconsistencies have been seen in terms of correctness, completeness & uniformity.
 - District Audit reports sometimes miss out on some of the information/ checklist etc. as suggested in the guidelines

Monitoring & Audit follow up

- ✓ Lack of adequate monitoring at state level in respect of compliance of audit issues mainly due to lack of timely submission of audit reports from districts
- ✓ Executive summary is not sent to Centre by many states on timely basis

GOOD PRACTICES

Good Practices

- ✓ Some states have adopted few better practices in the implementation and conduct of Concurrent Audit. Some of them are shared as below:

➤ *Fee structure*

- Fee for the concurrent auditor is structured in a reasonably detailed manner by linking it to the no. of units covered and including specific activity to be carried out. E.g.

Particulars	Fee (in `)
Fee per Block PHC (inclusive of Health Institutions under BPHC area)	1500 p.m
Fee for DHS (inclusive of Jt DHS, Additional CM&HO (FW), DH and all NDCP offices)	3000 p.m
Fee for submission of SoE/FMR along with the Statement of Fund position as per GoI format	2000 p.m
<u>Compilation of DHS accounts 09-10 in GoI format:-</u>	
- Per BPHC A/c (covering all health institutions under BPHC)	2000 p.a
- Per DHS A/c (covering all health institutions inclusive of all DCPs)	3000 p.a

This would help in monitoring the work of the auditor.

- Fee for the district audit is fixed as a function of the number of blocks under the district. This would enable the fee to be a function of the size of the district and volume of work envisaged.

Good Practices

➤ *Format of the audit report*

- Along with the ToRs, the format of the concurrent audit report as desired by the state is also attached which is seen as a rare practice.
 - This format gives the auditors an idea on how to prepare the audit report and hence ensures easy compliance to guidelines.
 - The format is very detailed giving details on the formats of financial statements, relevant schedules, checklist, FMR, UC etc.
 - This elaborate format also helps in maintaining uniformity in the audit reports submitted by various districts.

➤ *Audit Evaluation Form (AEF)*

- The state has designed an audit evaluation form to evaluate the performance of the concurrent auditor. The district accounts manager at the end of the year has to fill it which is used as an input by the state to decide whether the auditor should be reappointed for the next financial year or not. (Sample format appended as [Annexure V](#))

➤ *Audit Cell*

- Discussions had been going on at the state level to form an audit cell and an audit committee to monitor various audit activities at state and district level. The state finds this feasible and a good practice in order to streamline the concurrent audit process.

FAQs

Common Issues / Frequently Asked Questions

Some of the common queries/ frequently asked questions regarding the concurrent audit process (observed during some state visits) are given as below:

- ✓ Can the auditors be appointed for a period of 2 years? In which case can the auditors be reappointed?

Ans: The same auditor can be appointed for two years but his contract has to be renewed every year on the basis of his performance of the last year's audit.

- ✓ Can the SHS suggest the fee for DHS auditors?

Ans: The state may provide an 'indicative range' for audit fees, however actual fees for state as well as district level audits should be decided through competitive bidding process.

- ✓ Is the audit to be conducted monthly/ quarterly?

Ans: The audit at both State & District Level should be conducted monthly.

- ✓ Do the sub district level implementing units need to be covered during the audit? If yes, how many units should be covered?

Ans: The audit plan should include a visit to atleast 50% PHCs/ CHCs, 3 sub-centres and 3 VHSNCs located within the block selected for visit. The states may decide to increase the scope for the same. The audit also has to include accounts maintained under RKS and NDCP (wherever applicable)

SELF ASSESSMENT

Self Assessment

Please tick mark (✓) the correct answers. A question can have more than one correct answer.

1. Which all activities come under the scope of work of the DHS auditor?
 - a. Review of district accounts
 - b. Preparation of Utilization Certificates
 - c. Visit to sample blocks and peripheries
 - d. All of the above

2. Does the district audit report need to contain observations on the blocks visited (if any) during the audit?
 - a. Yes
 - b. No

3. By when should the monthly concurrent audit report of the districts be submitted to the SHS?
 - a. By 5th of the next month
 - b. By 10th of the next month
 - c. By 15th of the next month
 - d. None of the above

Self Assessment

4. How often does the SHS auditor supposed to furnish an executive summary to the MoHFW?
 - a. Monthly
 - b. Quarterly
 - c. Six Monthly
 - d. Yearly

5. How much flexibility does the DHS have in deciding the concurrent audit fee?
 - a. It does not have any flexibility
 - b. It can modify the fees only by 10%
 - c. It can modify the fees by 20%
 - d. The fees will be decided only through competitive bidding. The state can only provide an “indicative range”.

6. Which of the following don't fall under the scope of work of the SHS concurrent auditor?
 - a. Verification of quarterly FMRs
 - b. Preparation of Quarterly Executive Summary
 - c. Providing assistance in training and orientation of DAMs
 - d. None of the above

Self Assessment

7. Which of the following is not true in terms of Coverage of Audit?
 - a. For districts containing upto 12 blocks, atleast one block should be covered every month
 - b. For districts consisting of more than 12 blocks, every block is covered atleast once during the year
 - c. The audit should not include accounts maintained under RKS and NDCP
 - d. None of the above

8. Which of the following doesn't fall under the functions of the District Audit Committee?
 - a. Selection and appointment of District concurrent auditors (in concurrence with the State Audit Committee)
 - b. Issue of advertisement for appointment of District concurrent auditors
 - c. Monitoring timely audits at the district level and timely submission of audit reports
 - d. Renewal of the auditors' contracts with intimation to SAC

ANNEXURES

Annexure I- Expression of Interest Format



Microsoft Word
17 - 2003 Document

Annexure II- Checklist for Audit of DHS



Microsoft Word
17 - 2003 Document

Annexure III- Checklist for Audit of SHS



Microsoft Word
17 - 2003 Document

Annexure IV- Quarterly Executive Summary Format



Microsoft Word
Document

Annexure V- Audit Evaluation Form



Microsoft Word
Document

THANK YOU

**Expression of Interest for short listing Chartered Accountant
Firms for the audit of the accounts of State Health Society & District Health
Societies on a Monthly Basis**

Status of the Firm **Partnership** _____ **Sole Proprietorship** _____

1. (a) Name of the firm (in Capital letters) _____
 (b) Address of the Head Office
 (Please also give telephone no.
 and e-mail address)
 (c) PAN No. of the firm
2. ICAI Registration No. _____ Region Name _____
 Region Code No.
3. (a) Date of constitution of the firm:
 (b) Date since when the firm has a full time FCA
4. Full-time Partners/Sole Proprietor of the firm as on 1st January,

S. No.	Years of continuous association with the firm	Number of FCA	Number of ACA
a)	Less than one year		
b)	1 year or more but less than 5 years		
c)	5 year or more but less than 10 years		
d)	10 year or more but less than 15 years		
e)	15 year or more		

Note: Please attach the copy of Firm's Constitution Certificate issued by ICAI as on 1.1. 200

5. Number of Part time Partners if any, as on 1st January , ...
6. Number of Full time Chartered Accountant as on 1st January, ...
7. Number of audit staff employed full-time with the firm
 - a) Articles/Audit Clerks _____
 - b) Other Audit Staff (with knowledge of book _____
 keeping and accountancy)
 - c) Other Professional Staff (Please specify) _____
8. Number of Branches if any (Please mention _____
 places & locations):

9. Whether the firm is engaged in any internal or External audit or any other services providing to any Govt. Company/Corporation or co-operative institution etc. Yes/No
- If `yes', details may be given on a separate sheet.
10. Whether the firm is implementing quality control Policies and procedures designed to ensure that all audit are conducted in accordance with Statements on **Standard Auditing Practices**. Yes/No
- (If yes, a brief note on the procedure adopted is to be enclosed)
11. Whether there are any court/arbitration/any other legal case against the firm Yes/No
- (If yes, give a brief note of the case indicating its percent status)

Undertaking

I/We do hereby declare that the above mentioned information are true & correct and I/We also undertake to abide the terms & condition of the contract and would make compliance of terms laid-down in the contract if executed by us with the State SCOVA.

Date:

Place:

Signature of Proprietor/Sole Partner

Annexure - II

GUIDELINES CUM CHECKLIST FOR AUDIT OF DISTRICT HEALTH SOCIETIES UNDER NRHM

Here are brief guidelines cum checklist for the monthly audit to be conducted at District Health Society. All the auditors are requested to please go through these while conducting the audit so that adequate monitoring at district level can be done in a standardized manner.

Also your suggestions or queries on this are most welcomed.

1. The Audit report should comprise of the following-

- a) Audited Trial Balance
- b) Audited Receipt & Payment A/c
- c) Income & Expenditure A/c
- d) Audited Statement of Expenditure (SOE)
- e) Bank Reconciliation Statements
- f) List of long outstanding Advances
- g) Observations and recommendations of Auditors (including observations on field visits to select Blocks)

2. Also please ensure that the Audit Reports of all the Societies for each month should be submitted by 10th of the next month.

**GUIDELINES CUM CHECKLIST FOR AUDIT OF
DISTRICT
HEALTH SOCIETIES, NRHM**

Note: If the answer for any of the item below is adverse (i.e., 'NO'), please give details on a separate sheet

Sr. No	Questionnaire	Remarks
A. REQUIREMENTS AS PER GOI GUIDELINES		
1	Whether FMRs are based on the books of accounts?	YES/NO
2	Whether advances are shown as expenditure in the FMRs?	YES/NO
3	Whether FMRs/SOES are being prepared in the format prescribed by GUI?	YES/NO
4	Whether FMR/SOE reporting is being done on time every month?	YES/NO
5	Whether the concurrent auditor has audited the monthly FMR/SOE?	YES/NO
6	Whether Statement of Fund Position is being sent along with FMR/SOE?	YES/NO
7	Whether the concurrent auditor has audited the Statement of Fund Position?	YES/NO
8	Whether utilization Certificates for the financial year has been sent to SHS?	YES/NO
9	Whether the utilization Certificates sent to SHS have been audited by concurrent auditor	YES/NO
10	Whether the DHS has sent the Action Taken Report (ATR) on the last statutory audit report of the DHS to the SHS?	YES/NO
11	Whether all the Rogi Kalyan Samities (RKSs) in the District have been audited as per last due date? If not, list down the RKSs which have not been audited.	YES/NO
B. MAINTENANCE OB BOOKS OF ACCOUNTS		
1	Whether cash books are maintained in the format prescribed? (Annexure A)	YES/NO
2	Whether separate Cash Books with Cash and Bank Balance on Cash System of accounting are being maintained properly for different projects (RCH, NRHM, SIP etc.) and are up-to-date?	YES/NO
3	Whether Cash Book is closed daily by 4 p.m. and is authenticated and duly signed by authorized signatory on daily basis?	YES/NO
4	Whether the Society is carrying heavy cash balances i.e. exceeding Rs. 5000/-?	YES/NO
5	If the answer to above is in positive, please give the no. of cases and the reasons therefore	YES/NO
6	Whether appropriate insurance cover is there for excess cash held by the District Health Societies'?	YES/NO
7	Does the physical cash tallies with that entered in Cash Book? Give dates on which verified and the cash balance with SHS on that day	
8	Whether Petty Cash Book is being maintained properly?	YES/NO
9	Whether Cheques issued register is being maintained properly?	YES/NO

10	Whether Registers of Bank Drafts received and Bank Drafts Issued are being maintained?	YES/NO
11	Whether updated pass book / bank statement is available?	YES/NO
12	Whether Bank reconciliation is prepared on a monthly basis as per Annexure-F	YES/NO
13	Whether proper explanation has been given by the persons responsible regarding unreconciled entries'? Please give detailed list of unreconciled and unexplained entries.	YES/NO
14	Are Ledgers being maintained properly?	YES/NO
15	Whether Journal register maintained?	YES/NO
16	Whether Budget Receipt & Control Register is being maintained in the format given in Annexure 'B'?	YES/NO
17	Whether Register for Advances maintained as Advances given - to Staff, - to Contractors/suppliers, and - TA/DA advance	YES/NO
18	Whether Register for Staff Payments maintained?	YES/NO
19	Whether Stock Registers are being maintained properly for: • Civil Works • Machinery & Equipment • Furniture & Other non-consumable articles • Register for drugs & medicines • Register for consumable articles	YES/NO
20	Is there a separate register of advances to NGOs and other voluntary agencies implementing RCH-II prog?	YES/NO
21	Is Register of investment being maintained properly?	YES/NO
22	Weather dispatch register is maintained properly?	
23	Whether Office attendance register is there and maintained properly?	YES/NO
24	Whether all the files of the Society are systematically numbered and recorded in the File register?	YES/NO
C. RECEIPTS & INCOME		
25	Whether DD received register is being maintained properly?	YES/NO
26	Whether all the receipts have been recorded in DD received register and Bank book with date and sanction nos.?	YES/NO
27	Whether Grants received have been recorded under proper heads according to the purpose for which it was received? eg. towards RCH flexi pool. Pulse polio, EC-SIP, DFID etc.	YES/NO
D. PAYMENTS & EXPENDITURE		
28	Whether all the vouchers are checked for the payments made? (Check all Vouchers above Rs. 2 0,000/- and test check remaining vouchers).	YES/NO

29	Whether vouchers have been filled properly and complete in all respect?	YES/NO
30	Whether all the vouchers are scrolled or not and entered into the, Cash/Bank Book properly?	YES/NO
31	Whether all vouchers are supported with appropriate documentary evidences?	YES/NO
32	Whether necessary approval from appropriate authority has been taken for expenditures made?	YES/NO
33	Whether all the approvals are within the sanctioning powers of the sanctioning authority?	YES/NO
34	Whether procedure for obtaining the sanctions has been followed? If no, pl specify the no. of cases in which it is not followed	YES/NO
35	Whether expenditures are classified into Capital and Revenue properly?	YES/NO
36	Whether expenses are debited to proper activity for which it was given?	YES/NO
37	Whether all the payments have been classified into as- Yes / No - Disbursements out of Grants-in-aid received from a) GOI b) WHO c) NIHFV d) OTHERS	YES/NO
38	Whether the amount is been actually utilized for the purpose for which it was disbursed? If no, pl, give details:	YES/NO
39	Whether there is any deviation between the amount of expenses shown as per Income & Expenditure and as per SOEs submitted by District Health Society to the state?	YES/NO
40	If yes, quantify the difference activity wise.	YES/NO
E. ASSET SIDE		
a) Fixed Assets		
41	Whether fixed assets register has been maintained in the prescribed format? (see Annexure 'C')	YES/NO
42	Is the procedure for purchase of Fixed Assets being followed? Reports deviations if any.	YES/NO
43	Does physical stock tallies with that recorded in register?	YES/NO
b) Advances		
44	Whether Advances are given after follows required procedures	YES/NO
45	The purpose for which advance was given comply with the bye-laws?	YES/NO
46	Whether Advance tracking register is maintained properly? (format as per Annexure 'D')	YES/NO
47	Specify whether an Age analysis of Advances has been maintained as per format given? (Annexure E)	YES/NO
48	Whether there are huge unadjusted advances say more than one month)?	YES/NO
49	If the answer to above is affirmative please give details of such unadjusted advances and the reasons for not adjusting the same.	YES/NO

F. LIABILITIES SIDE		
a) Grants/ Funds Received		
50	Whether grants-in-aid received have been properly classified that received from Gol towards- <ul style="list-style-type: none"> • RCH-11 Flexi pool • Pulse Polio • IBC-SIC • Area Projects Others (specify)	YES/NO
b) Capital Fund		
51	Whether Capital Fund Account has been created to the extent of fixed asset purchased and capitalized?	YES/NO
G. OTHER STATUTORY REQUIREMENTS		
a) Tax Deducted at Source (T.D.S)		
52	Whether T.D.S has been deducted appropriately wherever required?	YES/NO
53	Whether tax has been deducted at source at the rates prescribed? Give list of cases where tax has not been deducted or has been deducted short. (for rates of deduction of tax refer Annexure 'F').	YES/NO
54	Whether quarterly returns of T.D.S in the form prescribed have been filled in time? If not, state reasons.	YES/NO
b) Other requirements		
55	Whether the Society is registered with Income Tax Authorities for exemption from paying Income Tax under relevant section/s?	YES/NO

ANNEXURE 'A'- CASH BOOK

RECEIPTS						PAYMENTS					
Date	Particulars	Party Name	Activity Head	L/f No	Amount (Rs)	Date	Particulars	Party Name	Activity Head	L/f No	Amount (Rs)
	Opening Balance b/f										
	Total Receipts						Total Payments				
	Grand Total						Grand Total				

ANNEXURE 'B' - BUDGET CONTROL REGISTER

Date	Activity/Particulars	Approved Budget	Grants in aid Received			Total Budget Received	Bal Budget	Funds Released	Unspent Funds avail.

ANNEXURE 'C' - ASSET REGISTER

Date	Voucher No	Particulars	Location	Asset Quantity				Asset Cost			
				At the beginning of the year	Addition	Deletion	Total Qty	Cost at the beginning of the year (Rs)	Addition (Rs.)	Deletion (Rs)	Total Cost at the End of the year (Rs)
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

ANNEXURE 'D' - FORMAT OF ADVANCE TRACKING REGISTER

Name of Authorized Person: _____

Date	Particulars	To Whom given	Cheque no & Date	Amount	Adjustment details		Balance Advances
					Date	Amount Adjusted	

ANNEXURE 'E' - AGE ANALYSIS OF ADVANCES

Age	Number of advances	Advance outstanding (Rs.)
Advances pending for less than 1 years		
Advances pending for more than 1 year but less than 2 years		
Advances pending for more than 2 years		

Annexure 'F': Bank Reconciliation Statement as on Date: _____

Name of the State/District Health Society: _____

SB A/c No: _____

Sr. No	Particulars	Schedule Reference	Amount(Rs.)		
A	Balance as per Cash Book (as on date)				
B	Add:	i	Cheques issued but not yet presented for		
		ii	payments into bank.		
		iii	Credit entries made in the bank Pass book but not shown in the cash book (Such as bank Interest) Other Reasons		
		Sub Total (B)			
C	Less:	i	Cheques deposited into Bank but not yet credited into the Saving Bank Account of the SHS / DHS		
		ii	Bank charges debited in the bank account but not accounted for in the cash book		
		iii	Other Reasons		
		Sub Total (c)			
Balance as per <u>Pass Book/Bank Statement</u> (A+B-C)					

Prepared By	Examined By
DAM/SAM	Concurrent Auditor

Date: _____

Annexure - III

GUIDELINES CUMCHECKLIST FOR AUDIT OF STATE HEALTH SOCIETIES UNDER NRHM

Here are brief guidelines cum checklist for the monthly audit to be conducted at State Health Society. All the auditors are requested to please go through these while conducting the audit

so that adequate monitoring at state level can be done in a standardized manner. Also your suggestions or queries on this are most welcomed.

1. The Audit report should comprise of the following-
 - a) Audited Trial Balance
 - b) Audited Receipt & Payment A/c
 - c) Income & Expenditure A/c
 - d) Audited Statement of Expenditure (SOE)
 - e) Bank Reconciliation Statements
 - f) List of long outstanding Advances
 - g) Observations and recommendations of Auditors.

2. Also please ensure that the Audit Reports of all the Societies for each month should be submitted by 10th of the next month.

**GUIDELINES CUM CHECKLIST FOR AUDIT OF STATE
HEALTH SOCIETIES, NRHM**

Note: If the answer for any of the item below is adverse (i.e., 'NO'), please give details on a separate sheet.

Sr. No	Questionnaire	Remarks
A. REQUIREMENTS AS PER GOI GUIDELINES		
1	Whether FMRs are based on the books of accounts?	YES/NO
2	Whether advances are shown as expenditure in the FMRs?	YES/NO
3	Whether FMRs are being prepared in the format prescribed by GOI?	YES/NO
4	Whether FMR reporting is being done on time every quarter?	YES/NO
5	Whether the concurrent auditor has audited the quarterly FMR?	YES/NO
6	Whether Statement of Fund Position is being sent along with FMRs?	YES/NO
7	Whether monthly Bank Balances Position Reports are sent to GOI regularly, in the prescribed format?	YES/NO
8	Whether the concurrent auditor has audited the Statement of Fund Position?	YES/NO
9	Whether Provisional Utilization Certificates for the last financial year has been sent to GOI?	YES/NO
10	Whether the Provisional Utilization Certificates sent to GOI have been audited by concurrent auditor	YES/NO
11	Whether statutory annual auditor has been appointed on the due date, i.e., 31 st March	YES/NO
12	Whether the appointment of statutory auditor has been intimated to GOI?	YES/NO
13	Whether Delegation of Administrative and Financial Power has been done as per the GOI Guidelines?	YES/NO
14	Whether Financial and Accounting unification has taken place in the SHS as per GOI notification No. 107/FMG/2005-06 dated 14.12.2006?	YES/NO
15	Whether the last annual financial statements were prepared in the format prescribed by GOI?	YES/NO
16	Whether the SHS has sent the Action Taken Report (ATR) on the last statutory audit report of the DHS to the SHS?	YES/NO
B. MAINTENANCE OF BOOKS OF ACCOUNTS		
1	Whether books of accounts are maintained on computerized software? <i>Note: If accounts are maintained on standard accounting software, strike out the points not applicable in the relevant rows below.</i>	YES/NO
2	Whether cash book is being maintained in the format prescribed?	YES/NO
3	Whether separate Cash Books with Cash and Bank Balance on Cash System of accounting are being maintained properly for different projects (RCH, NRHM, SIP etc.) and are up-to-date?	YES/NO
4	Whether Cash Book is closed daily by 4 p.m. and is authenticated and duly signed by authorized signatory on daily basis?	YES/NO
5	Whether the Society is carrying heavy cash balances i.e. exceeding Rs. 5000/-?	YES/NO

6	If the answer to above is in positive, please give the no. of cases an the reasons therefore	YES/NO
7	Whether appropriate insurance cover is there for excess cash held by the State Health Societies"?	YES/NO
8	Does the physical cash tallies with that entered in Cash Book? Give dates on which verified and the cash balance with SHS on that day	
9	Whether Petty Cash Book is being maintained properly?	YES/NO
10	Whether Cheques issued re ister is being maintained properly?	YES/NO
11	Whether Registers of Bank Drafts received and Bank Drafts Issued are being maintained?	YES/NO
12	Whether updated pass book / bank statement is available?	YES/NO
13	Whether Bank reconciliation is prepared on a monthly basis as per Annexure-F	YES/NO
14	Whether proper explanation has been given by the persons responsible regarding unreconciled entries"? Please give detailed list of unreconciled and unexplained entries.	YES/NO
15	Are Ledgers being maintained properly.	YES/NO
16	Whether Journal mister maintained?	YES/NO
17	Whether Budget Receipt & Control Register is being maintained in the format given in Annexure 'B'?	YES/NO
18	Whether Register for Advances maintained as Advances given - to District Health Societies - to Staff, - to Contractors/suppliers,and - TA/DA advance - NGOs/ Other voluntary agencies	YES/NO
19	Whether Register for Staff Payments maintained?	YES/NO
20	Whether Stock Registers are being maintained properly for: • Civil Works • Machinery & Equipment • Furniture & Other non-consumable articles • Register for drugs & medicines • Register for consumable articles	YES/NO
21	Is register of Investments being maintained properly?	YES/NO
22	Whether Dispatch Register maintained properly?	YES/NO
23	Whether Office attendance register is there and maintained properly?	YES/NO
24	Whether all the files of the Society are systematically numbered and Yes / No recorded in the File register?	YES/NO
C. RECEIPTS & INCOME		
25	Whether DD received register is being maintained properly?	YES/NO
26	Whether all the receipts have been recorded in DD received register and Bank book with date and sanction nos.?	YES/NO

27	Whether Grants received have been recorded under proper heads according to the purpose for which it was received? eg. towards RCH flexi pool. Pulse polio, EC-SIP, DFIDetc.	YES/NO
D. PAYMENTS & EXPENDITURE		
28	Whether there is any significant delay in sending the funds to districts after their receipt from GOI?	YES/NO
29	Whether all the vouchers are checked for the payments made? (Check all Vouchers above Rs. 1 0,000/- and test check remaining vouchers).	YES/NO
30	Whether vouchers have been filled properly and complete in all respect?	YES/NO
31	Whether all the vouchers are scrolled or not and entered into the , Cash/Bank Book properly?	YES/NO
32	Whether all vouchers are supported with appropriate documentary evidences?	YES/NO
33	Whether necessary approval from appropriate authority has been taken for expenditures made?	YES/NO
34	Whether all the approvals are within the sanctioning powers of the sanctioning authority?	YES/NO
35	Whether procedure for obtaining the sanctions has been followed? If no, pl specify the no. of cases in which it is not followed	YES/NO
36	Whether expenditures are classified into Capital and Revenue properly?	YES/NO
37	Whether expenses are debited to proper activity for which it was given?	YES/NO
38	Whether all the payments have been classified into as- Yes / No - Disbursements out of Grants-in-aid received from a) RCH Flexible Pool b) Mission Flexible Pool c) Routine Immunization d) Pulse Polio Immunization e) NDCPs Programmes such as TB, Malaria, Blindness etc. f) Any other grants	YES/NO
39	Whether the amount is been actually utilized for the purpose for which it was disbursed? If no, pl, give details:	YES/NO
40	Whether there is any deviation between the amount of expenses shown as per Income & Expenditure and as per FMRs submitted by State Health Society to GOI?	YES/NO
41	If yes, quantify the difference activity wise.	YES/NO
E. ASSET SIDE		
a) Fixed Assets		
42	Whether fixed assets register has been maintained in the prescribedformat? (see Annexure 'C')	YES/NO
43	Is the procedure for purchase of Fixed Assets being followed? Reports deviations if any.	YES/NO

44	Does physical stock tallies with that recorded in register?	YES/NO
b) Advances		
45	Whether Advances are given after follows required procedures	YES/NO
46	The purpose for which advance was given comply with the bye-laws?	YES/NO
47	Whether Advance tracking register is maintained properly? (format as per Annexure 'D')	YES/NO
48	Specify whether an Age analysis of Advances has been maintained as per format given? (Annexure E)	YES/NO
49	Whether there are huge unadjusted advances say more than one month)?	YES/NO
50	If the answer to above is affirmative please give details of such unadjusted advances and the reasons for not adjusting the same.	YES/NO
F. LIABILITIES SIDE		
a) Grants/ Funds Received		
	Whether grants-in-aid received have been properly classified that received from Government towards- <ul style="list-style-type: none"> • RCH-11 Flexi pool • Mission Flexible Pool • Routine Immunization • Pulse Polio • Individual NDCPs • Others (specify) 	YES/NO
b) Capital Fund		
52	Whether Capital Fund Account has been created to the extent of fixed asset purchased and capitalized?	YES/NO
G. STATUTORY REQUIREMENTS		
a) Tax Deducted at Source (T.D.S)		
53	Whether T.D.S has been deducted appropriately wherever required?	YES/NO
54	Whether tax has been deducted at source at the rates prescribed? Give list of cases where tax has not been deducted or has been deducted short. (for rates of deduction of tax refer Annexure 'F').	YES/NO
55	Whether quarterly returns of T.D.S in the form prescribed have been filled in time? If not, state reasons.	YES/NO
b) Other requirements		
56	Whether the Society is registered with Income Tax Authorities for exemption from paying Income Tax under relevant section/s?	YES/NO

ANNEXURE `D'- FORMAT OF ADVANCE TRACKING REGISTER

Name of Authorized Person: _____

Date	Particulars	To Whom given	Cheque no	Amount	Adjustment Details		Balance Advances
					Date	Amount Adjusted	
	Activity I						
	Activity II						
	Activity III						

ANNEXURE `E' - AGE ANALYSIS OF ADVANCES

Age	Number of advances	Advance outstanding (Rs.)
Advances pending for less than 1 years		
Advances pending for more than 1 year but less than 2 years		
Advances pending for more than 2 years		

Annexure `F: Bank Reconciliation Statement as on Date: _____

Name of the State/District Health Society: _____

SB A/c No: _____

Sr. No	Particulars		Schedule Reference	Amount(Rs.)
A	Balance as per Cash Book (as on date)			
B	Add:	i	Cheques issued but not yet presented for payments into bank.	
		ii	Credit entries made in the bank Pass book but not shown in the cash book (Such as bank Interest)	
		iii	Other Reasons	
		Sub Total (B)		
C	Less:	i	Cheques deposited into Bank but not yet credited into the Saving Bank Account of the SHS / DHS	
		ii	Bank charges debited in the bank account but not accounted for in the cash book	
		iii	Other Reasons	
		Sub Total (C)		
	Balance as per <u>Pass Book/Bank Statement</u> (A + B - C)			

Prepared By	Examined By
DAM/SAM	Concurrent Auditor

Date: _____

Executive Summary

(To be submitted to FMG, MoHFW, GoI by the State Programme Management Support Unit, State Health Society)

Name of the State _____

For the Quarter (due dates: 31st July/31st Oct/31st January/30th April)/Year

NOTE: Based on the three monthly reports, this report has to be submitted along with the Quarterly Financial Monitoring Report

Part-A: State level issues:

Books of Accounts

1. Whether books of accounts of SHS are computerized? If yes, whether any ERP system has been implemented?
2. Whether registers related to budget receipt and control, advances, staff payments, stock, investments etc. are being maintained properly?
3. Whether the Quarterly FMRs and Statement of Fund Position are based on books of accounts. and prepared in the prescribed format?
4. Whether the Quarterly FMRs and Statement of Fund Position are audited by the concurrent auditor?

Disbursement & utilization of funds

5. Provide a list of advances and total amount involved which are outstanding for more than a year. Mention the follow up action taken for the same.
6. Whether the Provisional Utilization Certificates sent to GOI have been audited by the concurrent auditor?
7. Whether there is any significant delay in disbursing the funds to Districts, after their receipt from GOI?
8. Whether the posts of State Finance Manager and State Accounts Manager are filled up? If vacant, since when?

Monitoring & evaluation

9. Whether the state audit committee has been meeting at regular intervals? (Indicate the number of meetings held during the period)
10. Whether audit observations of the concurrent auditor have been complied with?
11. Whether Action Taken Report on observations has been submitted regularly?
12. Whether the SHS has sent the Action Taken Report (ATR) on the last concurrent audit report of the DHS to the GOI?

Others

13. Whether unification of financial and accounting processes as per GOI Notification No. 107/FMG/2005-06 dated 14.12.2006 has been completed?
14. Whether delegation of Administrative and Financial powers have taken place as per GOI guidelines (circulated vide D.O. No.118/RCH-Fin/2006-07 dated 1st May, 2007).

Part-B: District level issues:

Coverage

15. Name of the Districts where monthly concurrent audit has not taken place. (specify the reason)
16. Number of districts where all the blocks have not been covered at least once in the course of audit. (indicate the numbers in each district)
17. Number of blocks (district wise) where the peripheral units have not been visited
18. Number of Rogi Kalyan Samities (district-wise) where last annual audit has not been done.

Books of Accounts

19. Name of the Districts where books of accounts are not computerized. Provide a district wise breakup of health facilities for the same.
20. Name of the Districts where Cash Books are not being maintained/closed on a daily basis. Provide a district wise breakup of health facilities for the same.
21. Name of the Districts where bank reconciliation is not being done on a monthly basis. Provide a district wise breakup of health facilities for the same.

Reporting

22. Name of the Districts which have not submitted the Statement of Fund Position in the last three months.
23. Name of districts that have not submitted their concurrent audit reports on time. Also mention the extent of delay.
24. Name of the Districts which have not submitted FMRs/SOEs in the last three months.
25. Name of the Districts where the SOEs/FMRs are not being submitted in prescribed format.
26. Whether the SOE/ FMR submitted by the districts includes the SOE from all the Blocks/ CHC/PHC etc. on regular basis and on the basis of the Books of Accounts only? Report the exceptions to the same.
27. Provide a list of advances and total amount involved District-wise which are outstanding for more than a year. Mention the follow up action taken for the same.

Audit Committee

28. Number of districts where audit committee has not been constituted/ is not meeting at regular intervals (Indicate names)

Others

29. Number of Districts where unification of finance and accounting processes has not taken place as per GO1 guidelines.
30. Number of districts where posts of District Accounts Manager has been vacant for more than 3 months.
31. Number of Districts where Delegation of Administrative and Financial powers have not taken place as per GOI guidelines (circulated vide D.O. No.118/RCH-Fin2006-07 dated 1st May, 2007).

Part-C: Pending issues:

32. Whether the issues raised in the last Quarterly Executive Summary have been addressed? List down the details of major pending issues.

(S/d.)

State Health Society

(S/d.)
**CONCURRENT AUDITOR, DIRECTOR (FINANCE & ACCOUNTS)/
MISSION DIRECTOR)**
State Health Society

Audit Evaluation Form

DHS Name:

Your Name:

Position:

Audit Dates:

Commenced:

Completed:

Auditor Firm Name:

Audit Team Headed By:

Name

Designation

a)

b)

c)

d)

Q1. Was an audit undertaken within an appropriate time frame?

Yes

No

Q2. How would you rate the audit process?

5- Excellent

4-Good

3-Fair

2-Poor

1-Very Poor

Q3. How would you describe the audit process? (choose at least ONE but tick all that apply.)

Helpful

Professional

Thorough

Objective

Constructive

Supportive

Informative

Non-threatening

Clear

Others: _____

Q4. How would you rate the auditors conduct?

5- Excellent

4-Good

3-Fair

2-Poor

1-Very Poor

Q5. How would you describe the auditors conduct? (choose at least ONE but tick all that apply.)

Helpful

Professional

Thorough

Objective

Constructive

Supportive

Informative

Friendly

Clear

Others:_____.

Q6. How would you rate the audit assistant's conduct?

5- Excellent 4-Good 3-Fair 2-Poor 1-Very Poor

Q7. How would you describe the audit assistant's conduct? (Choose at least ONE but tick all that apply).

Helpful Professional Thorough Objective
 Constructive Supportive Informative Friendly
 Clear Others: _____

Q8. Number of Man-days taken? 150 (approximately)

Q9. Whether the audit was completed as per prescribed time frame? Yes/No. If no narrate the reasons.

Q10. Whether in the entire audit process the Chartered Accountants (partner/proper tier of the audit firm was involved). Yes/No.

Q11. Whether audit findings are discussed before release of audit report Yes/No.

Q12. Would you like to continue the same auditor for the concurrent audit of your districts? Yes/No. If yes give reasons. If no give reasons.

Q13. Whether the auditor has assisted you in compilation of accounts in GOI format. If yes narrate the help received.

Q.14. Comments & Suggestions.

Signature

Date:

Course Module on Audit Arrangements

Session Title: Concurrent Audit Arrangements under NRHM		Session-at-a-glance				
Session learning objectives	Session Structure	Teaching Method Used	Teaching Material used	Time Required		
<p>Objective of Session:</p> <p>The participants will be able to understand in detail the concurrent audit arrangements under NRHM. This will include: Process of selection and appointment of the concurrent auditors, scope of work for concurrent auditors and essentials of an audit report and timelines for conducting the audit and submission of the audit report. In addition, it also reflects upon the responsibility of state and district officials in facilitating and compliance with audit observations.</p> <p>Materials Required :</p> <ol style="list-style-type: none"> 1. Slides 2. Self-Assessment 3. Illustrative Audit Reports 	<p>Learning Objective of the module</p> <p><u>Key Teaching Point 1:</u> Objective and need of concurrent audit</p> <p><u>Key Teaching Point 2:</u> Scope of work, coverage, frequency and remuneration of the auditor</p> <p><u>Key Teaching Point 3:</u> Audit Committee</p> <p><u>Key Teaching Point 4:</u> Auditor Selection Process</p> <p><u>Key Teaching Point 5:</u> Audit Report and Key Timelines</p> <p><u>Key Teaching Point 6:</u> Facilitation and Compliance of audit</p> <p><u>Key Teaching Point 7:</u> Key Issues/ Observations, Good Practices and FAQs</p> <p><u>Self-assessment</u></p>	<p>Instructional and Participative</p> <p>(Examples of one good & one badly prepared audit report also to be shared)</p> <p>Individual attempts by Participants</p>	<p>Slides 2-3</p> <p>Slides 4-6</p> <p>Slides 7-10</p> <p>Slides 11-14</p> <p>Slides 15-21</p> <p>Slides 22-27</p> <p>Slides 28-32</p> <p>Slides 33-40</p> <p>Slides 41-44</p>	<p>5 mins</p> <p>5 mins</p> <p>5 mins</p> <p>20 mins</p> <p>30 mins</p> <p>5 mins</p> <p>30 mins</p> <p>5 mins</p> <p>10 mins</p>		
				TOTAL TIME REQUIRED	1 Hr & 55 mins	

Concurrent Audit

Solution- Self Assessment

1. a and c.
2. a.
3. b.
4. b.
5. d.
6. c.
7. c.
8. b.