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## Introduction

National Rural Health Mission (NRHM) of the Ministry of Health & Family Welfare was launched on 12<sup>th</sup> April, 2005 by the Government of India to improve medical facilities in all the rural area in the country. The NRHM seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections. It also seeks to reduce the Maternal Mortality Ratio (MMR) in the country from 407 to 100 per 1,00,000 live births, Infant Mortality rate (IMR) from 60 to 30 per 1000 live births and the Total Fertility Rate (TFR) from 3.0 to 2.1 within the 7 year period of the Mission.

One of the visions of the Mission is to increase public spending on health from 0.9% to 2-3% of GDP, with the improved arrangement for community financing and risk pooling. The NRHM has provided an umbrella under which the existing Reproductive and Child Health Programme (RCH) and various National Disease Control Programmes (NDCPs) have been repositioned.

At present the following Schemes come under the National Rural Health Mission:

- A. Reproductive and Child Health Programme: (RCH Flexi-pool)
- B. Additionalities Under NRHM: (Mission Flexi-pool)
- C. Operating Costs for Routine Immunisation & Injection safety.
- D. Operating Cost for Pulse Polio Immunisation.
- E. National Disease Control Programmes:
  - National Vector Borne Disease Control Programme (NVBDCP).
  - Revised National Tuberculosis Control Programme (RNTCP).
  - National Leprosy Control Programme (NLCP).
  - National Trachoma & Blindness Control Programme.
  - National Iodine Deficiency Disorder Control Programme (NIDDCP).
  - Integrated Disease Surveillance Project (IDSP).
- F. Others like: IEC, NGO, Deafness Control, etc.

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## **Institutional and Funding Arrangements**

For the implementation of the above programmes, an Integrated Health Society at State and District levels (registered as a legal entity at the State and District under the national or state society registration Act) has been formed. This is against the earlier arrangement of having distinct legal units (Societies) for each program/scheme. Such integrated State Health Society (SHS) works in close coordination with the Directorates of Health & Family Welfare Department and District Health Societies (DHS) work in coordination with the District Collector and CDMO. Program implementation is done through its Chief District Medical Officer's office, Community Health Centres (CHCs), Primary Health Centres (PHCs), Sub-Centres (SCs) and Village Health Sanitation Committees (GKSs). Certain activities may be managed at the State level such as drug procurement, IEC, civil works, training using specialized entities such as SIHFW, IEC Bureau, PWD, the Directorate of Health and municipal corporations for the urban health components. In addition funds are also released NGOs and private entities under public private participation arrangements.

## **Funding & Accounting Arrangements**

Funds for the various programs are transferred to the States from the Government of India in the form of Grants-in-Aid to SHS on the basis of respective State Programme Implementation Plan (SPIPs) and approved Annual Work Plans which are prepared on the basis of District Health Action Plans (DHAP) of each of the districts in the State. Similarly, funds are released from State to the districts and from districts to the blocks basing on the District Programme Implementation Plans (DPIPs) and Block Programme Implementation Plans (BPIPs) respectively. Under the umbrella of the integrated SHS/DHS, each program has separate bank accounts, maintains separate books of accounts and other financial records as required under each program and also submit separate financial activity reports at varying frequencies to the respective monitoring unit in MOHFW (GOI).

## **Background and Need**

Quality of accounting and reporting from implementation units has always been an area of concern. To improve the quality of accounting and book keeping, FMG, GoI had developed a manual on the financial management requirements and had circulated the same to the States which was also modified by FMG, NRHM, Odisha to meet the need of the State and circulated to districts and blocks. While the

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manual is comprehensive, the sub-district level implementing units generally lack the skill and capacity to interpret the manual and extract the relevant sections applicable to them.

Considering the above, the latest Mid Term Review (MTR) recommended the development of model financial & accounting handbooks for sub-district level implementing units which would provide their staff with necessary guidance and serve as a quick reference document in respect of various finance and accounts activities that they are supposed to carry out.

Accordingly, financial & accounting handbooks have been developed for the following sub-district level implementing units.

- CHC
- RKS
- Sub-Centres
- GKSS

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## CHAPTER 1 – List of Abbreviations

List of Abbreviations	Full Form
ANM	Auxiliary Nurse Midwife
ASHA	Accredited Social Health Activist
AWW	Angan Wadi Worker
BAM	Block Accounts Manager/ Block Accountant
BCHC	Block Community Health Centre
BMO	Block Medical Officer
BPHC	Block Primary Healthcare Centre
BPM	Block Programme Manager
BRS	Bank Reconciliation Statement
CA	Chartered Accountant
CDMO	Chief District Medical Officer
CHC	Community Health Centre
CM&HO	Chief Medical & Health Officer
CMO	Chief Medical Officer
DA	Data Assistant
DAM	District Accounts Manager
DHS	District Health Society
DPM	District Programme Manager
DPMU	District Programme Management Unit
FM	Financial Management
FMG	Financial Management Group
FMR	Financial Monitoring Report
GoI	Government of India
MO	Medical Officer
MoHFW	Ministry of Health and Family Welfare
NDCP	National Disease Control Programme
NRHM	National Rural Health Mission
PHC	Primary Health Centre
RCH	Reproductive and Child Health
RFP	Request for Proposal
RKS	Rogi Kalyan Samiti
SAM	State Accounts Manager

SC	Sub Centre
SFM	State Finance Manager
SFP	Statement of Fund Position
SHS	State Health Society
SoE	Statement of Expenditure
SPMU	State Programme Management Unit
TA	Technical Assistance
TB	Tuberculosis
TDS	Tax Deducted at Source
TMSA	Technical and Management Support Agency
ToR	Terms of Reference
UC	Utilization Certificate
UT	Union Territory
GKS	Village Health and Sanitation Committee

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## **CHAPTER 2 – Model Handbook for Various Sub-District Implementation Unit**

The handbooks developed for various sub-district implementation units have been appended in the subsequent sections of this chapter as below:

<b>Section</b>	<b>Handbook</b>
Section A	Handbook for CHC Accountant
Section B	Handbook for RKS Accountant
Section C	Handbook for ANMs at the Sub-centres
Section D	Handbook for GKSs



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# **Section A**

## **Accounting Handbook for CHC Accountants**

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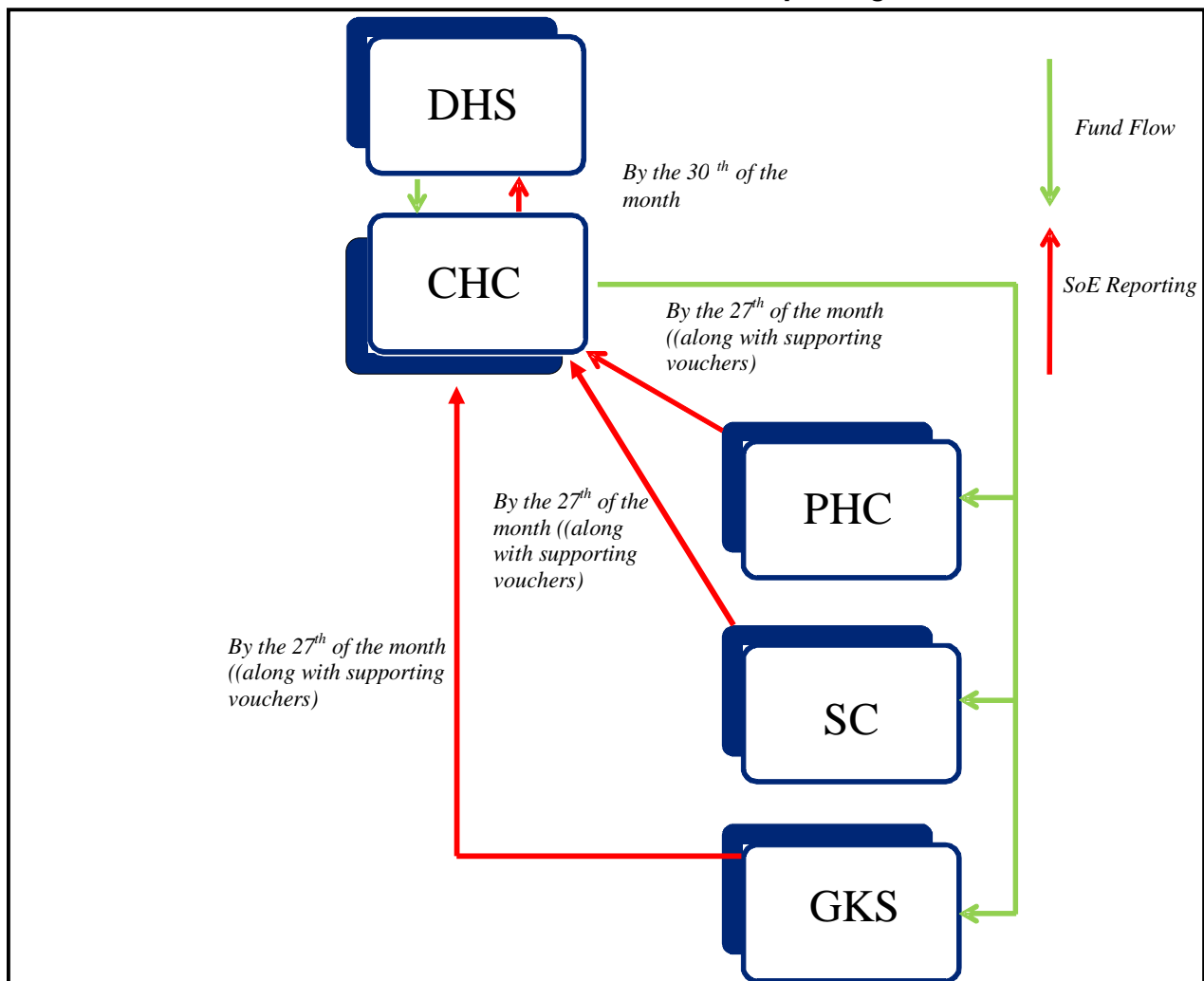
## Introduction

- The Government of India has launched the National Rural Health Mission to carry out the necessary architectural correction in the basic health care delivery system. The Plan of Action includes increasing public expenditure on health, decentralization and district management of health programmes, as well as induction of management and financial personnel into district health system.
- As a result of decentralization, most of the NRHM funds are flowing down to the actual implementing units i.e. CHCs / PCHs, Sub-Centres & GKSs.
- The success of decentralization experiment would depend on the strength of the management capacities built at these implementing units. This handbook is an initiative aimed at building capacity of the CHC / PHC accountants.
- The FMG at Mission Directorate had issued a detailed financial manual as well as guidelines covering most of the activities at State / District / Sub-district level. This handbook was developed in line with the FMG manual of GoI to facilitate CHC / PHC accounting personnel in understanding / executing their accounting and reporting functions.
- This handbook is prepared keeping in mind that the CHC / PHC is an implementing unit for various activities under NRHM. The unit would undertake the accounting responsibility of the CHC / PHC, as well as administer the activities of Sub-centres & GKSs under its jurisdiction. In such cases the CHC / PHC accountant would be required to refer to the handbooks prepared for each implementing unit.
- Where the RKS and the CHC /PHC have a common set of books, the handbook designed for the CHC / PHC accountant should be referred in conjunction with the handbook designed for the RKS accountant; and in cases where the RKS has a different set of books, the handbook designed for RKS accountant should be referred for preparing the RKS accounts.
- However, since RKS is a separate legal entity (governed by separate set of members including people's representative), it is recommended that each RKS should maintain books of accounts separate from the concerned CHC/ PHC.

# Overview of Fund Flow and Reporting

CHC's and PHC's receive funds from Block to carry out specified activities. They are supposed to report their expenditure to the Block. The CHCs / PHC are also supposed to consolidate the SoEs of units under their jurisdiction (Sub-Centre & GKS) and report it along with their own SoE to the blocks. The following exhibit shows the fund flow and reporting pattern:

**Exhibit 1 – Fund Flow & Reporting**



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## Activities for which Funds Are Received, Disbursed and Spent

A CHC receives funds from the district under different programmes of NRHM such as RCH-II, NRHM Initiatives, and Immunization & National Disease Control Programmes **as per the approved PIP** of each year. The district releases this fund to CHC activity wise under each component of a programme on quarterly basis, out of which a portion is released by the CHC directly to PHCs, SCs and GKSs in shape of advance and the balance fund is utilised at CHC level itself.

## Accounting & Book Keeping Requirements

### **Important Accounting Principles and Policies to be followed**

- Accounting shall be done on cash basis i.e. a transaction shall be accounted for at the time of receipt or payment only.
- The books of accounts of the CHC/PHC shall be maintained on double entry book keeping principles
- Expenditure Recognition –The CHC/PHC accountant should ensure that the advances given to CHC/PHC are not being reported as expenditure in FMRs. It is only the expenditure reported (as per SoE/UCs) by the CHC/PHC against the amounts advanced to them which should be reflected as expenditure in the FMRs.
- Period – Accounting period followed shall be the financial year of the Government of India i.e. 1st April to 31st March

### **Books of Accounts to be maintained**

Following books should be manually maintained by the accountant at CHC / PHC:

- Double column cash and bank book for each programme
- Ledger book activity wise under each programme
- Advance Register
- Fixed Asset Register
- Stock register
- JSY Payment Register
- Fund Receipt Register
- Disbursement Register
- Cheque Issue Register

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If any of the above books are maintained in accounting software (like tally) then it would suffice if monthly printout of such books are taken and authenticated (jointly by MO and CHC / PHC accountant) and appropriately filed. The cash book should necessarily be maintained manually also, even though computerized accounting is in use. (The CHC / PHC accountant is also required to maintain other routine registers like fund receipt register, disbursement register and cheque issue register.)

The following section describes the manner of maintenance of the prescribed books of accounts:

***Double Column Cash cum Bank Book (Format Provided in Annexure I)***

- The CHC / PHC should maintain one double column cash and bank book with provision for adequate referencing to the voucher number and ledger folios.
- Cash book is to be closed daily and duly signed by the MO in charge.
- In case there is no transaction in a day/s the entry 'No Transaction' has to be noted in cash book in red ink and balances are to be carried forward to the next day.

***Ledger (Format Provided in Annexure II)***

Following points should be taken care of while maintaining the ledger:

- The primary categories under which the ledgers would fall are:
  - Separate activity wise ledger heads to record grants (advances) for funds received from district towards each activity under a programme (For Ex. - grant for JSY / Compensation for Sterilization from district)
  - Separate ledger heads to record expenditure for each individual activity (These activity specific ledger heads should be appropriately linked and grouped as per the FMR format. For e.g. JSY A/c to record expenditure on payment to beneficiaries, and clear linkage of this ledger to A.1.4 (Maternal Health) of the RCH Flexi-pool).
  - Separate salary ledger heads to record payments to each employee (In case these are being paid from CHC / PHC and should be linked to the respective heads in the FMR)
  - Separate ledger heads for all advances, in the name of the person / agency to which advance has been disbursed (For e.g. to employees, outside agencies, etc.)
- Once the vouchers are entered in cash / bank book, they should be immediately entered in the appropriate ledger folios (along with referencing

- 
- to cash book folio number and voucher serial number). The ledger should be kept in the standard form. Separate pages are to be opened for each activity / item of expenditure. The ledger accounts shall be arranged and grouped in such a manner that the desired information is promptly available i.e. all activities under RCH Flexi-pool (A) can be ledgerized in one ledger book and the activities under Mission Flexi-pool (B) in another one and so on.
- All the ledger accounts shall be closed at the end of the month. Totals would be done for each ledger head and a Trial Balance prepared. Discrepancies, if any, will be rectified and reconciled.
  - Indicative list of ledger A/c under RCH & Mission Flexi-pool (For activities related to CHC / PHC)
    - JSY
    - Compensation for Sterilization
    - VHND
    - Salary of ANM, SN etc.
    - Pustikar Diwas
    - ASHA sector level meeting
    - Immunization
    - Monitoring & Supervision
    - United Funds
    - Annual Maintenance Grants
  - Tentative list of ledger A/c (For activities related to RKS)
    - Membership fees – (Income)
    - OPD – (Income from and expense related to the service)
    - Indoor Patient – (Income from and expense related to the service)
    - Lab – (Income from and expense related to the service)
    - X Ray – (Income from and expense related to the service)
    - ECG – (Income from and expense related to the service)
    - Canteen – rental income
    - Washing / Laundry – (Expenses)

***Please note that this is only an indicative list of ledger heads and the accountants will need to open ledgers for all relevant heads as per their sanctioned activities in the PIP of respective year.***

***Fixed Asset / Stock Register (Format Provided in Annexure III)***

- The Stock / Fixed Asset Register should be kept in two parts for assets purchased out of NRHM funds

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- One for Assets of Permanent Nature – To record assets of permanent nature like furniture & fixtures, Computers, etc either procured by the CHC /PHC or received from districts / other offices.
  - Other for stocks of temporary nature – In this they are supposed to record various consumables used by the CHC / PHC like stationery, printing material, etc.
  - Even if a central store keeper maintains records of all assets purchased by the CHC / PHC, the above mentioned registers for purchase of assets out of NRHM funds should be separately maintained by the CHC / PHC accountant.
  - The asset register should contain the full particulars of purchase / receipt of fixed assets including the identification tag, date of purchase, its current location / user, value of purchase, etc.
  - All assets received in kind from the supervisory units should also be included in the fixed asset register.
  - Apart from this the CHC / PHC may have a separate register to keep record of the free supplies (of medicines) received from the district. Normally this register is required to be maintained by the permanent government employee (Pharmacist) and not by the contractual CHC / PHC accountant. Further, such transactions do not warrant any financial entries to be done in the books of accounts.
  - No depreciation is to be charged on the fixed assets

#### ***Advance Register & Ageing Analysis (Format Provided in Annexure IV)***

- Register for advances to be maintained as advances given to
  - Staff
  - Contractors / suppliers
  - TA / DA advance
- A proper ageing of the advances is also to be done.

#### ***JSY Payment Register***

- A register to keep a record of JSY beneficiaries is to be maintained. **Register should capture all** relevant information with respect to the beneficiary. (Information like Name, Age, Complete address, No of children, finger print / signature column, name of husband, etc are required to be captured)

### **Basic Accounting Entries**

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**At the time of receipt of funds from the Block the following entry is to be passed**

Bank A/c Dr  
    To, Grant – in – Aid for (Name of the Activity/Activities for which fund  
    has been received)  
*(Generally the CHCs / PHCs record the Grants as those received for specific activities)*

**At the time of recording expenditure incurred directly from the CHC / PHC office the following entry is to be passed**

Expenditure Head (Name of the Activity) A/c Dr  
    To, Bank A/c  
*(Care must be taken to ensure that the appropriate expenditure head under which amount has been incurred should be debited and not any other head)*

**At the time of disbursing the money as advance to some outside agency / contractor the following entry is to be passed**

Advance to (Name of Agency) for (Name of Activity for which advance given) Dr  
  
    To, Bank A/c

**For settlement / adjustment of advances to the extent of expenditure reported by outside agency / contractor, the following entry is to be passed**

Expenditure Head (Name of the Activity) A/c Dr  
    To, Advance to (Name of Agency) for (Name of Activity for which  
    advance given)  
*(Care must be taken to ensure that the appropriate expenditure head under which amount has been incurred should be debited and not any other head)*

**For recording / receiving of other income being generated from the unit**

*(Examples of areas from where other income is generated are – Registration fees, User charges from OPD, Indoor Patient, X – Ray, Lab, ECG, Etc.)*

Cash A/c Dr  
    To, Income from (Name of the source) A/c

**For recording of expenditure related to provision of services**

*(Example of areas for which expenditure might be incurred are – OPD, Indoor Patient, X – Ray, Lab, ECG, Etc.)*



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Expense for (Name of the activity for which expense is incurred) Dr  
To, Bank A/c

**For Interest earned on bank account**

*At the time of interest being credited to bank account*

Bank A/c Dr  
To, Interest Earned on Bank A/c

**For unspent grant against a particular activity returned to the district**

Grant – in – Aid for (Activity for Which Fund has been received) A/c Dr  
To, Bank A/c

**Accounting Process & Internal Controls**

**Cash**

- CHC / PHC should not carry heavy cash – in – hand (maximum limit Rs.10,000/- towards petty cash under BPMSU Administration & Contingency).
- Cash book is to be updated on a daily basis
- Physical cash should tally with the cash balance figure in the cash book
- Over writing in cash / bank book should be avoided and corrections, if any, should be attested by the authorized officer under his dated initials.

**Grants in Aid**

- Grants – in – aid received should be recorded under proper heads according to the purpose for which it was received (RCH Flexi-pool, NRHM Mission Flexi-pool, Immunization, etc.)

**Bank / E-Transfer**

- Cheque issue register to be maintained properly (Along with register of bank drafts received and bank drafts issued). RTGS / ECS instructions should be appropriately authorized, recorded and filed.
- Bank pass book / bank statement to be updated regularly
- Interest income should be clearly identified and reported in the SoE/ UC on timely basis
- All cheques shall be signed by at least two signatories as authorized by the Governing/Executive body of the Society in line with defined guidelines

- 
- Cheque books, new, used or currently under use shall be kept in the personal custody of one of the officer who are authorized to put their signature on the cheques.
  - While making payments through cheque, its number should invariably be noted in the cash book for cross checking.
  - Signatures with date shall be obtained in the cheque issue register from the Cashier/Accountant for each cheque, which is endorsed in his favour or handed over to him for obtaining cash payment from the bank.
  - All cash/cheques/Demand Drafts etc. received should be deposited into bank as far as possible on the same day itself, otherwise on the next working day positively.
  - Bank reconciliation statement for each programme to be prepared on a monthly basis (by the 10th of the following month)
  - Proper explanation by the person in-charge to be recorded in case of any un-reconciled entries

### **Payments & Expenditure**

- All vouchers to be scrutinized thoroughly before making payments.
- All vouchers should be complete in all respects and filled properly.
- All vouchers to be scrolled (serial numbered) and entered in cash / bank book with appropriate referencing.
- All vouchers to be supported with appropriate documentary evidence (vouchers to be prepared only when adequate supporting are in place).
- All the vouchers must be retained at the CHC and should not be sent to the district.
- Invoice must be marked "Passed for Payment" on its face by competent authority. In case of advance adjustments, it should be marked "Passed for Adjustments".
- All supporting documents in originals should be defaced / stamped as 'PAID & CANCELLED' with details of cheque number & date.
- Necessary approval from competent authority to be taken beforehand for expenditure made.
- All approvals made should be under the jurisdiction of the sanctioning authority in line with delegation of power as prescribed by the State.
- All necessary procedures to be followed for obtaining sanctions for expenditure.
- Expenditures to be debited to the correct account head.
- The block should endeavour to make all payments only by crossed account payee cheque. Bearer cheque can be given to JSY beneficiaries if it is not

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practical / time consuming to open their bank accounts. Normally payments by cash should be discouraged, however payment by cash may be made for activities like TA/DA, Administration & Contingency of BPMSU, POL advance etc..

- Any payment above Rs.5,000/- must necessarily be made through crossed Account payee cheques only.

### **Fixed Asset**

- The prescribed procurement guidelines for purchase of assets should be followed.
- The Purchase Committee at CHC level should approve all procurements more than Rs.10,000/- at PHCs also.
- Annual physical verification of fixed assets should be conducted. Any major discrepancies in physical verification should be reported to the CHC – MO, BMO and District.

### **Advances**

- Advance tracking register to be maintained properly for each activity and agency (PHC / SC / GKS) on monthly basis.
- Advance should be given for activities admissible under the programme only.
- Cases where huge un-adjusted advances have been lying for long should be brought to the notice of higher authorities i.e. MO I/c.
- The advance should be settled within 15 days of the completion of the activity for which advance was given.
- A new advance should be given only after settlement / adjustment of the previous advance.

### **TDS**

- TDS to be deducted from all eligible payments and deposited within due time as per the IT rules.
- Quarterly TDS returns to be submitted in the prescribed format.

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## Financial reporting requirements

### FMR / SoE / Reporting\* (Format Provided in Annexure V)

- Financial Management Report (FMR) –cum- Statement of Fund Position (SFP) should be submitted to the district by 30<sup>th</sup> of every month.
- The reporting period for a month would be 25<sup>th</sup> of previous month to 24<sup>th</sup> of reporting month. However, for the month of March, it would be 25<sup>th</sup> of Feb to 31<sup>st</sup> of March and for April, the same would be 1<sup>st</sup> Apr to 24<sup>th</sup> April.
- CHC accountants (Block Accountant) should ensure that by the 27<sup>th</sup> of the month they receive / collect the monthly SoE from the PHCs, Sub-centers & GKSs under their jurisdiction.
- Even if in a particular month there is no expense under a CHC, a nil SoE report should be submitted to the district.
- In case any funds are received under National Disease Control Programmes (NDCPs) at the CHC level, SoE reporting for the same also needs to be done by the CHC in the FMR. Format at Annexure - V can be used to report expenditure towards all the programmes under NRHM.

*\*Note: In case of untied funds given to CHC/PHC as advance, only funds reported by CHC/ PHC as 'actually spent' under SoE shall be booked as expenditure. Hence, timely and accurate SoE reporting by CHC/PHC is very important.*

### Utilization Certificate Reporting (Format Provided in Annexure VI)

- The CHC accountant is required to submit the yearly UC (Duly signed by the medical officer in-charge of the CHC) within a month from close of previous financial year.
- As per GFR requirements, Utilization Certificate also needs to be submitted for any funds received under NDCPs. The above format can also be used for the same.

#### Summary of Reporting Requirements for CHC/ PHC

S.No.	Activity	Frequency	Cut- off Date
1	Collection of SoE/FMRs from PHCs, Sub-Centres & GKSs	Monthly	27 <sup>th</sup> of the Month
2	Submission of monthly SoE (including SoEs received from PHCs, Sub-centres & GKSs) to the district	Monthly	30 <sup>th</sup> of the Month
3	Submission of UCs	Annually	30 <sup>th</sup> April of the following year



**Format of the Ledger Account**

**Name of the Ledger Account (Name of the Expense / Activity and Name of the Pool):**

Date	Particular	V.S. No.	C. B. S. No.	Amount (Dr.)	Amount (Cr.)	Balance (Dr. / Cr.)

*C. B. S. No. – Cash Book Serial Number*

*V. S. No. – Voucher Serial Number*

Annexure III

Format of Fixed Asset Register

Date	V. S.No.	Particulars	Location	Asset Quantity (Nos)				Asset Cost (Rs)			
				Beginning of the Year	Addition	Deletion/ Transfer	End of the Year	Beginning of the Year	Addition	Deletion/ Transfer	End of the Year

Format of Stock Register

Date & month	Particulars	Bill No	Opening stock in qty.	Receipt		Issued in qty.	Balance stock	Remarks
				Qty.	Rate			

Note: Both the registers to be maintained separately for each item.

Format of Advance Register

Date	Particulars (Activity for which advance given)	Given to (Name of the party / unit)	Cheque No.	Date as per the Cheque	Amount	Adjustment Details		Balance Advance
						Date	Amount Adjusted	

Format for Ageing of Advances

Name of the unit	Activity Name	Outstanding Age	No. of Advances	Amount Outstanding (Rs.)
Unit 1	RCH	Less than 6 months		
		Between six months to one year		
		More than one year		
	Total			Rs.....
	NRHM	--DO--		
	--	---		
Unit 2				



## Format of SoE Reporting from CHC

S. No	Programme	Activities	Opening balance at the beginning of the month				Amount Received During the Month_	Total Amount Received Till the month__	Expenditure During the Month__	Total Expenditure Till the month____	Closing Balance at the end of the month			
			Bank	Cash	Advance	Total					Bank	Cash	Advance	Total
A	RCH-II													
1														
2														
3														
4														
5														
B	NRHM Initiatives													
C	R. Immunization													
D	NDCPs													

**Format of UC Reporting**  
**Form No. OGFR – 7 A**

Name of the CHC/ PHC \_\_\_\_\_

Name of the Programme \_\_\_\_\_

Utilization Certificate for the Year: \_\_\_\_\_

Dated: \_\_\_\_\_

<b>Sanction Letter No. and Date</b>	<b>Purpose</b>	<b>Amount</b>
(Please give here details of Sanction Letters) 1. 2. 3.	(Activity under RCH Phase II)	(Amount of Sanctions)

Certified that out of Rs. \_\_\_\_\_ of grants – in – aids sanctioned during the Financial Year \_\_\_\_\_ in favour of the CHC ..... by the District \_\_\_\_\_ vide letter nos. (given above) and Rs. \_\_\_\_\_ on account of unspent balance of the previous year(s), a sum of Rs. \_\_\_\_\_ has been utilized for the purpose for which it was sanctioned and that the balance of Rs. \_\_\_\_\_ remained as unutilized at the end of the year will be adjusted towards the grants – in – aid payable during the next financial year.

Further certified that I have satisfied myself that the conditions, on which the grants – in – aid was sanctioned, have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

- 1.
- 2.
- 3.

**Signature of the CHC Accountant**

**Signature of the Medical In-charge**

# **Section B**

## **Model Accounting Handbook for RKS Accountants**

# Introduction

- The Government of India has launched the National Rural Health Mission to carry out the necessary architectural correction in the basic health care delivery system. The Plan of Action includes increasing public expenditure on health, decentralization and district management of health programmes, as well as induction of management and financial personnel into district health system.
- As a result of decentralization, most of the NRHM funds are flowing down to the actual implementing units i.e. CHCs / PCHs, Sub-Centres & GKSs.
- NRHM also envisages creation of Rogi Kalyan Samitis (RKS) (Patient Welfare Committee) / Hospital Management Society (HMS) at each of the district hospital / CHC / PHC. This committee, which would be a registered society, acts as a group of trustees for the hospitals to manage the affairs of the hospital. RKS / HMS is free to prescribe, generate and use the funds with it, as per its best judgment for smooth functioning and maintaining the quality of services.
- RKS may utilize all Government assets and services to impose user charges and shall be free to determine the quantum of charges on the basis of local circumstances. Moreover, funds received by the RKS / HMS will not be deposited in the State exchequer but will be available to be spent by the Executive Committee constituted by the RKS/HMS. Private organizations offering high tech services like pathology, MRI, CAT SCAN, Sonography etc. could be permitted to set up their units within the hospital premises in return for providing their services at a rate fixed by the RKS/ HMS.
- The success of decentralization experiment would depend on the strength of the management capacities built at these implementing units. This handbook is an initiative aimed at building capacity of the person maintaining the books of the RKS.
- The detailed financial manual as well as guidelines covering the activities of RKS at different level has been circulated earlier. This handbook has been developed in line with the FMG manual to facilitate RKS accounting personnel in understanding / executing their accounting and reporting functions.
- Where the RKS and the CHC /PHC have a common set of books, the handbook designed for the CHC / PHC accountant in conjunction with

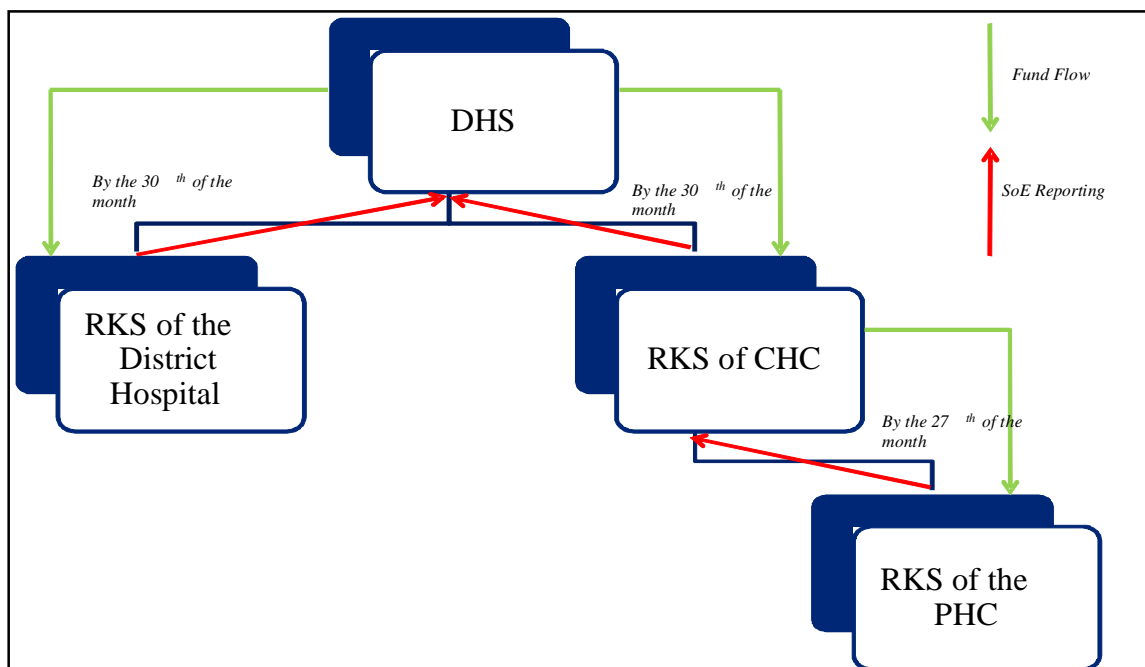
this handbook should be referred; and in cases where the RKS has different set of books, this handbook designed for RKS accountant should be referred to for preparing the RKS accounts.

- However, since RKS is a separate legal entity (governed by separate set of members including people’s representative), it is recommended that each RKS should maintain books of accounts separate from the concerned CHC/ PHC

## Overview of Fund Flow and Reporting

RKS receives funds from District /CHC to carry out specified activities. They are supposed to report their activities to District / CHC. The following exhibit shows the fund flow and reporting pattern:

**Exhibit 1 – Fund Flow & Reporting**



## Activities for Which Funds Are Received & Spent

The following table summarizes the pools and activities under which the RKS of CHC / PHC receives money and the indicative activities for which it expends funds.

S. No.	Activities for which funds are received by the RKS	Indicative Areas where it can be Utilized
<b>B</b>	<b>NRHM Additionalities</b>	Operational guideline already provided in this regard. However, the funds have to be utilized as per the decision of the RKS.
1	RKS Corpus Grants, UF, AMG etc as per approved PIP	
	<b>Others (Generated Internally)</b>	
1	Membership fees	
2	Income generated from collection of user charges (OPD, x-ray, lab, etc.)	
3	Patient registration fee	
4	Any other source of revenue collection	

# Accounting & Book Keeping Requirements

## Important Accounting Principles and Policies to be followed

- Accounting shall be done on cash basis i.e. a transaction shall be accounted for at the time of receipt or payment only.
- The books of accounts of the RKS shall be maintained on double entry book keeping principles
- Expenditure Recognition –The RKS accountant should ensure that the advances given to RKS are not being reported as expenditure in FMRs. It is only the expenditure reported (as per UCs) by the RKS against the amounts advanced to them which should be reflected as expenditure in the FMRs.
- Period – Accounting period followed shall be the financial year of the Government of India i.e. 1st April to 31st March

## Books of Accounts to be maintained

Following books should be maintained by the accountant at RKS:

- Double column cash and bank book separately for Corpus grant & User Fees.
- Ledger book activity wise
- Stock register
- Advance Register
- RKS Minutes Register

If any of the above books are maintained in accounting software (like tally) then it would suffice if monthly printout of such books are taken and authenticated (jointly by MO and RKS accountant) and appropriately filed. The cash book should necessarily be maintained manually also, even though computerized accounting is in use. The CHC / PHC accountant is also required to maintain other routine registers like fund receipt register and cheque issue register.

The following section describes the manner of maintenance of the prescribed books of accounts:

### ***Double Column Cash cum Bank Book (Format Provided in Annexure I)***

- The RKS should maintain a double column cash and bank book with provision for adequate referencing to the voucher number and ledger folios
- Cash book is to be closed daily and duly signed by the MO incharge
- In case there is no transaction in a day/s the entry 'No Transaction' has to be noted in cash book in red ink and balances are to be carried forward to the next day.

### ***Ledger (Format Provided in Annexure II)***

Following points should be taken care of while maintaining ledger:

- The primary categories under which the ledgers would fall are:
  - Ledger head for patient registration fee (if any).
  - Separate activity wise ledger heads to record income generated from collection of various user charges.
  - Ledger head to record amount received on account of corpus grants for RKS.
  - Separate activity wise ledger heads to record expenditure incurred in relation to maintenance of facility or provision of services to patients, whether directly or as payments to sub-contractors.
  - Separate ledger heads for all advances, in the name of the person / agency to which advance has been disbursed (For eg. to employees, outside agencies, etc.).
- Once the vouchers are entered in cash / bank book, they should be immediately entered in the appropriate ledger folios (along with referencing to cash book folio number and voucher serial number)
- The ledger should be kept in the standard form. Separate folios are to be opened for each item of expenditure.
- All the ledger accounts shall be closed at the end of the month. Totals would be done for each ledger head and a Trial Balance prepared. Discrepancies, if any, will be rectified and reconciled.
- Tentative list of ledger A/c (For activities related to RKS)
  - Grants in aid from RKS Corpus grants
  - Expenditure out of RKS corpus grants
  - Membership fees – (Income)
  - OPD – (Income from and expense related to the service)
  - Indoor Patient – (Income from and expense related to the service)
  - Lab – (Income from and expense related to the service)
  - X Ray – (Income from and expense related to the service)



- ECG – (Income from and expense related to the service)
- Canteen – rental income
- Washing / Laundry – (Expenses)
- Electricity expenses
- Equipments
- Any other expenses related to development, upkeep and maintenance of facility, delivery of services to patients.

***Please note that this is only an indicative list of ledger heads and the accountants can open new heads as per their sanctioned activities / reporting requirements / expenditure heads.***

### ***Stock Register (Format Provided in Annexure III)***

- The Stock / Fixed Asset Register should be kept in two parts for assets purchased out of RKS funds namely – NRHM corpus, and funds collected through user charges
  - One for Assets of Permanent Nature – To record assets of permanent nature like furniture & fixtures, Computers, etc either procured by or provided to the RKS.
  - Other for stocks of temporary nature – In this they are supposed to record various consumables used by the RKS like medicines, stationery, printing material, electric bulbs, etc.
- Even if a central store keeper maintains records of all assets purchased by the CHC / PHC in which the RKS is located, the above mentioned asset registers for purchase of assets out of NRHM funds & funds collected from receipt of user charges should be separately maintained by the RKS accountant.
- The asset register should contain the full particulars of purchase / receipt of fixed assets including the identification tag, date of purchase, its current location / user, value of purchase, etc.
- All assets received in kind from the supervisory units should also be included in the fixed asset register.
- No depreciation is to be charged on the fixed assets

### ***Advance Register & Ageing Analysis (Format Provided in Annexure IV)***

- Register for advances to be maintained as advances given to
  - Staff
  - Contractors / suppliers
- A proper ageing of the advances is also to be done.

### **RKS Minutes Register**

- RKS needs to maintain a register to record the minutes of all the RKS meetings held, particularly providing details on key decisions made.
- Minutes should also include the details of the officials attending the meeting.
- The minutes recorded should be signed by the accountant and the official chairing the meeting.

### **Operational Guidelines**

- The accountant would also need to be aware of operational guidelines of RKS, e.g. Activities for which corpus grant is to be used and activities for which user charges collected could be used.
- He would also need to be aware of the contractual arrangements entered into by RKS (e.g. For cleanliness of facility, for generator facility) as well as have access to the minutes of meeting of RKS society (where decisions regarding fund usage may have been taken).

## **Basic Accounting Entries**

### **At the time of receipt of funds from the Block the following entry is to be passed**

Bank A/c Dr  
    To, RKS Corpus Grants – in – Aid A/c  
*(Generally the RKS receive money only for corpus grants under NRHM)*

### **At the time of recording expenditure incurred directly from the RKS corpus grant the following entry is to be passed**

Expenditure from RKS Corpus Grant for (Name of the activity for which expenditure is incurred) A/c Dr  
    To, Bank A/c  
*(Only expenditure incurred out of RKS corpus grant should be entered)*

### **At the time of disbursing the money as advance to some outside agency / contractor the following entry is to be passed**

Advance to (Name of Agency) for (Name of Activity for which advance given) Dr  
    To, Bank A/c  
*(For all advances being disbursed to outside agencies against any particular activity)*

**For settlement / adjustment of advances to the extent of expenditure reported by outside agency / contractor, the following entry is to be passed**

Expenditure Head (Name of the Activity) A/c Dr  
    To, Advance to (Name of Agency) for (Name of Activity for which  
    advance given)  
*(Care must be taken to ensure that the appropriate expenditure head under which  
amount has been incurred should be debited and not any other head)*

**For Interest earned on bank account**

*At the time of interest being credited to bank account*

Bank A/c Dr  
    To, Interest Earned on Bank A/c

**For unspent grant against a particular activity returned to the supervisory unit**

RKS Corpus Grants – in – Aid A/c Dr  
    To, Bank A/c

**For recording / receiving of other income being generated from the unit**

*(Examples of areas from where other income is generated are – Registration fee, user charges from OPD; for eg. On X – Ray, Lab testing, ECG, user charges from Indoor Patient, etc.)*

Cash A/c Dr  
    To, Income from (Name of the source) A/c

**For recording the deposit of cash relating to other income being generated from the unit into RKS a/c on daily basis (after meeting the cash expenses, if any)**

*(Examples of areas from where other income is generated are – Registration fee, user charges from OPD; for eg. On X – Ray, Lab testing, ECG, user charges from Indoor Patient, etc.)*

Bank A/c Dr  
    To, Cash A/c

**For recording of expenditure related to provision of services**

*(Example of areas for which expenditure might be incurred are – Ambulance, X – Ray, Lab, ECG, used for OPD / IPD patient)*

Expense for (Name of the activity for which expense is incurred) Dr  
To, Bank / Cash A/c  
(Depending on the a/c from which expenses is made)

**For recording purchase of assets out of internally generated funds**

Fixed Asset (Name of the Asset) Dr  
To, Bank A/c

***Monthly / Quarterly / Annually Closing & Consolidation Entries***

The following periodic closing entries are to be passed if the society is preparing / required to prepare financial statements for a particular period. Otherwise closing will be carried out and financial statements would be prepared annually.

**For Recognition of Income to the Extent of Expenditure Incurred**

RKS Corpus Grants – in – Aid A/c Dr  
To, Income for RKS Corpus Grants A/c

**For Transferring the Income to Income & Expenditure Account at the end of the period**

Income from (Name of the source from which income is generated) A/c Dr  
To, Income & Expenditure A/c

*(Example of areas from where other income is generated are – Registration fee, user charges from OPD; for eg. On X – Ray, Lab testing, ECG, Indoor Patient, etc., apart from these areas income from money utilized out of grants in aid should also be transferred)*

**For Transferring the Expenditure to Income & Expenditure Account at the end of the period**

Income & Expenditure A/c Dr  
To, Expenditure for (Name of the activity for which expense is incurred) A/c

*(Example of areas for which expenditure might be incurred are – Ambulance, X – Ray, Lab, ECG, used for OPD / IPD patient.)*

**For transferring of interest to Income & Expenditure Account**

Interest Earned on Bank A/c Dr  
    To, Income & Expenditure A/c

**For Transferring the Excess of Income over Expenditure to Reserves and Surplus at the end of the period**

Income & Expenditure A/c Dr  
    To, Reserves and Surplus A/c

**In case the funds are sanctioned by Block but not actually received by the RKS the following entry is to be passed**

Funds in Transit A/c Dr  
    To, RKS Corpus Grants – in – Aid

**And (on actual receipt of funds)**

Bank A/c Dr  
    To, Funds in Transit A/c

**Accounting Process & Internal Controls**

**Cash**

- RKS should not carry heavy cash – in – hand (maximum limit Rs.3000/- as petty cash to meet day to day expenses)
- Cash book is to be updated on a daily basis
- Physical cash should tally with the cash balance figure in the cash book
- Over writing in cash / bank book should be avoided and corrections, if any, should be attested by the authorized officer under his dated initials.

**Bank / Transfer**

- Cheque issue register to be maintained properly.
- Bank pass book / bank statement to be updated regularly
- Interest income should be clearly identified and reported in the SoE/ UC on timely basis
- All cheques shall be signed by at least two signatories as authorized by the Governing/Executive body of the RKS Society in line with defined guidelines
- Cheque books, new, used or currently under use shall be kept in the personal custody of one of the officers who are authorized to put their signature on the cheques.

- Acknowledgement of receipt of cheques issued shall be obtained from the payee.
- While making payments through cheque, its number should invariably be noted in the cash book for cross checking.
- Signatures with date shall be obtained in the cheque issue Register from the Cashier/Accountant for each cheque, which is endorsed in his favour or handed over to him for obtaining cash payment from the bank.
- All cash/cheques/Demand Drafts etc. received should be deposited into bank as far as possible on the same day itself, otherwise on the next working day positively.
- Bank reconciliation statement to be prepared on a monthly basis (by the 10th of the following month)
- Proper explanation by the person incharge to be recorded in case of any unreconciled entries

### **Payments & Expenditure**

- All bills / invoices to be scrutinized thoroughly before making payments.
- All vouchers to be filled properly and should be complete in all respects.
- All vouchers to be scrolled (serial numbered) and entered in cash / bank book with appropriate referencing.
- All vouchers to be supported with appropriate documentary evidence (vouchers to be prepared only when adequate supporting are in place).
- Invoice must be marked "Passed for Payment" on its face by competent authority. In case of advance adjustments, it should be marked "Passed for Adjustments".
- All supporting documents in originals should be defaced / stamped as 'PAID & CANCELLED' with details of cheque number & date.
- Necessary approval from competent authority to be taken beforehand for expenditure made.
- All approvals made should be under the jurisdiction of the sanctioning authority in line with delegation of power as prescribed by the State / RKS.
- All necessary procedures to be followed for obtaining sanctions for expenditure.
- Expenditures to be debited to the correct account head.
- Any payment above Rs. 5,000/- must necessarily be made through crossed Account payee cheques only.

### **Fixed Asset**

- The prescribed procurement guidelines for purchase of assets should be followed.
- Annual physical verification of fixed assets should be conducted. Any major discrepancies in physical verification should be reported to the MO of the CHC & brought to the notice of the RKS committee.

### **Advances**

- Advance tracking register to be maintained properly.
- Advance should be given for activities admissible under the RKS guidelines only and settled within 15 days of the completion of the activity for which advance was given.
- Long pending advances should be tracked and followed up for adjustment / refund.

## **Financial Reporting Requirements**

### **FMR / SoE Reporting (Format Provided in Annexure V)**

- The reporting period for a month would be 25<sup>th</sup> of previous month to 24<sup>th</sup> of reporting month. However, for the month of March, it would be 25<sup>th</sup> of Feb to 31<sup>st</sup> of March and for April; the same would be 1<sup>st</sup> to 24<sup>th</sup> April.
- RKS accountant should ensure that by 27<sup>th</sup> of the current month he/she submits the monthly SoE to the supervisory unit in respect of RKS corpus grant.
- Even if in a particular month, there is no expense at the RKS, a nil SoE report should be submitted to the supervisory unit.
- In respect of reporting, receipts, payments, income & expenditure for RKS as a whole, the accountant should report as per the mandate of the Samiti.

### **Utilization Certificate Reporting (Format Provided in Annexure VI)**

The RKS is required to submit the annual audit report along with the UC to the CDMO at DHS and Mission Director at SHS.

### **Other Financial Statements**

**At the end of the year, the RKS is required to prepare the following accounting statements** after closing its books of accounts

- Trial Balance
- Receipts & Payments
- Income & Expenditure

- Balance Sheet

### **Audit requirements (Statutory)**

The RKS society is mandated to get its accounts audited annually by a statutory auditor (to be appointed by RKS) within two months from the end of previous financial year. All the expenses for such audit shall be borne by the RKS.

#### **Summary of Closing and Reporting Requirements for the RKS**

<b>S.No.</b>	<b>Activity</b>	<b>Frequency</b>	<b>Cut- off Date</b>
1	Submission of monthly SoE to the supervisory unit	Monthly	27 <sup>th</sup> of the Month
2	Preparation of Receipts & Payments Account and Income & Expenditure Account		Statements have to be prepared as per the mandate of the Samiti
3	Preparation of Balance Sheet		
4	Submission of Annual Audit Report along with UCs DHS and SHS	Annually	31 <sup>st</sup> May of the following year



Format of Double Column Cash / Bank Book

Receipts						Payments					
Dr.										Cr.	
Date	Particulars (including party name, activity head, etc.)	V. S. No.	L. F. No.	Amount (Rs.)		Date	Particulars (including party name, activity head, etc.)	V. S. No.	L. F. No.	Amount (Rs.)	
				Cash	Bank					Cash	Bank

V.S.No. - Voucher Serial Number

L.F.No. - Ledger Folio Number

**Note: Cash book should be serially page numbered and authenticated by the supervisor**

**Proforma of Ledger Account**

Name of the Ledger Account (In case ledger is for expense / activity head, then identification to activity / pool as per FMR should be included):

Dr.					Cr.						
Date	Particulars	V. S. No.	C. B. S. No.	Amount		Date	Particulars	V. S. No.	C. B. S. No.	Amount	
				Cash	Bank					Cash	Bank

V.S.No. - Voucher Serial Number  
 C.B.S.No. - Cash Book Serial Number

Format of Fixed Asset Register

Date	V. S.No.	Particulars	Location	Asset Quantity (Nos)				Asset Cost (Rs)			
				Beginning of the Year	Addition	Deletion/ Transfer	End of the Year	Beginning of the Year	Addition	Deletion/ Transfer	End of the Year

Format of Stock Register

Date & month	Particulars	Bill No	Opening stock in qty.	Receipt		Issued in qty.	Balance stock	Remarks
				Qty.	Rate			

Note: Both the registers to be maintained separately for each item.

Format of Advance Register

Date	Particulars (Activity for which advance given)	Given to (Name of the party / unit)	Cheque No.	Date as per the Cheque	Amount	Adjustment Details		Balance Advance
						Date	Amount Adjusted	

Format for Aging of Advances

Name of the unit	Activity Name	Outstanding Age	No. of Advances	Amount Outstanding (Rs.)	
Unit 1	RCH	Less than 6 months			
		Between six months to one year			
		More than one year			
	Total				Rs.....
	NRHM	--DO--			
	--	---			
Unit 2					

**Format of SoE Reporting from RKS**

S.No	Activities	Opening balance at the beginning of the month				Amount Received During the Month____	Total Amount Received Till the month____	Expenditure During the Month____	Total Expenditure Till the month____	Closing Balance at the end of the month			
		Bank	Cash	Advance	Total					Bank	Cash	Advance	Total
1													
2													
3													
4													
5													

**Format of UC Reporting**

**Form No. OGFR – 7 A**

Name of the RKS \_\_\_\_\_

Programme: NRHM Initiatives

Utilization Certificate for the Year: \_\_\_\_\_

Dated:

<b>Sanction Letter No. and Date</b>	<b>Purpose</b>	<b>Amount</b>
(Please give here details of Sanction Letters) 1. 2. 3.		(Amount of Sanctions)

Certified that out of Rs. \_\_\_\_\_ of grants – in – aids sanctioned during the Financial Year \_\_\_\_\_ in favour of the RKS..... by the Block \_\_\_\_\_ vide letter nos. (given above) and Rs. \_\_\_\_\_ on account of unspent balance of the previous year(s), a sum of Rs. \_\_\_\_\_ has been utilized for the purpose for which it was sanctioned and that the balance of Rs. \_\_\_\_\_ remained as unutilized at the end of the year will be adjusted towards the grants – in – aid payable during the next financial year.

Further certified that I have satisfied myself that the conditions, on which the grants – in – aid was sanctioned, have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

- 1.
- 2.
- 3.

**Signature of the RKS Accountant**

**Signature of MO-in Charge**

# **Section C**

## **Model Accounting Handbook for ANMs (At the Sub-Centres)**

## Introduction

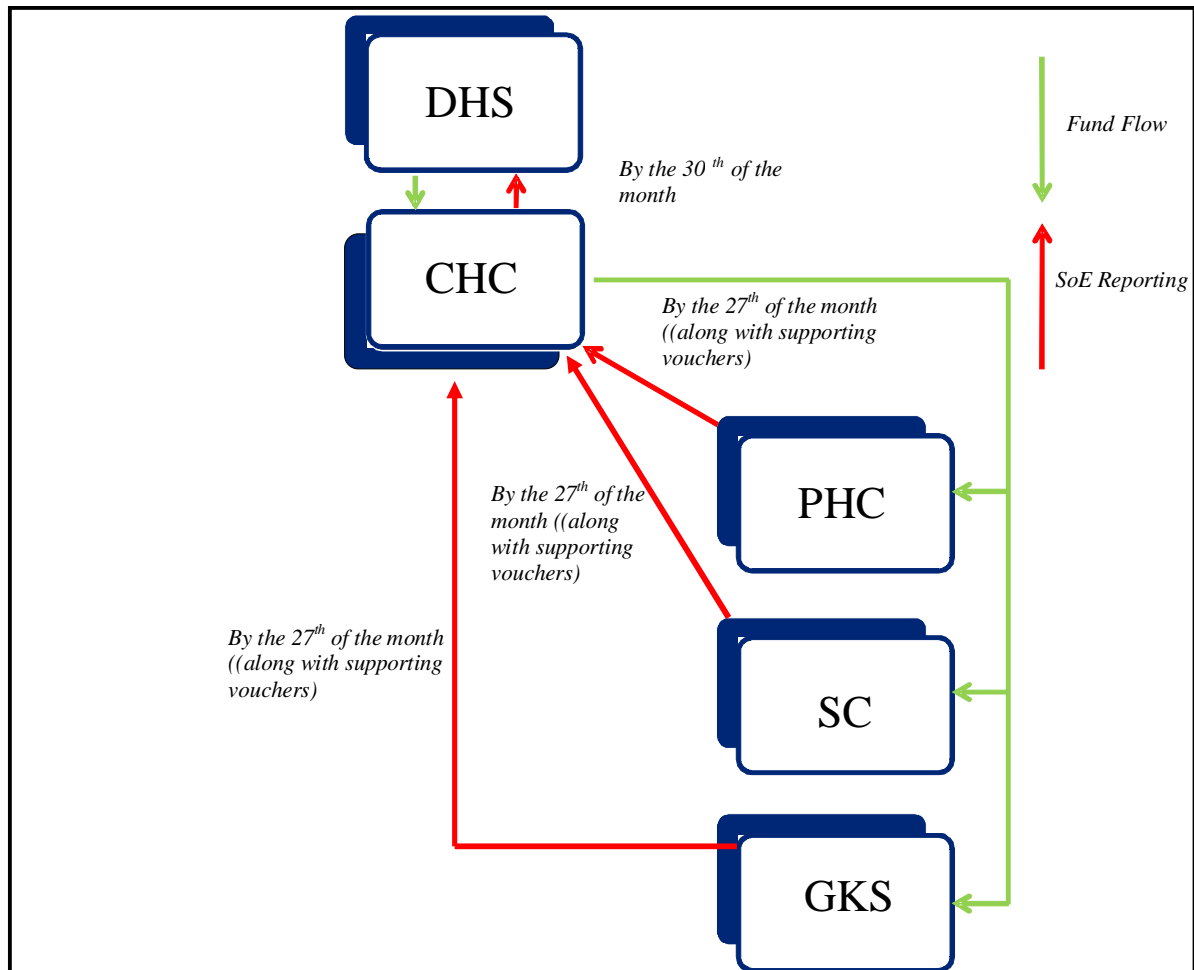
- The Government of India has launched the National Rural Health Mission to carry out the necessary architectural correction in the basic health care delivery system. The Plan of Action includes increasing public expenditure on health, decentralization and district management of health programmes, as well as induction of management and financial personnel into district health system.
- As a result of decentralization, most of the NRHM funds are flowing down to the units below, like CHCs / PCHs, Sub-Centres & GKSs.
- The success of decentralization experiment would depend on the strength of the management capacities built at each level. This handbook is an initiative aimed at building capacity of the ANMs in maintaining proper accounting records of the funds received at the sub-centre.
- The FMG at Mission Directorate had issued a detailed financial manual as well as guidelines covering most of the activities at State / District / Sub-district level. This handbook has been developed in line with the FMG manual to facilitate ANMs in understanding / executing their accounting and reporting functions at the sub-centres.



## Overview of Fund Flow and Reporting

Sub-centre receives funds from blocks to carry out specified activities. They are supposed to report their activities to their supervisory unit which is block CHC. The following exhibit shows the fund flow and reporting pattern:

### Funds Flow & Reporting pattern



## Activities for Which Funds Are Received & Spent

The following table summarises the activities under which the sub-centre receives money from the blocks / supervisory unit

S. No.	Activities for which funds are received by the Sub-Centre from the Block CHC	Purpose
<b>A</b>	<b>RCH Flexipool</b>	
1	JSY Payments to Mothers	Received from block CHC for disbursement to JSY beneficiaries in case of Home deliveries.
2	Any Other (to be specified)	
<b>B</b>	<b>NRHM Additionalities</b>	
1	Untied Funds at Sub-Centres	Received from block CHC
2	AMG at Sub- Centres (based on the provision in PIP)	Received from block CHC
3	Any Other (to be specified)	

### 1. Accounting & Book Keeping Requirements

#### Important Accounting Principles and Policies to be followed

- Accounting shall be done on cash basis i.e. a transaction shall be accounted for at the time of receipt or payment only.
- The books of accounts of the sub-centre shall be maintained on double entry book keeping principles.
- Period – Accounting period followed shall be the financial year of the Government of India i.e. 1st April to 31st March.

#### Books of Accounts to be maintained

##### Following books should be manually maintained by the ANM

- Columnar Petty Cash book
- Bank Register
- Ledger book (Units currently maintaining ledgers may continue maintaining it as a good practice, however this is not mandatory)
- Fixed Asset / Stock register
- JSY Payment Register

The following section describes the manner of maintenance of the prescribed books of accounts:

***Columnar Petty Cash Book (Format Provided in Annexure I)***

- The sub-centre should maintain a columnar petty cash book.
- Petty Cash book to be updated weekly and duly signed by the ANM.

***Bank Register (Format Provided in Annexure II)***

- Sub-Centre should maintain a bank register to record receipt and payment of funds through cheque respectively.
- It is to be closed monthly and duly signed by the ANM.

***Ledgers (Format Provided in Annexure III)***

Following points should be taken care of while maintaining ledger book:

- Ledger accounts in the prescribed format are to be maintained
- Accounting should be done and ledgers prepared under the heads for which funds are provided to SCs and interest earned.
- Once the vouchers are entered in cash / bank book, they should be immediately entered in the appropriate ledger folios (along with referencing to cash book serial number and voucher serial number)
- All the ledger accounts shall be closed at the end of the month. Totals would be done for each ledger head and a SoE prepared. Discrepancies, if any, will be rectified and reconciled.

**Note:** Maintenance of ledger is optional at SC level

***Fixed Asset and Stock Register (Format Provided in Annexure IV)***

- A fixed asset / stock register is to be maintained to include the following items. It may be broken into three parts
  - Consumables purchased out of untied funds – like stationery, etc
  - Items of fixed nature purchased out of untied fund (like furniture, almirah, etc for the sub-centre). Assets transferred from the block CHC/others are also to be recorded.
  - Stock of free supplies (medicines or consumables, etc.) received from block CHC.

***JSY Payment Register***

- A register to keep the record of JSY beneficiaries is to be maintained. Register should capture all relevant information with respect to the

beneficiary. (Information like Name, Age, Complete address, No of children, finger print / signature column, name of husband, etc are required to be captured)

## **Basic Accounting Entries**

***At the time of receipt of funds from the Block for advance against a particular activity, the following entry is to be passed***

Bank A/c Dr  
    To, Grant – in – Aid for (Activity for Which Fund has been received)

*(Three activities under which grants – in –aid is received are – JSY, Untied fund for Sub-centre and AMG as per approved PIP)*

***At the time of withdrawing money from the bank the following entry is to be passed***

Cash A/c Dr  
    To, Bank A/c

***At the time of incurring of expenditure the following entry is to be passed***

Expenditure Head A/c Dr  
    To, Bank / Cash A/c

*(The three categories of expenditure include payments for – JSY, from Untied fund for Sub-centre & and AMG as per approved PIP)*

***For Interest earned on bank account the following entry is to be passed***

Bank A/c Dr  
    To, Interest Earned on Bank A/c

***For unspent grant against a particular activity returned to the supervising Block CHC***

Grant – in – Aid (Activity for Which Fund has been received) A/c Dr  
    To, Bank A/c

*(Three categories of grant in aid may be returned – JSY, Untied fund for Sub-centre & and AMG as per approved PIP)*

## **Accounting Process & Internal Controls**

### **Cash / Bank Book**

- Sub-centre should withdraw cash as required and not have heavy cash in hand.
- Cash book is to be updated on a weekly basis.
- Physical cash should tally with the figure of cash as per books and bank pass book / bank statement to be updated regularly (monthly inspection by BAM during the monthly meeting may be conducted).
- Bank Account to be opened and operated under joint signature of the ANM and Sarpanch in any scheduled commercial bank / Grameen Bank/ Post office. Following points to be noted w.r.t the same:
  - Private bank accounts should not be allowed to be maintained.
  - In areas where bank availability is a problem, account should be maintained in post office.
- Interest income should be clearly identified and reported in the SoE/ UC on timely basis.
- All cheques shall be signed by the two signatories as authorized by the Governing/Executive body of the Society in line with defined guidelines.
- Cheque books, new, used or currently under use shall be kept in the personal custody of ANM who is the authorized signatory on the cheques.
- Acknowledgement of a cheque issued and received shall be obtained from the payee.
- While making payments through cheque, its number should invariably be noted in the cash book for cross checking.
- All cash/cheques/Demand Drafts etc. received should be deposited into bank as far as possible on the same day itself, otherwise on the next working day positively.
- Bank reconciliation statement to be prepared on a monthly basis (by the 10th of the following month).
- Proper explanation by the ANM to be given in case of any unreconciled entries.

### **Payments & Expenditure**

- All vouchers / bills / invoices to be scrutinized thoroughly before making payments.
- All vouchers to be filled properly and should be complete in all respects.
- All vouchers / bills / invoices to be scrolled (serial numbered) and entered in cash / bank book with appropriate referencing.

- All vouchers to be supported with appropriate documentary evidence (vouchers to be prepared only when adequate supporting are in place).
- All supporting documents in originals should be defaced as 'PAID & CANCELLED' with details of cheque number & date.
- All expenditure made should be in accordance with the approval of the sanctioning authority in line with delegation of power as prescribed by the State.
- Expenditures to be debited to the correct account head.
- The sub-centre should endeavour to make all payments only by crossed account payee cheque. Bearer cheque can be given to JSY beneficiaries if it is not practical/ time consuming to open their bank accounts. Normally payments by cash should be discouraged, however if that is not practical, payment by cash may be made, subject to directives / limits prescribed by the State.
- Any payment above Rs.2500/- must necessarily be made through crossed Account payee cheques only.

#### **Fixed Asset**

- Annual physical verification of fixed assets, if any, purchased out of united grants should be conducted by block accountant with major discrepancies in physical verification, if any, reported to the BMO.

## 2. Financial Reporting Requirements

### **SoE Reporting\* (Format Provided in Annexure V)**

- The block CHC should ensure that by the 27th of the month it collects the monthly SoE from the SCs in the prescribed format under its jurisdiction.
- Even if in a particular month there is no expense at the SC, a nil SoE report should be submitted to the block CHC.
- In case any funds are also received under National Disease Control Programmes (NDCPs) at Sub-centre level, SoE reporting for the same also needs to be made by the sub center. Format similar to the SoE format (appended as Annexure V) can be used to report expenditure under them.

*\* **Note:** In case of untied funds given to Sub-centre as advance, only funds reported by sub-centre as 'actually spent' under SoE shall be booked as expenditure. Hence, timely and accurate SoE reporting by sub-centre is very important.*

### **UC Reporting (Format Provided in Annexure VI)**

- The sub-centre is required to submit the UC annually (Duly signed by the ANM of the Sub-centre) along with the vouchers.
- As per GFR requirements, Utilization Certificate also needs to be submitted for any funds received under NDCPs. Above format can also be used for the same.

#### **Summary of Reporting Requirements for Sub-Centre**

<b>S. No.</b>	<b>Activity</b>	<b>Frequency</b>	<b>Cut- off Date</b>
1	Submission of monthly SoE to the Block CHC	Monthly	27 <sup>th</sup> of the Month
2	Submission of UCs (including the vouchers)	Annually	30 <sup>th</sup> April of the following year

## Annexure I

### Format of Columnar Petty Cash Book

Date	S No.	Particulars (Including party name, activity head, etc.)	Receipts (A)	Total Expenditure (B)	Payments *					Daily Balance (C= A- B)
					Cleaning of Sub Centre	Minor modifications and repair	Transport of emergencies	Payment/Reward to ASHA	Other Expense	
<b>Monthly Total</b>										

S No. - Serial Number

**Note:** Cash book should be serially page numbered and authenticated by the supervisor

\* *Illustrative expense heads have been mentioned here, however, additional heads can be added as per requirement.*

## Annexure II

### Format of Bank Register

Receipts				Payments			
Date	Particulars (Details of the source)	S. No.	Amount (Rs.)	Date	Particulars (Details of the activity for which amount is spent)	S. No.	Amount (Rs.)



<b>Monthly Total (A)</b>					<b>Monthly Total (B)</b>		
<b>Balance (A-B)</b>							
<i>S.No. - Serial Number of the Invoice / voucher</i>							

### Annexure III

**Proforma of Ledger Account (for those sub-centres already preparing ledger books)**

Name of the Ledger Account (In case ledger is for expense / activity head, then identification to activity / pool as per FMR should be included):

Dr.								Cr.			
Date	Particulars	V. S. No.	C. B. S. No.	Amount		Date	Particulars	V. S. No.	C. B. S. No.	Amount	
				Cash	Bank					Cash	Bank

<i>V.S.No. - Voucher Serial Number</i>												
<i>C.B.S.No. - Cash Book Serial Number</i>												

Format of Asset Register

Date	V. S.No.	Particulars	Location	Asset Quantity (Nos)				Asset Cost (Rs)			
				Beginning of the Year	Addition	Deletion/ Transfer	End of the Year	Beginning of the Year	Addition	Deletion/ Transfer	End of the Year

**Annexure V**

**Format of SoE Reporting from Sub-Centres**

Name of the GKS: \_\_\_\_\_

Reporting Month: \_\_\_\_\_

S.No	Activity	A	B	C	D	E	F	G = (A+B)-E
		Opening balance at the beginning of the month	Amount Received During the Month	Cumulative funds Received Till date for the year	Expenditure at the Beginning of the Month	Expenditure During the Month	Total Expenditure Till Date for the year	Closing Balance at the end of the month

**Format of UC Reporting**

**Form No. OGFR – 7 A**

Name of the Sub Center: \_\_\_\_\_

Name of the Programme:

Utilization Certificate for the Year:

Dated:

<b>Sanction Letter No. and Date</b>	<b>Opening Balance</b>	<b>Funds received in Current Year</b>	<b>Expenditure in Current Year</b>	<b>Balance (If any)</b>
(Please give here details of Sanction Letters) 1. 2. 3.				

Further certified that I have satisfied myself that the conditions, on which the grants – in – aid was sanctioned, have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

- 1.
- 2.
- 3.

Signature of ANM

Concerned Sarpanch

# **Section – D**

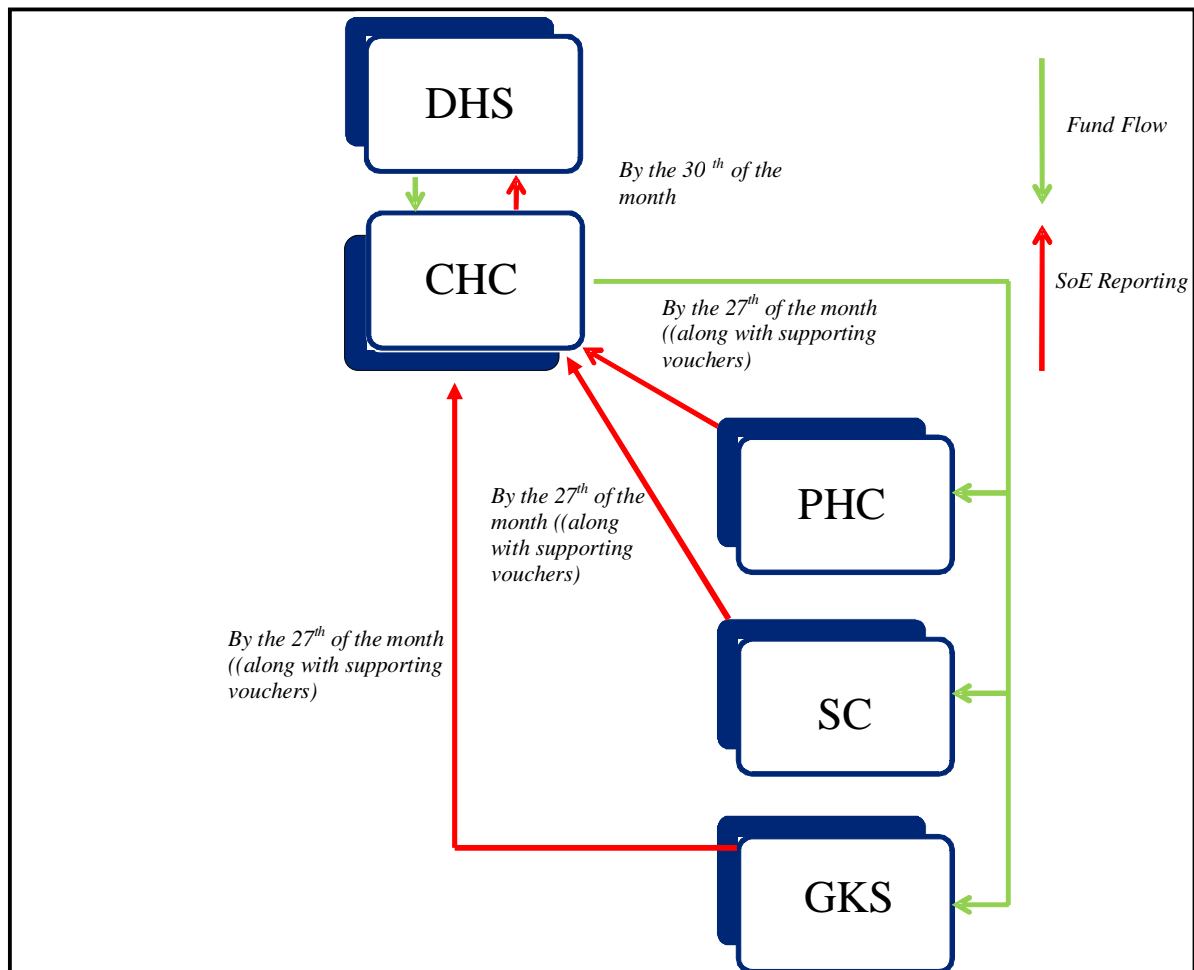
## **Model Accounting Handbook for GKS**

# Introduction

- The Government of India has launched the National Rural Health Mission to carry out the necessary architectural correction in the basic health care delivery system. The Plan of Action includes increasing public expenditure on health, decentralization and district management of health programmes, as well as induction of management and finance personnel into district health system.
- As a result of decentralization, most of the NRHM funds are flowing down to the blocks & units below it, like CHCs / PCHs, Sub-Centres & GKSs.
- The success of decentralization experiment would depend on the strength of the management capacities built at each level. This handbook is an initiative aimed at building capacity of the AWWs in maintaining proper accounting records.
- The FMG at Mission Directorate had issued a detailed financial manual as well as guidelines covering most of the activities at State / District / Sub-district level. This handbook has been developed in line with the FMG manual to facilitate AWWs in understanding / executing their accounting and reporting functions for funds received for GKS.
- The Gaon Kalyan Samittees (GKS) will be formed in each village (if not already there) within the overall framework of Gram Sabha in which proportionate representation from all the hamlets would be ensured. Adequate representation to the disadvantaged categories like women, SC / ST / OBC / Minority communities would also be given.
- GKSs receive untied funds from the block CHC to carry out specified activities. They are supposed to report their activities to CHC supervising them.

## Overview of Fund Flow and Reporting

- GKS receives funds to carry out specified activities and are supposed to report their activities & expenditure. In case the sub-centres are maintaining books of accounts for GKS's within their jurisdiction, they are supposed to consolidate the activities of the GKS in their monthly SoE and accordingly report to the supervisory unit i.e. CHC.
- Following exhibit shows the fund flow and reporting pattern:





## Activities for Which Funds Are Received & Spent

The following table summarises the funds available to the GKS and activities for which funds can be used

S. No.	Activities under which funds are received by the GKS from the Block CHC	Received From	Areas where it can be Utilized
<b>B</b>	<b>NRHM Additionalities</b>		<ul style="list-style-type: none"> <li>• Nutrition, Education &amp; Sanitation, Environmental Protection and Public Health Measures for the village.</li> <li>• Activities like cleanliness drive, sanitation drive, school health activities, ICDS, Anganwadi level activities, household surveys for the village.</li> <li>• Other activities as per the guideline circulated earlier.</li> </ul>
1	Untied fund for GKS	Received from Block CHC (Rs 10000 p.a.)	
	<b>Others</b>		
	Community contributions (if any)	Collection from community	

## Accounting & Book Keeping Requirements

### Important Accounting Principles and Policies to be Followed

- Accounting shall be done on cash basis i.e. a transaction shall be accounted for at the time of receipt or payment only.
- Period – Accounting period followed shall be the financial year of the Government of India i.e. 1st April to 31st March

### Books of Accounts to be Maintained

Following books should be manually maintained by the GKS:

- Two separate registers for cash and bank to record receipt and payments of funds in cash or through cheque respectively
- GKS meeting register

The following section describes the manner of maintenance of the prescribed books of accounts:

***Columnar Petty Cash Book and Bank Register to Record Receipt and Payments of Funds (Format Provided in Annexure I)***

- The GKS are required to maintain a petty cash book and a bank register to record receipt and payments of funds in cash or through cheque respectively.
- Registers are to be closed monthly and duly signed by the ASHA/AWW.
- Format of the two registers along with illustrative entries have been provided in the Annexure I.

***Meeting Register***

- GKS needs to maintain a register to record the proceedings of all the GKS meetings held, particularly providing key details on key decisions made.
- Minutes should include the details of the officials attending the meeting.
- The minutes recorded should be signed by the accountant and the official chairing the meeting.

**Basic Accounting Entries**

***At the time of receipt of cheque / draft for GKS untied fund***

*Entry to be made in the Bank Register in Receipt side*

**Grant – in – Aid for GKS Untied Fund**

***At the time of receipt of funds from any other source in cash***

*Entry to be made in the Cash Register in Receipt side*

**Fund received from (Name of the source from which fund has been received)**

***At the time of receipt of funds from any other source in cheque / draft***

*Entry to be made in the Bank Register in Receipt side*

**Fund received from (Name of the source from which fund has been received)**

**At the time of withdrawal of funds from bank**

*Entry to be made in the Bank Register in Payment side*

**Cash Withdrawal** and

*Entry to be made in the Cash Register in Receipt side*

**Cash Withdrawal from Bank A/c**

**At the time of incurring of expenditure the following entry is to be passed**

*If payment is made in cash then entry to be made in the Cash Register in Payment side*

**Payment for (Explanation of the activity for which payment was made)**

*Supporting documents / invoices (if any) should be attached along side*

*If payment is made by cheque then entry to be made in the Bank Register in Payment side*

**Payment for (Explanation of the activity for which payment was made)**

*Supporting documents / invoices (if any) should be attached along side*

**For Interest earned on bank account the following entry is to be passed**

*Entry to be made in the Bank Register in Receipt side*

**Interest earned on Bank Deposit**

**For unspent grant against a particular activity returned to the Block CHC**

*Entry to be made in the Bank Register in Payment side*

**Grant in aid for GKS**

## **Accounting Process & Internal Controls**

### **Cash / Bank**

- GKS should not carry heavy cash in hand and should withdraw cash only as required.
- Petty Cash Book / Bank Register is to be updated on a weekly basis (depending upon frequency of transactions)
- Physical cash should tally with the figure as per Cash Book.
- Bank Account to be opened and operated under joint signature of the Ward Member and AWW in any scheduled bank / Rural bank/ Post office. Following points to be noted w.r.t the same:
  - Private bank accounts should not be allowed to be maintained.
  - In areas where bank availability is a problem, account should be maintained in post office.

- Interest income should be clearly identified and reported in the SoE/ UC on timely basis.
- Bank pass book / bank statement to be updated regularly (monthly inspection by BADA / ANM during the monthly meeting may be conducted).
- All cheques shall be signed by the two signatories as authorized by the GKS.
- Cheque books, new, used or currently under use shall be kept in the personal custody of the AWW who is authorized to put her signature on the cheques.
- While making payments through cheque, its number should invariably be noted in the bank register for cross checking.
- All cash/cheques/Demand Drafts etc. received should be deposited into bank as far as possible on the same day itself, otherwise on the next working day positively.
- Bank reconciliation statement to be prepared on a monthly basis (by the 10th of the following month).
- Proper explanation by the ASHA/AWW to be given in case of any unreconciled entries.

#### **Payments & Expenditure**

- All bills / invoices to be scrutinized thoroughly before making payments.
- All bills / invoices to be scrolled (serial numbered) and entered in cash / bank register with appropriate referencing.
- All bills / invoices to be supported with appropriate documentary evidence.
- All supporting documents in originals should be defaced as 'PAID & CANCELLED' with details of cheque number & date (where applicable).
- All expenditure made should be in accordance with the approval of the sanctioning authority in line with delegation of power as prescribed by the State.
- Expenditures to be recorded correctly specifying the activity for which amount has been utilized.

# Financial Reporting Requirements

## **SoE Reporting (Format Provided in Annexure II)**

- By the 27<sup>th</sup> of the every month the AWW should submit the SoE along with all the supporting vouchers to the Block CHC.
- Along with the SoE, it should also submit the monthly BRS so that there is clarity on the amounts available with the GKS.
- The ANM should review the SoE along with books of the GKS to ensure correct reporting.
- Even if in a particular month there are no expenses in a GKS, a nil SoE report should be submitted to the Block CHC.
- In case any funds are also received under National Disease Control Programmes (NDCPs) at GKS level, SOE reporting for the same also needs to be made by the GKS. Format similar to the SoE format (appended as Annexure II) can be used to report expenditure under them.

*\* Note: In case of untied funds given to GKSs as advance, only funds reported by GKS as 'actually spent' under SoE shall be booked as expenditure. Hence, timely and accurate SOE reporting by GKS is very important.*

## **UC Reporting (Format Provided in Annexure III)**

- The GKS is required to submit a duly signed annual UC to the Block CHC in the prescribed format based on the monthly SoE submitted during the year. The ANM/AWW should further review the UC (along with books of accounts) for correctness and counter sign the same before submitting it to the block CHC.
- As per OGFR requirements, Utilization Certificate also needs to be submitted for any funds received under NDCPs. The above format can also be used for the same.

## **Availability of Books for Review**

The GKS should make its books (cash / bank registers, bank pass book & supporting vouchers available for public review in case a formal request is made from the village community through the village Panchayat.

### **Summary of Reporting Requirements for GKSs**

<b>S. No.</b>	<b>Activity</b>	<b>Frequency</b>	<b>Cut- off Date</b>
1	Submission of monthly SoE (including all vouchers) to the supervisory unit	Monthly	27 <sup>th</sup> of the Month
2	Submission of UCs	Annually	30 <sup>th</sup> April of the following year

**Format of Columnar Petty Cash Book**

Date	S No.	Particulars (Including party name, activity head, etc.)	Receipts (A)	Total Expenditure (B)	Payments*					Daily Balance (A-B)
					Village level public health activity (cleanliness drive etc )	Revolving fund for households	Nutrition,	Education & Sanitation	Other Expenses	
<b>Monthly Total</b>										

S. No. - Serial Number

**Note: Cash book should be serially page numbered and authenticated by the supervisor****\* Illustrative expense heads have been mentioned here, however, additional heads can be added as per requirement.****Format of Bank Register**

Receipts				Payments			
Date	Particulars (Details of the source)	S. No.	Amount (Rs.)	Date	Particulars (Details of the activity for which amount is spent)	S. No.	Amount (Rs.)
	Grant - in - aid for GKS untied fund				Cash Withdrawal		
	Cash Deposit				Payment for (Explanation of the activity for which payment has been made)		

	Interest Received					
<b>Monthly Total (A)</b>				<b>Monthly Total (B)</b>		
<b>Balance (A-B)</b>						
<i>S.No. - Serial Number of the Invoice / voucher</i>						

## Annexure II

### Format of SoE Reporting from GKS

Name of the GKS: \_\_\_\_\_

Reporting Month: \_\_\_\_\_

S.No	Activity	A	B	C	D	E	F	G = (A+B)-E
		Opening balance at the beginning of the month	Amount Received During the Month	Cumulative funds Received Till date for the year	Expenditure at the Beginning of the Month	Expenditure During the Month	Total Expenditure Till Date for the year	Closing Balance at the end of the month
1	United Fund of GKS							



**Format of UC Reporting**

**Form No. OGFR – 7 A**

Name of the GKS: \_\_\_\_\_

Name of the Programme: NRHM Initiatives

Utilization Certificate for the Year:

Dated:

<b>Sanction Letter No. and Date</b>	<b>Opening Balance</b>	<b>Funds received in Current Year</b>	<b>Expenditure in Current Year</b>	<b>Balance (If any)</b>
(Please give here details of Sanction Letters) 1. 2. 3.				

Further certified that I have satisfied myself that the conditions, on which the grants – in – aid was sanctioned, have been duly fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

- 1.
- 2.
- 3.

**Signature of AWW**

**Signature of Ward Member**