

FINANCIAL MANAGEMENT AND ACCOUNTING AND COMPUTING AT HEALTH CENTERS

India uses, "Bottom up approach" in planning and budgeting (Refer unit 20 of this textbook). Activities for which funds received are enlisted in Table 21.3.

Table 21.3: Summary of activities under which the sub-centre receives money from the blocks/supervisory unit

Sl. No	Activities for which funds received by the sub-centers from the blocks/Supervisory units	Purpose
A	RCH Flexipool	
1	JSY payments to mothers and ASHAS	Received from blocks for disbursement to JSY beneficiaries and ASHAS.
2	Any other (to be specified)	
B	NRHM additionalities	
1	Untied funds at sub-centers	Received from blocks
2	Untied fund for VHSC	Received from blocks for all the VHSCs under its jurisdiction
3	Annual maintenance grants (AMG) at sub-centers	Received from blocks
4	Any other to be specified	

Janani Suraksha Yojana (JSY) and ran the same Received (Table 21.4)

This scheme provides cash assistance for the care during the pregnancy, care during institutional delivery and immediate post-partum period in a health center by developing a system of coordinated care by field level health worker (ASHA).

Cash assistance is provided to women who belong to BPL (Below Poverty Line) families, to help them under go their delivery in health care institutions. The main purpose of the scheme is to bring down MMR and IMR by encouraging institutional approach for deliveries

Fund flow: Funds are received from the Block for the said activity.

Untied Funds for Sub-center

National rural health mission provides 10000 as untied fund to each sub-center annually. The fund is provided to meet the urgent yet discrete needs of the sub-center thereby promote uninterrupted workflow.

The sub-centers are also entitled for Annual Maintenance Grant (AMG) of 10,000 per annum. This will be given only to those sub-centers functioning in Government buildings). The fund would be kept in a joint account to be operated by the ANM and the local Sarpanch.

Guidelines for Use of Sub-center (SC) Funds under NHM

- As part of the National Health Mission, it is proposed to provide each sub-center with 10,000 as an untied fund to facilitate meeting urgent yet discrete activities that need relatively small sums of money. The fund is put into joint bank account of the ANM and the Sarpanch.

- Village Health Committee (VHC) approves the fund toward activities and the fund will be administered by the ANM. In areas where the sub-center is not co-terminus with the Gram Panchayat (GP) and the sub-center covers more than one GP (Gram Panchayat), the VHC of the Gram Panchayat where the SC is located will approve the Action Plan. The funds can be used for any of the villages, which are covered by the sub-center.
- Untied Funds will be used only for the common good and not for individual needs, except in the case of referral and transport in emergency situations.
- Untied funds shall not be used for any salaries, vehicle purchase, and recurring expenditures or to meet the expenses of the Gram Panchayat.

Untied Fund for Village Health and Sanitation Committees (VHSC) under the Sub-center

- Every VHSC to get 10,000 per year as untied funds
- Every such committee duly constituted and oriented would be entitled to an annual untied grant of "10,000/-", which could be used for any of the following activities:
 - Households those who are in need can get it as a revolving fund and return it in installments thereafter. This can be used for public health activity at village level like cleanliness drive, sanitation drive, school health activities, ICDS, Anganwadi level activities, household surveys, etc.
 - This can be used in extraordinary cases like health care need of the destitute or poor household. The untied grant is a resource for community action at the local level. This is used only for community activities that is beneficial for more than one household.
 - Nutrition, education and sanitation, environmental protection and public health measures are the key areas where these funds could be utilized.
 - Every village is free to contribute additional grant toward the Village Health and Sanitation Committee.
 - Additional incentive and financial assistance will be explored for those villages where community contributes untied grant of 10,000. The main purpose of this untied grant is to motivate local community to give priority attention to Public Health activities at the village level.

Maintenance of Bank Account

- The Village Health and Sanitation Committee fund should be credited to a bank account.
- The bank account should operate with the joint signature of ASHA/Health Link Worker/Anganwadi Worker along with the President of the Village Health and Sanitation Committee/Pradhan of the Gram Panchayat. The account maintenance of this joint account should be the responsibility of the Village Health and Sanitation Committee especially the ASHA/AWW [wherever no ASHA].
- The Village Health and Sanitation Committee, the ASHA/AWW maintain a register for funds received and expenditure incurred.
- The register should be available for public scrutiny and inspected from time to time by the ANM/MPW/Gram Panchayat.

Accountability

- Every Village Health and Sanitation Committee needs to maintain updated Household Survey data to enable need based interventions.
- Maintain a register where complete details of activities undertaken, expenditure incurred, etc. will be available for public scrutiny. This should be periodically reviewed by the ANM/Sarpanch.
- The Block level Panchayat Samiti, review the functioning and progress of activities undertaken by the VHSC.
- The District Mission elicit information on the functioning of the VHSNC from meetings and through its members/ block facilitators supporting ASHA [wherever ASHA's are in position] elicit information.

2. At the time of withdrawing money from the bank, the following entry is to be passed

Cash A/c Dr.....

To Bank A/c.....

3. 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 Subcenter and Untied fund for various VHSCs under it)

4. For Interest earned on bank account the following entry is to be passed:

Bank A/c Dr.....

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

5. For unspent grant against a particular activity returned to the supervising Block/BCHC:

Grant-in-Aid for

(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 subcenter and Untied fund for various VHSCS under it).

Accounting Process and Internal Controls

Cash/Bank Book

- Sub-center should withdraw cash as required and should 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.
- 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.
- 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 be obtained from the payee.
- While making payments through cheque, its should invariably be noted in the cash book for cross checking.
- All cash/cheques/demand drafts etc. received should be deposited into bank on the same day as far as possible itself, otherwise on the next working day positively.
- Bank reconciliation statement should be prepared as per format.
- Following points should be followed in this regard.
 - BRS should be prepared on a monthly basis by the 10th of the following month).
 - Separate BRS should be prepared for each bank account.
 - BRS should be reviewed and signed by the Supervisory Medical Officer
 - Outstanding entries should be followed up.
 - Proper explanation by the ANM to be given in case of any unreconciled entries.

Payments and Expenditure

- All vouchers/bills/invoices to be scrutinized thoroughly before making payments.
- All vouchers to be filled properly and should be completed 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 and CANCELLED' with details of cheque number and 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-center should endeavor to make all payment only by crossed account payee check. 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.
- Any payment above 2500/- must necessarily be made through crossed Account payee cheques only.

Fixed Asset

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

Statement of Expenditure (SOE) Reporting

Format of SoE Reporting Provided in Annexure V

- By 25th of the month, sub-center collects the monthly SOE from the VHSCS under its jurisdiction. (The ANM verifies SoE along with books of the VHSC).
- However, it was noted in many cases, that the ANM of the supervising subcenter examines the books and prepares quarterly/six-monthly SoE for the VHSCS under its jurisdiction. So the states may appropriately customize the reporting frequency from the VHSC based on their requirements.
- Further by the 26th of the month, it should submit its monthly SoE (along with monthly SoEs received/collected from the VHSCs) to the block/supervisory units.
- Even if there is no expense at the sub-center, a "nil SoE report" should be submitted to the block/supervisory units.
- SOE should be reported for any funds received at sub-center level under National Disease Control Programs (NDCPS) Format similar to the SoE format (appended as Annexure V) can be used to report expenditure under them.

Utilization Certificate (UC) Reporting

- The sub-center is required to submit the UC annually (Duly signed by the ANM of the sub-center) along with the vouchers.
- The ANM should review the UC (along with books of accounts) prepared by the ASHA of the VHSCs under its jurisdiction for correctness and counter sign the same before submitting/forwarding it to the block/supervisory unit.
- 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-center (Table 21.5)

Sl.No.	Activity	Frequency	Cutoff Date
1	Collection of SoEs from the VHSCs	Monthly	25 th of the month
2	Submission of monthly SOE (including all vouchers) to the supervisory unit	Monthly	26 th of the month
3	Submission of UCs (including the vouchers)	Annually	30 th April of the following year

reporting requirements of sub-centers

Preparing a Budget

Definition of Budget

Budget is defined as a financial statement or plan for future activities in health center. It is frequently used to control future activities.

Characteristics of Budget

- Prepared in advance.
- Focuses on the future, i.e., it is future oriented.
- Expressed in quantitative forms, physical or monetary unit or both.

Uses of Budget

- Promotes the efficiency.
- Serves as a benchmark for controlling ongoing activities.
- Reduces wastages and losses by providing timely alert for corrective actions.

Steps in Preparing Budget

- Prepare a list on activities to be carried out in sub-center for the next year (Table 21.6).
- Mention number and money, etc. required for every activity.
- Sum all to know the total cost for the sub-center in the next year.

Name of the activity	Number of the activity (A)	Estimated money required for activity (B)	Total money for the activities (A*B)	Remarks

preparing for the budget of the sub-center

Audit

Auditing is a systematic examination of the books and records related to finances.

Scope of Audit

- Check the arithmetical accuracy of the accounts.
- Check the books of accounts with the help of all the relevant vouchers, invoices, correspondences, minute books, etc.
- Verify the assets and liabilities shown in the balance sheet.
- Report to the client based on findings.

Objectives of Audit

- To ensure the correctness and completeness of accounts.
- To ensure regulations of expenditure by examination of accounts.
- To know the honesty of financial transactions to detect errors and frauds.
- To ensure that the funds expended by institution have produced the intended results.

Audit Process

- The auditors do audit.

- Auditors visit the center and check various records and documents related to the activities carried out in the given financial year.
- The auditors examine the various records and vouchers related to the account at sub-center.
- They give the suggestion for the improvement in future.