

THE GANDHIGRAM INSTITUTE OF RURAL HEALTH AND FAMILY WELFARE TRUST
AMBATHURAI R.S., GANDHIGRAM P.O., DINDIGUL DISTRICT - 624 302

MINUTES OF THE 26TH FINANCE COMMITTEE MEETING
HELD ON 20.02.2007 (TUESDAY) AT GIRH & FWT

Shri. N. Gopalan, I.D.A.S., (Retd.), Chairman, presided over the meeting and the following members were present.

Members present:

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| 1. | Shri. P.K. Umashankar, I.A.S., (Retd.),
Chennai | ... | Member |
| 2. | Shri. M.R. Rajagopalan
Secretary, Gandhigram Trust | ... | Member |
| 3. | Shri. D.V. Jayaraman
Institute Auditor
Partner, M/s. V. Ramasamy Iyer & Co., | ... | Member |
| 4. | Dr. Lalitha. K.
Director & Member Secretary, GIRH & FWT | ... | Member-Secretary |

Special Invitees:

1. Shri .R. Jayaprakash
Admn. Officer, GIRH & FWT
2. Shri .S. Prasanna Venkatesan
Accts. Officer, GIRH & FWT
3. Shri .P. Srimurugan
Sr. Accountant, GIRH & FWT

The meeting started at 10:30 AM after observing two minutes silent prayer.

AGENDA ITEM NO. 1

**APPROVAL OF THE MINUTES OF 25th FINANCE COMMITTEE MEETING HELD ON
12.09.2006.**

The minutes of the 25th Finance Committee meeting were formally approved.

AGENDA ITEM NO.2

ACTION TAKEN ON THE MINUTES OF THE 25th FINANCE COMMITTEE MEETING HELD ON 12.09.2006

a) Placing the Audit Report for the year 2003-2004:-

The Committee noted that as per the last approval given by the BOT appropriate action has been taken for treating the net effect of funds from 37 dormant projects. Secondly, on an enquiry, the Institute Authorities clarified that as was indicated in the last FC meeting, discussions have been held with the Statutory Auditor and the accrual system of accounting will be implemented with effect from 1.4.2007. Thirdly, the Institute Authorities also assured that appropriate follow up action was being taken to step up the settlement of outstanding audit objections.

b) Grant-in-aid / Investment Position:-

The Committee noted that from April 2007 the Institute would create the Corpus Fund account, as investments under Endowment fund would be maturing from that month.

c) Asset verification / Computerization:-

The Committee was gratified to note the progress made in the physical verification of the fixed assets as well as the preparation of revised department-wise list of assets and consolidated Asset Register. Some samples of the Department wise list of assets were perused. The Statutory Auditor also confirmed that the depreciation as per the Income Tax Act was duly provided in arriving at the depreciated value. The Finance committee expressed its appreciation on the work carried out by the Director of the Institute and the Officers / staff for this exercise.

Computerization:

The Committee would be watching with interest the progress being made in regard to development of software for Asset Management System & Vehicle Management System.

AGENDA ITEM NO. 3

REVISED ESTIMATE FOR 2006-2007 AND BUDGET ESTIMATE FOR 2007-2008

The Institute Authorities gave a detailed presentation on the Revised Estimates for 2006-2007 and Budget Estimates for 2007-2008, which had been presented to the Ministry earlier (for Govt. Grants). These Estimates were reviewed department-wise and some suggestions were given for modifying the

presentation for the variations between the BE and the RE and also between the RE & the next year's BE.

CTI: - It was noted that in respect of Estimates for Central Training Institute, although the actual expenditure for the first 10 months was proportionately less, the full amount provided in the budget was likely to be spent before the end of the current Financial Year. The provision under Contingencies has been stepped up in the RE 2006-2007 as well as in the BE 2007-2008, keeping in view the additional / inescapable requirements under the Electricity and Advertisement charges.

RHTTI: - The additional amount provided in the RE under Salary & other Allowances was mainly due to Retirement benefits not fully catered for earlier. In rest of the items, there was no increase either in the RE or in the next year's BE.

PRC: - The increase is mainly under Salary & Allowances and TA/DA. As to the Salary & Allowances, the Institute Authorities clarified that the variation in the RE was due to lower amount approved by the Ministry at the BE stage. However, efforts were being made by the Institute to get approval of the Ministry and to get the additional provision sanctioned not only for the RE 2006-'07 but also BE 2007-'08. As to the increased provision in the RE under TA/DA, the Institute Authorities explained that this provision has been made based on the favorable indication given by the Ministry to step up the unrealistic amounts so far provided.

Under the Non-Recurring Grant, the Institute Authorities have made a one time provision of Rs. 3.5 Lacs for purchase of Generator & Lap Top, based on the project requirement and this was subject to approval by the Ministry. In case this amount is not agreed in the current financial year, the Institute has appealed to the Ministry to provide the same in the next financial year.

CCLT: - The estimates under RE 2006-'07 and BE 2007-'08 were found to be in order.

BMF: - The main variation in the RE 2006-'07 was found to be under Furniture and Equipments for which a Nil provision existed in the BE 2006-'07. The amount asked for in the RE was based on the urgent requirement for a water purification plant and two Syntex water Tanks. As this expenditure had already been incurred by the Institute, BOT may approve the same ex post facto, as the requirement is genuine for the trainees.

Institute Fund:- The BE 2006-'07 provision is Rs. 2.11 Crores and has been increased in the RE to Rs. 3.27 Crores . The Finance Committee noted that the increase was mainly under two heads viz., Contingencies and Adhoc Programs. The Institute Authorities explained that the enhancement in both heads was

due to additional new Adhoc programs / studies undertaken based on approvals given by the Donor Agencies and accordingly equivalent funds would be flowing from them, which has been reflected in the anticipated Income statement for the year. As regards the BE 2007-'08, the Institute Authorities stated that the provision in estimates has been drawn up for income as well as expenditure, only for known programs and a firm indication of the new adhoc programs would be available, only from April 2007 onwards.

Conclusion: - The FC recommends that the RE 2006-2007 and BE 2007-2008 as projected by the Institute may be considered for approval by the BOT.

AGENDA ITEM NO. 4

APPOINTMENT OF STATUTORY AUDITOR FOR 2006-2007

(This was taken up as the last item and the Statutory Auditor was not present.)

The FC approved in principle the recommendation of the Director for the reappointment of Statutory Auditor for 2006-'07 and advised that the Terms & Conditions may be finalized by the Director, in consultation with the Chairman, BOT.

AGENDA ITEM NO. 5

AUDIT POSITION:-

1. Statutory Audit for the financial year 2004-2005 and 2005-2006:

FC noted that as per commitment given earlier the Statutory Audit for the year 2004-'05 has been completed. The FC was however informed that the commitment given for completion of Audit for 2005-'06, also by end of the March 2007 may not be possible and there would be a spill over by two months and the revised target date for 2005-'06 would be end May 2007. Secondly, the Statutory Auditor informed the committee that he wished to suggest certain changes in accounting procedure and gave a written note in the meeting on the changes proposed for simplifying the Accounting System. The Director of the Institute felt that prime facie the revised system may be welcome as apart from simplification of consolidated accounts, the revised system proposed would be more informative. The FC advised as this note was given by the Statutory Auditor only now, the Institute Authorities may examine at length the full implications and give their recommendations to the FC.

2. Audit of the Principal Accountant General, Chennai:

3. Audit of the Internal & Statutory Board's Audit Department, Dindigul:

- a) **Central Training Institute:**
- b) **Regional Health Teachers' Training Institute:**

The FC noted the position and advised that the pace of settlement of objections for the current years 2003 onwards should be stepped up, as all documents should be available. In regard to earlier years, the Institute Authorities confirmed that all possible steps were being taken to settle the pending paras.

AGENDA ITEM NO. 6
ACCOUNTANT GENERAL AUDIT - PENDING AUDIT PARA CLEARANCE

1. Sri.R.Subburayalu - Pay Anomaly:

The FC noted that there was a court case pending in regard to the individual, although for a different purpose. It was felt that the recovery or otherwise of the excess payment can only be decided after the disposal of the case.

2. PRC Expenditure in excess of Ceiling limit Rs.44,127/-

The additional expenditure incurred under the budget head Contingencies during the year 1998-'99 to the extent of Rs.44,127/- may be ratified by the BOT. The Institute Authorities assured, hereafter such approvals would be taken from the FC/BOT, as soon as the expenditure becomes inevitable.

AGENDA ITEM NO. 7
RECTIFICATIONS FOR POINTS MENTIONED IN AUDIT REPORT FOR THE YEAR 2002-2003/2003-2004

1. Provident Fund Reconciliation:-

The FC approved the necessary book adjustments to clear an old Debit balance of Rs.5,87,425.70 accumulated over a period of years, since 1985. The Institute Authorities assured that at present there was no dues to PF remittance and the Provident Fund accounts are in order and will continue to remain so.

2. Project pending Advances:-

The FC stressed the need for laying down a Standard Operating Procedure (SOP) for payment of advances and watching its clearance. The Institute Authorities agreed to do so and stated that at present advances were being sanctioned to regular staff members only and accountability would be ensured.

1. NFHS (Old) - Rs.47266.05 (1999-2000)
2. RCH/BLS - Rs.18,596.60 (1999-2000)
3. RCH/RHS - Rs. 9,100.00 (2002-2003)

Considering the fact that the above three project advances were sanctioned to field staff and the possibility of recovery was very remote, FC recommends to make necessary book adjustments under the Institute Fund to clear the above three project pending advances.

3. Reconciliation of Three Bank accounts:-

The item was discussed and it was felt that no useful purpose would be served in making any more attempts to reconcile the three accounts, as mentioned below, as the Institute Authorities stated they were unable to trace the records both in the Institute and in the Bank. In view of the peculiar circumstances of the case, the FC recommends to make necessary book adjustments under the Institute Fund to clear the Debit balance.

1. NSS Rs. 2200/-
2. A/c. No. GF-173 (Main A/c.) Rs. 57,665.53/-
3. A/c. No. 8005 Rs. 10947.87

The FC however stressed the need for bank reconciliation statements on a monthly basis and advised the Institute Authorities that a certificate in this regard of having completed successfully this exercise should be put up to the FC, in every Meeting hereafter.

4. Pongal Ex gratia Due Rs. 1,31,575/-.

The Institute Authorities explained that the amount paid was not in the nature of Advance but Exgratia for Pongal paid in the year 1991 to the extent of Rs.1,31,575/-. Accordingly the FC recommends this item may no longer be treated as recoverable, although this audit objection should have been got settled much earlier, given the nature of payment now explained.

AGENDA ITEM NO. 8

DISALLOWANCES:

The FC noted the position of the Disallowances by the Ministry. There was thus no alternative but to absorb under the Institute Fund the excess expenditure of Rs.1,28,862/- for the year 2005-'06, under CTI. However, the Institute

Authorities were advised that for incurring expenditure in excess of the Budget approved, the procedure of Revised Estimates should be make use of and sanction obtained from the BOT at the RE stage, to keep the sanctity of the budget exercise.

AGENDA ITEM NO. 9
GRANT-IN-AID POSITION / INVESTMENT POSITION

The FC noted the position of Grant-in-aid received & Grant-in-aid balances refunded, from 01.09.2006 to 31.01.2007. As regards pending grants receivables as on 01.02.2007, the Institute Authorities confirmed that a sum of Rs.32,68,200/- has since been received in February 2007. Secondly, the Institute has been showing for the last three years a sum of Rs.11,09,739/-, under CTI project, as Leave Encashment due for the year 2000-2001 to 2003-2004. On a review, it was revealed that the Ministry was not likely to release this sum and no useful purpose would be served by depicting this amount as Grant Receivable, any longer. Accordingly the FC recommends that this amount may be absorbed under the Institute Fund.

Investment Position:

The position as on 01.02.2007 was noted. The Institute Authorities agreed that in view of the current scenario of increasing interest rates, the fixed deposit of Rs. 17.50 lakhs made with the SBI, recently in October 2006, for six years needs modification and action taken with the bank for fore-closing now and placing this deposit at current interest rates (higher) for 3 years.

The meeting came to a close with thanks to the chair at 1.40 PM.

Dr. LALITHA K.
DIRECTOR