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No. T. 11025/28/2009-NACO
Dated the 29th October, 2010

Sir/Madam

Upon review of the expenditure of all states, it is observed that the pace of utilization is extremely poor and a huge amount of advances are outstanding for the current year. This is partly because SACS have been following approach of adjustment of advances towards the end of financial year. This is not a desirable practice and such special drives should be restricted to urgent requirement. SACS must ensure that a system of regular periodic adjustment is followed as a matter of routine so that advances are adjusted regularly. It is requested that the following steps may kindly be take in this direction:-

1. A schedule for periodic submission and adjustment of SOEs may be laid down for every activity under each component. This should not be longer than one quarter of the current financial year. This is specifically relevant for recurring grants.
2. It is presumed that all states would have implemented E-payment for salaries. As such expenditure on account of salaries of peripheral units would be recorded in the accounts every month. In case any state has failed to do this, reasons for the same may be explained along with submission of a fresh target date for implementation of E-payment.
3. In respect of grants released for specific activities, kind attention is drawn order no T-11025/28/2009-NACO dated 12th August 2010 wherein it had been instructed that such advances should be adjusted within one month of completion of activity. Compliance of these instructions may kindly be ensured.
4. In cases of activities which are to be completed over a long time, it is requested that SOE may be called for on periodic basis and expenditure accounted for accordingly without waiting for the completion of entire activity and adjustment of advances at the end.
5. In respect of adjustment of advances extended to NGOs, it is observed that some states are delaying the process of adjustment, awaiting submission of audited accounts. States must institute a schedule for periodic submission of accounts which must be adjusted upon receipt of SOE, irrespective of whether they have been audited or not. Any corrections necessary can be made later upon the basis of audited accounts as and when these are received.

It is requested to ensure compliance of the above instructions and ensure that expenditure incurred up to September, 2010 in respect of all activities, is adjusted and reported under CPFMS before the review meeting scheduled for 23-24 November, 2010 at NACO. These figures would be checked by NACO through CPFMS and would form the basis of discussions on the performance of each state in the current year.

It may be noted here that request for additional funding cannot be discussed if the accounts reflect a poor utilization of existing resources.

Yours sincerely,

(Kanwaldeep Singh)

To

The Project Director
All State AIDS Control Societies/UTs