

# **CONCURRENT AUDIT AT STATE LEVEL 2014-15**

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## **1. Introduction of Concurrent Audit**

Concurrent Audit is a systematic examination of financial transactions on regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines. The emphasis under concurrent audit is not on test checking but on substantial checking of transactions. Independent Chartered Accountant firm is needed to be appointed at State level to

undertake monthly audit of all the programmes covered under National Health Mission Haryana.

## **2.Audit Committee**

An audit committee is required to be formed at State level for monitoring and evaluation of Concurrent audit. The member of audit committee should be the following:

<b>Person</b>	<b>Designation in Committee</b>
Director Finance & Accounts	Member Secretary
Consultant Finance	Member
Manager Accounts	Member
One Accounts Assistant	Member
Representative from VDCPs (at least one)	Member
Representative from NCD Programme	Member

The State Health Committee should meet at least 4 times in a year.

### **Functions of State Audit Committee:**

- Selection and appointment of State Concurrent auditors
- Issue of advertisement for appointment of District concurrent auditor and State Concurrent auditor.

- Final concurrence for the appointment of District concurrent auditors.
- Monitoring timely audits at State & District level and timely submission of audit reports.
- Discuss the key audit findings with state concurrent auditor and suggest appropriate actions.
- Monitoring whether adequate follow up action is being taken by the State Finance Personnel on the audit observations.
- Authorize the payment of remuneration to the auditor ( only after approving the Action taken report on the issues highlighted during the course of audit).
- Carrying out an assessment of audits in case the auditors are being considered to be reappointed.

### **3.Scope of audit.**

The Scope of audit work of State Concurrent Auditor is as follow:

1. Audit of the State Health Societies accounts and the expenditure incurred by State Health Societies.
2. Verification of consolidated monthly Financial Reports( as per annexure A).
3. Audit of Advances at State Health Societies level.
4. Audit of the Provisional Utilization Certificates sent to GOI.
5. Monitoring timely submission of the District concurrent audit reports.

6. Detail analysis and compilation of the District concurrent audit report.
7. Vetting of the State Action taken reports and providing observations thereon.
8. Follow up and monitoring over the action taken reports prepared by the Districts on the observation made in the audit.
9. Preparation of quarterly executive summary to be sent to GOI in the prescribed format.
10. Any other evaluation work, as desired by the State Audit Committee.

#### **4. Frequency of Audit**

Concurrent Audit will be carried out on a “Monthly basis”.

#### **5. Terms of Appointment of Auditor**

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

## 6. Contents of Audit Report

Concurrent Audit Report of a State Health Societies should contain the following financial statements and documents:

- Financial Statements as prescribed
  - Audited Trail Balance of State Health Societies( including VDCPs and NCD Programme)
  - Audited Receipts & Payments A/c of SHS( including VDCPs and NCD Programme)
  - Audited Income & Expenditure A/c of SHS( including VDCPs and NCD Programme)
  - Balance sheet of SHS( including VDCPs and NCD Programme)
  - Audited Financial Reports( as per Annexure A)
  - Audited status of mandatory books of Accounts( as per annexure D)
  - Audited Quarterly executive Summary (as per Annexure E)
  - Bank Reconciliation Statement of SHS( including VDCPs and NCD Programme )
  - Audited list of Advance ( including VDCPs and NCD Programme)

### **Notes:.**

- It must be noted that separate audit report should be submitted for following segments of National Health Mission Haryana:
  - i. RCH, Mission and Routine immunization
  - ii. Polio
  - iii. NUHM

- iv. RNTCP
- v. IDSP
- vi. NVBDCP
- vii. NLEP
- viii. NPCB
- ix. NCD
- x. AYUSH
- xi. IDD
- xii. SIHFW
- xiii. SHSRC

- The State is required to send a Quaterly Executive Summary to the Centre by compiling the observations from the State as well as District Concurrent audits.

## **7. Responsibility of State Health Societies**

- Submission and compilation of monthly Audit report: Overall responsibility of monitoring the progress, timely submission and compilation of monthly audits should be of Director Finance and Accounts of State who may be supported by Accounts Officer, Consultant Finance and Manager Accounts at State level
- Compliance of Audit Observations
- Timely Closure of Books of Accounts

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

- Production of relevant documents for Audit

SHS along with VDCPs and NCD Programmes shall be under obligation to provide the following:

- Books of Accounts
- Prescribed registers
- Files regarding purchase of all types of goods/items
- Files of Construction works
- Any other document requested by auditor in support/ reference of the above. The responsibility for the same shall lie with Director Finance and Accounts and Mission Director at State level.

## **8. Facilitation of the Audit**

The following arrangements need to be made for the auditors:

- To provide proper space for sitting during conduct of audit.
- To provide requisite explanations & documents on the queries raised by the auditor during audit.
- To provide auditors with ATRs on previous audit observations without any delay.
- To arrange payments to the auditor at the agreed times.

## **9. Provide Relevant Guidelines issued by GOI to Auditors**

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

## **10. Some Important Points**

- The audit report should also cover qualitative issues emerging from the audit other than the financial statements.
- Checklists should be thoroughly filled and each aspect should be adequately elaborated. Observations reported on accounting and internal control issues should be properly detailed and substantiated.
- Financial Statement of NDCPs should be included in the consolidated audit report and audited.
- The State Audit Committee shall at least 4 times in a year (i.e. once every 3 months ) for follow up on the observations made by the auditor.
- Soft copy of the consolidated executive summary and ATR( District and State) should be mailed by the Director Finance and Accounts at the State level to the Mission Director in the Ministry of Health and Family Welfare on quarterly basis



## 12. Key Timelines

The Key Timelines which need to be adhered to are summarized below:

Activity	Timelines
Carrying out concurrent audit	Monthly
Submission of Audit Report by Auditor to SHS	15 <sup>th</sup> of the next month
Submission of soft copy of the consolidated Executive summary and action taken report to the Mission Director, MOHFW.	Quarterly- by 25th of the first month of next quarter