



**Ministry of Health and Family Welfare  
Government of India**

# **E- Training Module on “Internal/ Accounting Controls”**

**June, 2011**

## Learning Objective of the Module

The aim of this training module on "Internal/ Accounting Controls" is to help the finance and accounts staff to develop an understanding of the following:

- ✓ Concept of Internal/ Accounting Controls
- ✓ Key elements of Internal Controls & its importance to bring in transparency & accuracy in the financial systems
- ✓ Some of the important accounting/internal controls to be implemented under NRHM including cash & bank transactions, expenditure payments, advances, etc.

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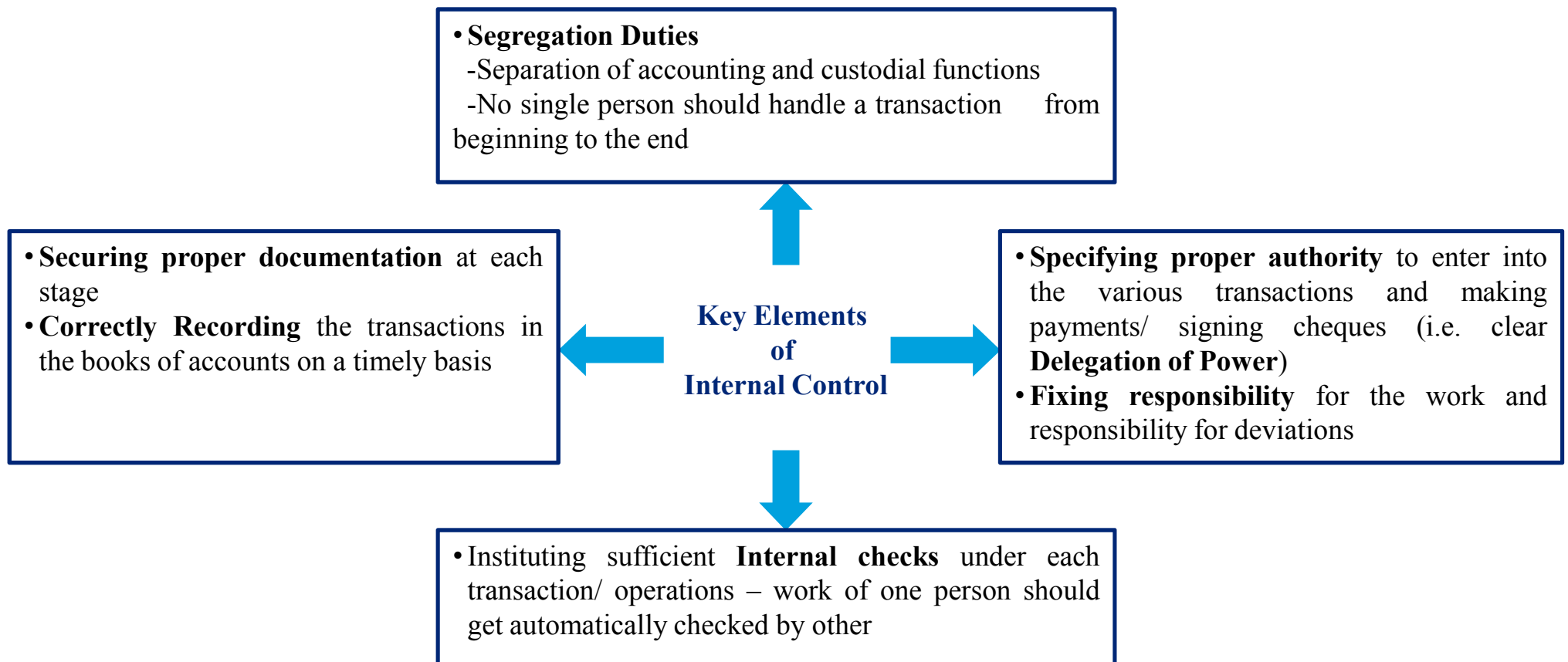
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# **INTRODUCTION**

# What are Internal/ Accounting Controls?

- **“Internal Controls”** refer to the methods and procedures adopted by an entity to assist in efficient conduct of its operations and help in preventing fraud & errors
- Those Internal controls which ensure validity & accuracy of the accounting records and financial statements are also referred to as **“Accounting Controls”**

*Internal Controls aim at the following:*



# Importance of Internal/ Accounting Controls

**Effective Internal/ Accounting Controls results in:**



- 1 Safeguarding of **Assets**
- 2 Timely & Accurate **Accounting / Financial** Information
- 3 Making **Errors and Frauds** Difficult
- 4 Better compliance with **Organizational Guidelines / Policies**
- 5 Properly **Authorized** Transactions

# **KEY INTERNAL / ACCOUNTING CONTROLS**

## Internal / Accounting Controls

- NRHM is a large & complex programme with multiple implementing units and decentralized framework
- An effective Internal control system is essential to ensure proper fund utilization and financial reporting under the programme at various levels
- This module outlines key internal/ accounting controls relating to various financial/ operational transactions including:
  - Cash Transactions
  - Bank Transactions
  - Expenditure Control
  - Procurement
  - Inventory/ Stock
  - Fixed Asset
  - Advances
  - Others Administrative Controls



# **CASH TRANSACTIONS**

## Cash Transactions - Internal / Accounting Controls

### **Daily Cash Balance:**

- ✓ Heavy balance of cash should not be kept at any unit (limit of maximum cash balance to be retained at each unit to be decided as per State Finance Rules)
- ✓ Cash should be withdrawn from bank account only as per the actual/ average requirement by each unit (based on the usage in the previous months)
- ✓ Physical cash should be counted & tallied with the cash balance as per the cash book on a daily basis

### **Cash Payments:**

- ✓ All cash payments/disbursements should be entered in the cash book on the day of the payment/ disbursement
- ✓ All vouchers/ bills/ invoices should be scrolled (serial numbered) and entered in cash book with appropriate referencing
- ✓ Vouchers/ payment documents should be cancelled after reimbursement to prevent duplication of payment
- ✓ Only original supporting/ bills should be accepted for cash payments
- ✓ Generally, cash payments should be discouraged, however payment by cash may be made, subject to directives/ limits prescribed by the State

## Cash Transactions - Internal / Accounting Controls

### Cash Receipts/ Withdrawals:

- ✓ All payments received in SHS/DHS and Block CHC/PHC, either in cash or through cheques/bank drafts/money orders/bankers cheque etc. should be first entered into the prescribed register (e.g. cheque receipt register) and then entries should be made in the cash book, on the same day i.e. day of receipt of cash/ cheque, etc.
- ✓ Receipts shall be issued, for the cash/bank Drafts/Banker cheque and money orders on its entry in the prescribed register, which should be signed either by one of the fund operator or by an authorized officer
- ✓ Signature of the person presenting the cheque and receiving the cash should be attested on the back side of the cheque by one of the authorized signatories
- ✓ Cash Receipt voucher should be prepared and accounted for by the accountant on the same day
- ✓ Cash Account should be updated for receipt/ withdrawal of cash on the same day
- ✓ Cash should be withdrawn by an authorized person (Cashier) only
- ✓ 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.

## Cash Transactions - Internal / Accounting Controls

### Maintenance and Custody of Cash Book:

- ✓ “Double Column Cash Book” should be maintained for SHS, DHS and Block, while at Sub Center and VHSC, a “Columnar petty cash book” should be maintained as per the formats suggested (formats attached under [Annexure I, II & III](#))
- ✓ Cash book should be updated on a daily basis in case of Block, CHC/PHC, RKS & at least on a weekly basis in case of Sub-Centre/VHSC
- ✓ Cash book should be closed daily and if no transaction has taken place during a day, the entry "No Transaction" to be noted in the cash book on that day and balances should be carried over to next day
- ✓ Over writing in cash book should be avoided and corrections, if any, should be attested by the authorized officer under his dated initials.
- ✓ Voucher serial number should be entered in the cash book alongside the expenditure
- ✓ All pages in the cash book should be pre-numbered in order to avoid tampering
- ✓ Access to petty cash book should be restricted to one person only
- ✓ Cash book should be authenticated by the drawing/ disbursing officer or any officer authorized for the purpose

## Cash Transactions - Internal / Accounting Controls

### Physical Verification of Cash:

- ✓ Cash chest/ box to be verified at least once in a month, at the close of the month & on first day of the next month by
  - ✓ SFM/ SAM at state level,
  - ✓ DAM at District level
  - ✓ Block Accountant at Block Level
  - ✓ Medical officer/ accounted at Health Facility level
- ✓ Concurrent Auditor should also verify physical cash during their visit
- ✓ Cash chest/ box should be kept at the facility under proper lock & key, preferably under insurance cover
- ✓ Cash should also be periodically (at least once a quarter) counted on a surprise basis by someone other than the custodian of the fund
- ✓ The physical cash should be counted and recorded in denominations and compared with the cash balance shown in Cash Book
- ✓ Result of verification should be recorded in the cash book each time as “ Certified that Cash Balance checked and found correct”
- ✓ In case of any discrepancy, a formal report should be submitted to the next higher authority for further necessary action
- ✓ Cash balance certificate should be prepared and kept ready for audit at the end of each year

# **BANK TRANSACTIONS**

## Bank Transactions - Internal / Accounting Controls

### Bank Payments:

- ✓ All payments to the extent possible should be made by account payee cheques/ e-transfer
- ✓ Entry in the books of accounts should be made immediately upon transfer of funds / issue of cheque
- ✓ Any payment above Rs. 5,000/- for Block, CHC/PHC and RKS and above Rs. 2,500/- for sub center & VHSC should necessarily be made through crossed Account payee cheques only
- ✓ Acknowledgement of receipt of cheques issued should be obtained from the payee
- ✓ The limits for approval of expenses/ payments should be as per the delegation of power at respective implementing units
- ✓ The supporting documents (such as bills, vouchers, etc.) should be stamped as 'PAID & CANCELLED' to avoid duplicate payment against the same document
- ✓ While making payments through cheque, its number should be invariably noted in the cash book/bank register for cross checking

## Bank Transactions - Internal / Accounting Controls

### Cheques:

- ✓ All cheques should be signed by the two authorized signatories
- ✓ Cheque books (new/ used /currently under use) and their counter foils should be kept in the personal custody of one of the officers who is authorized signatory on the cheques
- ✓ 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
- ✓ The issue of bearer cheques should be avoided as far as possible except for drawing cash from Bank for day-to-day official transactions
- ✓ Signatories should ensure that the amount of cheque is within their delegated power & the vouchers have been authorized by the concerned accountant
- ✓ Before signing the cheques, it should be ensured that funds in the concerned bank are sufficient to honour the cheque
- ✓ Staggering one payment into multiple cheques with smaller denominations mainly to avoid delegation limit should not be allowed
- ✓ As far as possible, the person responsible for preparing cheques should not be a cheque signatory himself
- ✓ Practice of signing of blank cheques in advance by any signatory should be completely prohibited
- ✓ Details of cheques in hand at the end of each month should also be maintained



## Bank Transactions - Internal / Accounting Controls

### **Maintenance of Bank Book:**

- ✓ “Double Column Bank Book” should be maintained for SHS, DHS and Block as per suggested format (formats attached under [Annexure I](#))
- ✓ Sub-Centre & VHSC should maintain a bank register to record receipt and payment of funds through cheque (formats attached under [Annexure IV](#))
- ✓ Bank pass book / bank statement should be updated regularly (atleast once a month)
- ✓ Over writing in bank book should be avoided and corrections, if any, should be attested by the authorized officer under his dated initials
- ✓ All vouchers / bills / invoices to be scrolled (serial numbered) and entered in bank book with appropriate referencing

### **Cheque Issue Register:**

- ✓ Cheque issue register should be maintained properly
- ✓ RTGS / ECS instructions should be appropriately authorized, recorded and filed. These should also be noted in the bank payment register
- ✓ All the cheques shall be entered in the Cheque issue register before they are submitted for signatures, indicating its number, amount, name of the person or party, purpose and date of issue, etc.
- ✓ Signatures should be obtained from Cashier/Accountant on the Cheque Issue Register in respect of each cheque handed over to him for cash withdrawal from the bank

## Bank Transactions - Internal / Accounting Controls

### **Bank Reconciliation Statement (BRS):**

- ✓ Bank reconciliation statement should be prepared on a monthly basis (by the 10th of the following month) (format attached under [Annexure V](#))
- ✓ Separate Bank reconciliation statement should be prepared for each bank account
- ✓ BRS should be reviewed and signed by the supervisor and a copy of BRS should also be sent to the supervisory units
- ✓ Reconciliation items should be grouped under the following heads;
  - Cheques deposited but not credited
  - Cheque issued but not presented into bank
  - Excess/ short amount debited / credited by bank
  - Bank interest not accounted for
  - Bank charges not accounted for
  - Bounced cheques/ cheques presented but not honored, etc.
- ✓ Proper explanation by the person in-charge should be recorded in case of any unreconciled / old entries
- ✓ Sequence of cheque number & cheque details should be compared with the details recorded in the cash book
- ✓ Attention should be given to long standing unpresented cheques, stop payment notices
- ✓ Any stale cheques appearing in the BRS should be reversed

## Bank Transactions - Internal / Accounting Controls

### Maintenance of Bank Account:

- ✓ As far as possible, Bank Account should be opened and operated under joint signature
- ✓ Personal bank accounts should not be allowed for making any official transactions
- ✓ Generally, bank account should be maintained in any of the scheduled bank / Grameen bank, however, account can also be maintained in post office in areas where bank availability is a problem
- ✓ Interest income should be clearly identified and reported in the SoE/ UC on timely basis
- ✓ Bank account should be posted from the daily totals of cheques issued and challans/remittances (deposited) made into the Bank
- ✓ Idle bank accounts should be closed urgently after appropriate approval.
- ✓ Funds related to non-NRHM programme should be avoided to be deposited into the bank account maintained for NRHM funds

# **EXPENDITURE CONTROLS**

## **Expenditure - Internal / Accounting Controls**

### **Vouchers / Supporting Documents:**

- ✓ All vouchers/bills/invoices should be scrutinized thoroughly before making payments and should be authorized by the person initiating the payment
- ✓ All vouchers should be scrolled (serial numbered) and entered in cash / bank book/ ledger with appropriate referencing
- ✓ All vouchers should be supported with appropriate documentary evidence
- ✓ All the payment vouchers should also be signed at the time of signing the cheques
- ✓ Invoice should be marked “Passed for Payment” on its face by competent authority.
- ✓ In case of advance adjustments, it should be marked “Passed for Adjustments”
- ✓ Vouchers should be filed properly in the appropriate files and required documents i.e. original bill/ invoice/ purchase order etc. should enclosed with the voucher
- ✓ Original supporting should be insisted in case of all expenses

## **Expenditure - Internal / Accounting Controls**

### **Post Payment Controls:**

- ✓ Paid invoice and supporting documents should be defaced with the seal of “Paid & Cancelled”
- ✓ The reference of cheque vide which the payment made should be recorded on invoice
- ✓ All the paid vouchers should be serially numbered and maintained in a box file
- ✓ Expenditures should be debited to the correct account head

### **Sanctions / Approvals:**

- ✓ Necessary approval from competent authority should be taken before hand for expenditure made
- ✓ All approvals/expenditure to be made should be under the jurisdiction of the sanctioning authority in line with delegation of power as prescribed by the State
- ✓ Expenditure to be made should be within approved budget limits/ guidelines

# **PROCUREMENT**

## Procurement - Internal / Accounting Controls

### **Requisition and Purchase Order:**

- ✓ All procurements should be made as per the approved guidelines for procurement issued by the State
- ✓ All purchase requisitions should be reviewed by a senior official to ensure reasonableness and appropriate delivery address
- ✓ All purchase orders should be prepared on the basis of approved purchase requisitions
- ✓ The purchases made or services received should be according to the approved plan
- ✓ Purchase orders should have all the relevant information pertaining to purchase and the information should be classified in an orderly manner
- ✓ Before making any purchases, stock position must be assessed

### **Receipt of Item and Recording:**

- ✓ Goods receiving officers should certify that the quality and quantity of the goods received on the receiving document (invoice/ challan) are as per the specifications mentioned in the purchase order
- ✓ Any discrepancy in the quality specifications as per the order document should be duly authorized by the concerned person
- ✓ The particulars of the purchase i.e. rates, calculations, net payable amount etc. should be examined/checked by the Accountant or by an authorized accounts person
- ✓ Entry should be made in appropriate stock/store register and certification on this account should be made on the bill/invoice by an authorized officer



## Procurement - Internal / Accounting Controls

### Approval/ Authorization:

- ✓ Payments should be made in accordance with the terms and conditions of the Purchase Order/ contract
- ✓ Evidence of delivery of goods /services at the agreed time and place should be obtained before making payment
- ✓ A competent sanction to incur expenditure should be attached with the bill/invoice
- ✓ Procurement against verbal order, if any, should be regularized through preparation of written purchase order and it should be approved by competent authority
- ✓ All procurements of goods/ articles should be made as per the State Government Procurement Rules which includes the limit for invitation of tenders, limit for quotations, formation of procurement committee, etc.

# **INVENTORY / STOCK**

## **Inventory / Stock - Internal / Accounting Controls**

### **Inventory / Stock:**

- ✓ Proper written policies and procedures to control and monitor inventories should be in place
- ✓ Store should be managed by an authorized store keeper and store records should be kept under his custody only
- ✓ Appropriate stock records should be maintained for receipt and issue of material
- ✓ Stock record should be maintained as per the prescribed format to reflect stock-wise quantities and locations by individual items
- ✓ All stock movements should be supported by formal pre-numbered documentation and be appropriately authorized
- ✓ Stock records should be updated immediately on issue/ receipt of any item
- ✓ Bin Card system should be adopted at least in respect of stores at District & above
- ✓ Items / material should be arranged/ stacked properly in the store to facilitate follow of FIFO (First In, First Out) method of issue of store items
- ✓ Access to the store should be limited to authorized personnel only
- ✓ Periodical stock verification should be conducted by the store keeper along with an independent officer appointed by head of office, any discrepancies should be appropriately recorded and reported to the higher authorities.
- ✓ Obsolete, damaged, and slow-moving items should be identified on periodical basis (monthly/ quarterly basis) and reported to higher authorities

**FIXED ASSET**

## Fixed Asset - Internal / Accounting Controls

### Approval/ Sanction:

- ✓ The prescribed procurement guidelines (to be specified by each state) for purchase of assets should be followed
- ✓ Appropriate budgetary approval should be available for purchase of fixed assets

### Fixed Assets Register (FAR):

- ✓ A register for Assets of Permanent Nature should be maintained to record assets of permanent nature like furniture & fixtures, Computers, etc. either procured by the block or received from districts / other offices.
- ✓ Another register for stocks of temporary nature should be maintained to record various consumables used by the block like stationery, printing material, etc.
- ✓ All assets received in kind from the supervisory units should be included in the register
- ✓ Entry should be made in register for each individual item of fixed asset purchased/ sold/ discarded
- ✓ Fixed asset register should include the description of the asset, classification of the head for e.g. Furniture and Fixtures, equipments, etc., location of the asset, quantity/ numbers, original cost, date of purchase, details of assets sold/ discarded, distinctive number of the assets etc.

## **Fixed Asset - Internal / Accounting Controls**

### **Physical Verification:**

- ✓ Annual physical verification of fixed assets should be conducted
- ✓ Verification should involve comparing the physical balance with book balance, identification of assets to be scrapped/written off & missing assets
- ✓ Any major discrepancies in physical verification should be appropriately recorded in the fixed asset register and reported to the higher authorities

### **Fixed Assets Movement:**

- ✓ All fixed asset movements between units should be appropriately approved and recorded in the FAR along with the new location of the fixed asset

### **Others:**

- ✓ No depreciation should be charged on the fixed assets
- ✓ Procedures and policies for transfers and disposals of fixed assets should be followed
- ✓ If any asset is disposed off/ discarded / demolished or destroyed, the net surplus / deficiency (if material) should be disclosed separately
- ✓ Permanent Identification Numbers should be mentioned on each item of fixed assets to permit easy identification. The same should also be reflected in the FAR
- ✓ Disposal of fixed assets should be made by the appropriate committee competent to do so

# **ADVANCES**

## Advances - Internal / Accounting Controls

### Advances:

- ✓ All advances should be duly approved by the competent authority.
- ✓ Before sanctioning further advance, it must be ensured that all earlier advances to the same person/party and for the same purpose have been settled/adjusted
- ✓ No advances should be made to a person/party if an advance is already pending for settlement for the same purpose, unless appropriately approved and reasons documented
- ✓ Advance should be given only for activities which are admissible under the programme
- ✓ All the advances should be settled within a maximum period of 90 days
- ✓ Advance Tracking Register should be maintained and regularly updated
- ✓ Age wise analysis of unsettled advances should be prepared and periodically be reviewed by Programme Officers at each unit
- ✓ Cases where huge un-adjusted advances have been lying for long should be brought to the notice of higher authorities (BCMO, DAM, CMHO etc.)
- ✓ Independent monitoring should also be carried out by the supervisory units in respect of the advances lying at the lower units based on the periodical MIS obtained



**OTHER ADMINISTRATIVE  
CONTROLS**

## **Others Administrative Controls**

### **Document custody:**

- ✓ The all important documents, rules and regulations should be placed in a dedicated area for easy retrieval
- ✓ Suitable responsibility should be assigned for keeping the rules and regulations file up to date

### **IT Back-up:**

- ✓ All critical data files should be periodically backed up and stored in a secure off site location
- ✓ A tested backup and recovery procedure to protect daily work files should be put in place
- ✓ There should be appropriate security on the access of all the sensitive/ important data and information

### **Password Controls:**

- ✓ There should be a comprehensive internal policy on password protection
- ✓ All the sensitive information should be protected by appropriate passwords
- ✓ Passwords should be frequently changed to avoid unauthorized access

## Others Administrative Controls

### **Attendance / Leave Records:**

- ✓ The attendance and leave records should be duly maintained at all units as per policy and updated regularly
- ✓ These should be verified by supervisor/ head of office periodically including leave records, etc.
- ✓ Leave applications should be scrolled (serial numbered) & properly filed
- ✓ All salary payments should be made according to the attendance records (including honorarium payment)

### **Delegation of Power:**

- ✓ Guidelines on 'Delegation of Power' issued by GoI/ State should be appropriately adopted and implemented
- ✓ Any internal delegation of authority by the supervisors should be appropriately documented

### **TDS:**

- ✓ TDS should be deducted appropriately and deposited as per the guidelines
- ✓ Quarterly / monthly TDS returns should be submitted in the prescribed format
- ✓ Instructions on e-TDS as circulated by the District Health Society should be followed

# **CASE STUDY**

## Case Study

*Some cases of lapses in implementation of internal controls are given below. Kindly suggest appropriate internal control measures which should be adopted in these cases.*

1) *Following lapses were noticed during examination of the file for Vouchers / Supporting Documents. List down the possible internal controls that should be implemented in order to avoid similar lapses in future*

- a) A cash voucher was entered twice in the cash book
- b) Two cheques were issued against the same voucher
- c) Few vouchers were found to be missing from the file

2) *While carrying out review of bank transactions/ maintaining bank records following practices are observed by the accountant. What possible improvements should be suggested for better internal controls ?*

- a) There is invariable delay in clearance of Cheques deposited
- b) Details noted in the bank register are: cheque amount, date & party name
- c) It is always difficult to track if a cheque issued had been handed over to the payee

## Case Study

- 3) *List down the possible internal controls that should be in place for smooth settlement of advances w.r.t. the following lapses?*
- a) It is difficult to identify exact balance of advances lying against individual party/ employee.  
Accountant is planning to review all ledger accounts in detail.
  - b) Multiple advances are outstanding against same employees
  - c) Advance given to an employee for a travel of 10 days included 2 days of personal trip
  - d) Most of the advances are pending for settlement for last 4-5 months
  - e) Some of the old advances from the external parties are being rejected by the payee party
- 4) *Accountant, who has been recently appointed at a health facility is facing following difficulties w.r.t. Fixed Assets. Suggest him relevant internal control measures which he should follow to avoid similar situations in future.*
- a) Accountant is preparing a list of all assets physically available but he is not able to identify details of assets which have been received in kind from other units/ donors
  - b) Certain items of old assets are being disposed off, however
    - Their costs are not traceable, though their quantity / date of purchase is available in the FAR
    - It is difficult to identify them in the FAR as there are similar items with same date of purchase

## **Solution: Case Study**

### **Solution 1:**

1. All vouchers should be scrolled serially numbered and entered in cash / bank book or register with appropriate referencing
2. All supporting documents in originals should be defaced / stamped as 'PAID & CANCELLED' with details of cheque number & date
3. Cash book should be closed daily and physical cash balance should be cross-verified on daily basis with closing balance in the cash book
4. All vouchers should be properly filed on daily / weekly basis

### **Solution 2:**

1. 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
2. Date of actual deposit/counter-foil of deposit should be mentioned/ attached with the bank book
3. Cheque number should invariably be noted in the cash book/bank register for easy cross-checking
4. Acknowledgement of receipt of cheques issued should always be obtained from the payee

### Solution 3:

1. Advance Tracking Register should be maintained
2. While sanctioning fresh advance, it should be ensured that no previous advance is pending for settlement against the same party/ employee
3. Advance should be given for activities admissible under the programme only, no advances on personal account should be given
4. All the advances should be settled within a maximum period of 90 days
5. Ageing of advances should be periodically carried out to identify any old advances
6. All advances from external parties should be confirmed on quarterly/ yearly basis

### Solution 4:

1. All assets received in kind should also be recorded in FAR with all appropriate details
2. Full particulars of purchase / receipt of fixed assets including the identification no., date of purchase, its current location / user, value of purchase, etc. to be included

Permanent identification no. should be marked on each item of fixed asset and same should be mentioned in the FAR



# **SELF ASSESSMENT**

## Self Assessment

Please tick mark (✓) the correct answers. A question can have more than one correct answer.

1. Which of the following statements is not true with respect to Internal Controls?
  - a. Internal Controls helps in providing timely & accurate information
  - b. Internal Controls help safeguard assets
  - c. Internal Controls encourages Errors and Frauds
  - d. Internal Controls leads to better compliance with Organizational Guidelines/ Policies
  
2. Which of the following is incorrect in terms of Elements of Internal Control?
  - a. Work of one person should get automatically checked by other
  - b. Responsibility for the work and for deviations should be fixed
  - c. The transactions should be correctly recorded in the books of accounts on a timely basis
  - d. A single person should handle a transaction from beginning to the end
  
3. Which of the following Internal Control statement is True?
  - a. Cash book is to be updated on a daily basis in case of Block, CHC/PHC, RKS
  - b. Cash book to be updated on a monthly basis in case of Sub-Centre/VHSC
  - c. Cash book should be closed on yearly basis
  - d. All of the above

## Self Assessment

4. Which out of the following are the Internal Controls that have to be implemented in respect of Cheques?
  - a. Cheques can be signed by one of the two authorized signatories
  - b. Cheques received should be deposited into bank within a week
  - c. Acknowledgement of receipt of cheques should be obtained from the payee
  - d. All of the above
  
5. Which of the following is/are correct in terms of implementing internal control in respect of maintaining a voucher?
  - a. All vouchers/bills/invoices should be scrutinized after making payments
  - b. All vouchers should be supported with appropriate documentary evidence
  - c. Invoice must be marked “Passed for Payment” on in case of advance adjustments.
  - d. All supporting documents should be stamped as ‘APPROVED & PAID’
  
6. Which of the following controls have to be kept in mind while dealing with advances?
  - a. Advance can be given for any activity
  - b. All the advances should be settled within a maximum period of 120 days
  - c. No advances should be made to a person if an advance is already pending for settlement
  - d. All of the above

## Self Assessment

7. Which of the following points should be kept in mind while handling cash receipts?
  - a. Signature of person presenting the cheque and receiving cash should be attested by one of the authorized signatories
  - b. All payments received should be first entered into the prescribed register and then entries should be made in the cash book
  - c. Only a
  - d. Both a & b
  
8. Which of the following statements is true with respect to Bank Reconciliation Statement?
  - a. Bank reconciliation statement should be prepared atleast on a weekly basis
  - b. Any stale cheques appearing the BRS should not be reversed
  - c. Single Bank reconciliation statement should be prepared for all the bank accounts
  - d. Proper explanation by the person in-charge should be recorded in case of any unreconciled entries
  
9. Which of the following statements is true with reference to implementing controls over fixed assets?
  - a. Physical verification of fixed assets should be conducted atleast on annual basis
  - b. Depreciation should be charged on the fixed assets
  - c. A single register for assets of permanent & temporary nature should be maintained
  - d. Assets received in kind from the supervisory units should not be included

## Self Assessment

10. Which of the following should be adhered to with reference to bank accounts?
  - a. Private bank accounts can be allowed to be maintained
  - b. Account should be maintained in post office in areas where bank availability is a problem
  - c. None of the above
  - d. All of the above
  
11. Which of the following points should be kept in mind while implementing internal controls over inventory/ stock?
  - a. Stock record should be maintained as per the prescribed format to reflect stock-wise quantities and locations by individual items
  - b. Stock records should be updated immediately on issue/ receipt of any item
  - c. Store records should be kept under the custody of the dedicated store keeper only
  - d. All of the above
  
12. Which of the following statements is true with respect to administrative controls?
  - a. All the sensitive/ important data and information should be easily accessible to all
  - b. Passwords should not be frequently changed
  - c. A tested backup and recovery procedure to protect daily work files should be put in place
  - d. All of the above

## **Solution: Self-Assessment**

1. c
2. d
3. a
4. c
5. b
6. c
7. d
8. d
9. a
- 10.b
- 11.d
- 12.c

# **ANNEXURES**

## Annexure I - 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											



## Annexure II - Format of Petty Cash Book for Sub Center

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 III - Format of Petty Cash Book for VHSC

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.*

## Annexure IV - 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 VHSC 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 V - Format of Bank Reconciliation Statement

**Bank Reconciliation Statement for the month of \_\_\_\_\_**

**Name of the Unit:**

**Balance as per Cash Book (as on date .....)**

**Add:**

- (i) Cheques issued but not encashed
- (ii) Credit entries made in the bank pass book but not shown in the cash book
- (iii) Interest credit in Bank

**Total**

**Less:**

- (i) Amount sent to Bank but not credited in the Saving Bank Account of the unit
- (ii) Bank charges debited in the bank account but not accounted for in the cash book

**Total**

**Balance as per Pass Book**

Prepared by :

Examined by :

Date : \_\_\_\_\_

**THANK YOU**