22nd GOVERENING BODY MEETING

AGENDA ITEM NO. 13

Subject: Amendment in Para 4.1.12 of Finance & Accounts Manual

Chapter 4 of Finance & Accounts Manual deals with "Grant Disbursement Policies" and para 4.1.12 deals with SIFPSA property. Further sub para 4.1.12 (E) deals with "Units in the private sector the work of which has not been found satisfactory. It has been noticed that the above para does not have suitable provisions to deal with those NGO's, whose performance are found unsatisfactory.

The extracts of para 4.1.12 is as under for immediate reference.

"4.1.12 SIFPSA Property

SIFPSA-supplied or financed property must be used only for those activities described in the Agreement Document. In case of misuse of SIFPSA's property, the sub-grant is liable to be terminated and the organization blacklisted, which would debar organization from availing assistance in future. Upon completion or expiration of this Agreement, the following procedure shall be followed for the disposal of SIFPSA financed assets at the end or termination of the project:

(A)	Units of the State Medical, Health & Family Welfare and Medical Education and Research Departments.	All assets to remain with these units.
(B)	Units of the Employee's State Insurance Directorate.	All assets to remain with these units.
(C)	Units in the Private Sector reputed for work in the areas of family welfare and population control, if their performance has been found satisfactory.	All assets to remain with these units, after obtaining a declaration from the agencies of their intention of using these assets for family welfare activities and of not engaging in activities expressly forbidden under the IFPS Project Agreement e.g. abortion related activities.
(D)	Units in the Private Sector which have not worked in the areas of family welfare and population control, if their performance has been found satisfactory.	All assets to remain with these units, after obtaining a declaration from the agencies of their intention of using these assets for family planning activities and of not engaging in activities expressly forbidden under the IFPS Project Agreement e.g. abortion related activities.

(E)	Units in the Private Sector the work of which has not been found satisfactory.	Assets to be disposed of as follows : (a) To be given to the agency at the written down value according to the applicable rate of depreciation as per Income Tax Act – (i) Furniture, chairs, tables, sofas, beds, almirahs, storage cabinets, takhats & examination tables. (ii) Equipment: Typewriters, PA System, OHP, Photocopiers. (iii) Coolers and fans (iv) Medical equipment (v) Vehicles except ambulances and mobile clinic units. If the agency is not willing to take these items on the condition mentioned above, assets to be handed over to the local Chief Medical Officer, who may make use of them in his office or units under him. If the Chief Medical Officer is unable to absorb all the assets and equipment thus transferred, he may obtain orders from the Divisional Additional Director for the distribution of these assets to other districts of the division. If the assets and equipment can not be absorbed in the division, UP may be obtained regarding the distribution of assets to other districts of the state. (b) To be transferred to the local Chief Medical Officer or Chief Medical Superintendent as decided by the Divisional Additional Director: Ambulances and mobile clinic units with all fixtures and equipment. (c) To be recalled to SIFPSA : TV/VCR/VCP, air conditioners, generators and computers / printers. **(d) ****

Evaluation of all agencies should be initiated 16 to 18 weeks in advance of the end of the sub- projects duration to decide well in time about the category in which the agency is likely to fall as regards disposals of assets.

Where the sub – project being implemented by an agency has not yet come to an end, the written down value of the assets to be given can be adjusted against the last but one installment and the last installment i.e. the residual amount. The written down value of assets to be given to the agency should also be calculated so that adjustments can be effected in the last two installments. If the sub- project has come to an end, the agency shall pay for the assets given to it by draft favoring SIFPSA payable at Lucknow. Agencies based at Lucknow may pay by bankers cheque or pay order in favour of SIFPSA.

SIFPSA reserves the right to dispose of such assets as are taken back from the agencies at a price not less than the written down value in accordance with the rate of depreciation applicable at the time of disposal as per Income Tax Act.

Formats of letters to be sent to agencies about the disposal of assets are annexed at Form GD- 7, GD-8 and GD – 9

(Asset Disposal Policy in respect of assets purchased out of SIFPSA grant was approved by VIII Governing Body)"
It has been noticed that provisions of Financial Manual does not have suitable provision to deal with those NGO's whose performance is not found satisfactory, thus it is proposed to add the following para below sub para 4.1.12 (E) – as sub para (d)**:

1. *Executive Director IFPS Project, Lucknow may revoke the agreement between SIFPSA and the unit concerned wholly or partially and ask the unit through a written notice to refund amounts received till then with interest accrued thereon, if any, in the following situations:*

    a) *Mis-utilization of Grants*
    b) *Claim for expenses being found fraudulent*
    c) *Failure to observe and perform covenants, stipulations or obligations under this agreement*
    d) *Breach of terms and conditions and provisions of the agreement or existence of reasonable grounds to apprehend such breach of terms in future.*
    e) *Failure to intimate in writing any material facts subsequent to the grant having direct or indirect bearing on the award of the project or its continuance.*
    f) *Failure to intimate the penalization or pendancy or initiation of civil or a criminal proceedings against the grantee or any or its member to any court of law inside or outside India or by any donor of the grantee prior to or subsequent to this grant and*
    g) *Poor performance.*
    h) *Unsatisfactory performance rated by endline evaluation.*

2. *An amount equal to 10% of the cost of the project may be kept in form of Bonds/NSCs/FDs pledged to SIFPSA at the time of signing the agreement and will be seized if the results of the project will be rated unsatisfactory*

3. *A Bank guarantee of 10% of the project cost may also be required to be submitted at SIFPSA by the unit concerned the time of signing the agreement".*

The Governing Body may like to approve the clause to be added in Financial Manual and pass the following resolution:

> **"RESOLVED that the Governing Body accords approval for the insertion of sub-para (d) in clause 4.1.12(E) of Chapter-4 in Finance & Accounts Manual.**
>
> **FURTHER RESOLVED that the Executive Director be and is hereby authorized to take all actions in this regard".**

Sd/-
(Pradeep Shukla)
Executive Secretary, SIFPSA

Dated: 9th May, 2010