

## **Investigation Revolving Fund (IRF)**

### **Introduction**

There are very few Institutes or Hospitals that have Hospital Supply Chain Management. They continue to have traditional Store & Purchase and Accounts departments and have often failed to appreciate the power of Business Process Re-engineering. 54<sup>th</sup> Governing Body of the Institute created **Investigation Revolving Fund (IRF)** in its meeting dated 26.11.2002 to re-engineering the procurement of all lab consumables required for patients' tests & investigations in most efficient and cost effective manner on the principle of self-sustainability. The aim of creating Investigation Revolving fund is to have the revolving fund to be utilized for procurement of lab consumables to run the patient investigation facility in different departments of the Institute. The collection under the head of investigation should meet day-to-day running cost of the listed tests & investigations on Hospital Information System (HIS) of the Institute. Governing Body set the following goals.

There is usually a tendency to consider one's department as an independent unit without realizing the overall functioning of the Institute. There are various types of materials management functions at the Institute, so each department or function looks at inventory in its own way but it makes no difference. In other words, the Standard Operating Procedure may differ from each other. For instance, Materials Management department deals with the procurement of medical equipments, hospital furniture, office automation, linen & laundry etc. for state government annual grants & budgets. HRF is accountable & responsible for medicines & drugs including hospital disinfectant, surgical consumables, dressing material etc. on the Principle of Recovery of Cost & bedside facility; similarly IRF is accountable & responsible for lab consumables on the Principle of Self-Sustainability. However, the public buying rules are same in all the materials functions. Meaning thereby, the basic approach in all the functions remains same. Keeping in view of all the basics, the Institute has developed most appropriate procedure & practice at hospital for procurement of hospital consumables through IRF. In all materials management functions, there cannot be a standard method of organizing a purchase department or having a standard set of system or procedure. Each setup has to be tailor-made to suit their specific needs & requirements. However, the basic factors will remain same.

54<sup>th</sup> Governing Body set the following goals for IRF

- Mission Investigation All
- Round the Clock availability of all investigations
- Quality assured and error free testing and reporting
- Accreditation of SGPGI laboratories
- Working on the principle of self-sustainability
- Patient satisfaction through customer relationship management

### **Definition of Investigation Revolving Fund (IRF)**

IRF can be defined as “a process of procurement, classifying the requirements, summarizing the realization and communicating the financial data to take meaningful decisions in the interest of patient care & services to keep away from annual grants & budgets of the Govt. of Uttar Pradesh for hospital consumables to become self-reliance activity of the Institute”. As the cost of lab consumables is charged from the patients. Investigation Revolving Fund is a combination of three major activities at the Institute that includes the procurement & storage, distribution & realization and payment to the suppliers.

#### Execution & Procurement

Execution of indents & requirements are based on realization

#### Storage & Distribution

No annual orders are placed & goods distributed

#### **Remittance & Realization**

Hospital Information System (HIS) plays a vital role  
Hospital A/c's has been remitting the collection to IRF bank A/c

#### Payments & Accounting

On accrual basis & all payments are made from day to day proceeds

#### Accounting & Recording

Mercantile system of accounting is followed  
for preparing the final accounts & Balance Sheets,  
Trial Balance and Profit & Loss A/c

### **Need of Revolving Fund**

A brilliant idea is coupled with powerful vision of hospital supply and hassles free payments to the vendors on the principle of self-sustainability. In fact, the Revolving Fund was created by the Governing Body of the Institute to re-organize the procurement of lab consumables in most efficient & cost effective manner on the principle of self-sustainability. There was an aim behind creating of the Revolving Fund is to have such a fund to be utilized for procurement & payment of lab consumables through effective customer relationship management. It was created by one time funding of rupees forty lakhs in the year 2003.

### **What is Revolving Fund?**

The purchase of lab consumables on the principle of self-sustainability from non-plan income under the head of investigation of the Institute is known as “**Investigation Revolving Fund**”. The purpose of the revolving fund is to generate enough revenue to cover the full cost of goods & services in order to become self-reliance activity at the Institute. In other words, the hospital business area has been converted into self-reliance activity to keep away the government grants & budgets for continuing the supply of goods & services without fiscal year limitations. The revolving fund operates on the Principle of Self-Sustainability. It neither makes a profit nor incurs a loss since the actual expenditure on tests & investigations are charged or recovered from the patients. No cuts are given to any doctor, nurses, technicians etc. Money receipt is always issued against all payments to the patients. The Institute has two types of revolving funds in Hospital Administration. Both the revolving funds i.e. HRF & IRF work on the principle of self-sustainability and its scope & operations are different in nature.

### **Scope of Work**

Investigation Revolving Fund deals with the procurement of Diagnostic kits & Reagents, Chemicals & Lab consumables, Glassware & Plastic-ware, Medical x-ray films, Blood bags, Radioisotopes and Installation of maintenance free Laboratory Equipments at no cost basis against the purchase of reagents & chemicals on the principle of self-sustainability. IRF has been making strong & outstanding contribution to make accountable all the labs & departments through Hospital Information System (HIS). In addition to above, the basic tenet of revolving fund is to create Customer Relationship Management on corporate thinking. To begin the operations, the initial one-time cash corpus money was made available for creation of such funds. The management of revolving fund at public institute is a great discovery and new Purchase Mantra. In other words, it is a new state of art procurement at public institute.

### **IRF Purchase**

IRF is actively involved in the purchase of lab consumables against various rate contracts and deals with the procurement of diagnostic kits & reagents, chemicals & lab consumables, glassware & plastic-ware, medical x-ray films, blood bags and installation of maintenance free laboratory equipments at no cost. It has been making strong & outstanding contribution to make accountable all the laboratories and departments through HIS. It has been improving the functional status of all the departments year after year. IRF has made the purchase to the tune of Rs. 7,36,90,812=62 in the year 2008-09.

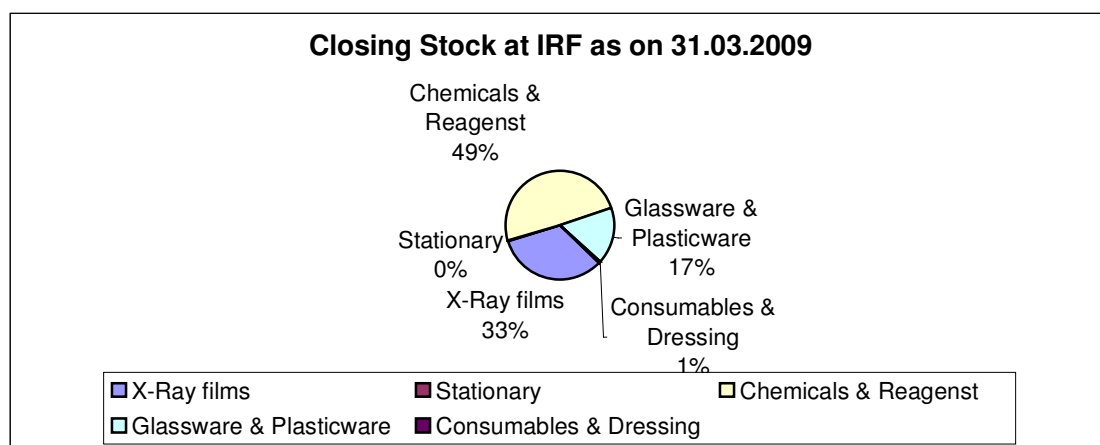
Table No.-1

Annual purchase of the goods for the year 2008-09 ended on 31.03.2009

Sl.	Major Head of the Purchase	Total Value of Purchase
1	Medical X-Ray films & X-Ray Chemicals	Rs. 68,91,539.20
2	Consumable & Dressing	Rs. 67,12,666.96
3	Hospital ware & Instruments	Rs. 43,34,356.48
4	Radioisotopes	Rs. 40,55,778.00
5	Chemicals & Reagents	Rs. 5,16,96,471.98
	Total Rs.	Rs. 7,36,90,812.62
All purchases of the goods are divided in five major heads at IRF		

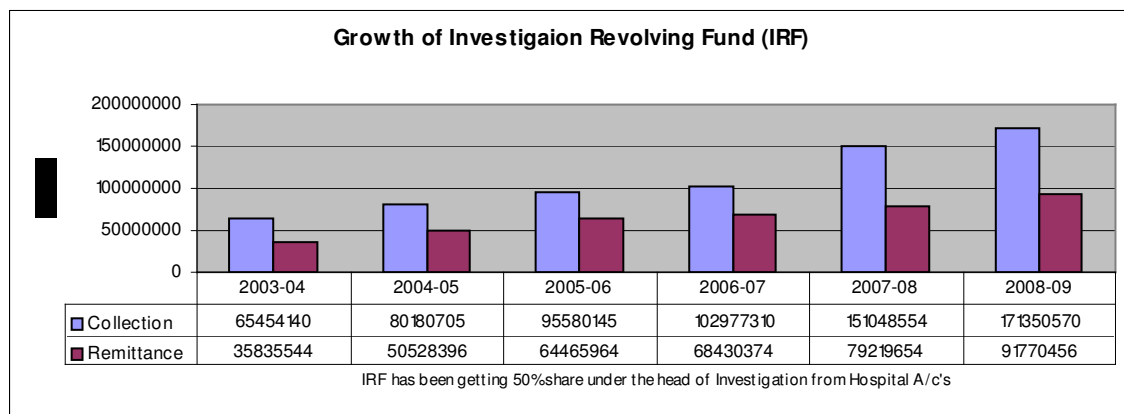
### **IRF Store**

IRF Store does not raise any indent of the consumables on behalf of user. In fact, all users have been submitting their projected annual requirements on the basis of past consumption and / or utilization of goods from listed tests. No bulk inventory is being maintained. IRF store has issued the goods to the various departments to the tune of Rs. 7,30,61,929=05/- in the year 2008-09.



### **IRF Accounts**

IRF Accounts keeps a close watch over all transactions of the goods & services. The Balance Sheet of IRF for the year 2008-09 has been submitted to the Finance officer to incorporate in the main Balance Sheet of the Institute. All the payments are made to the supplier from day-to-day proceeds within 30 days and no complaint of any vendor is received for delayed payment. Bank Reconciliation Statement is also up to date till 31<sup>st</sup> March 2009.



### **Unique Terms of Payment Plan at IRF**

To make optimum utilization of funds available with IRF, the contractual suppliers under rate contract are informed through supply order to avail the following payment options:

- *Option 1.* All suppliers who allow 4% trade discount shall be made payment on the day it submits the bill with the IRF store.
- *Option 2.* All suppliers who allow 2% trade discount shall be made payment within three working days of the submission of the bill with the IRF store.
- *Option 3.* Those suppliers who do not wish to avail the opportunity of early payments shall be made payment on the 30<sup>th</sup> day of the submission of the bill with the IRF store.

### **Achievements**

During the year 2009, IRF has entered in the era of Instant Investigation System (IIS) with the successful commencement of instant urine analysis investigation services for OPD patients as well as maintenance free installation of Architect I-1000 SR equipment for Cyclosporine, Tacrolimus & Sirolimus tests, in the department of Nephrology.

### **Task Force**

Sl.	Name of the officer, staff & employee	Designated As
1	Prof. K. N. Prasad, Deptt. of Microbiology	Chairman, IRF
2	Dr. A. K. Bhatt, Medical Superintendent	Nodal Officer, IRF
3	Mr. Vijay Kumar Jaiswal	Store Purchase Officer
4	Mr. Anoop Saxena	Assistant Accounts Officer
5	Mr. B. P. Ghildiyal	Jr. Accounts Officer
6	Mr. Junaid Ahmed	Asstt. Technical Officer
7	Mr. I. C. Nawani	Asstt. Technical Officer
8	Mr. B. K. Pandey	Office Superintendent