

**TECHNICAL EDUCATION QUALITY  
IMPROVEMENT PROGRAMME OF  
GOVERNMENT OF INDIA**

**FINANCIAL MANAGEMENT MANUAL  
(REVISED – JUNE 2006)**

**NATIONAL PROJECT IMPLEMENTATION UNIT  
4<sup>TH</sup> FLOOR, EDCIL HOUSE, PLOT 18-A, SECTOR 16-A,  
NOIDA – 201301 UTTAR PRADESH**

## ABBREVIATIONS

ACA	Additional Central Assistance
BOG	Board of Governor
CAA&A	Controller of Aids Accounts and Audit
CAG	Comptroller & Auditor General
CFI	Centrally Funded Institution
CIP	Concise Institutional Proposal
CPA	Central Project Advisor
DEA	Department of Economic Affairs
DGS&D	Directorate General of Supplies & Disposals
DOC	Documented Claim
FMR	Financial Management Report
FD	Fixed Deposit
GOI	Government of India
IDA	International Development Association
IBRD	International Bank for Reconstruction and Development
INR	Indian Rupee
IRG	Internal Revenue Generation
LIPMU	Lead Institution Project Management Unit
LR	Learning Resource
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MHRD	Ministry of Human Resource Development
NCB	National Competitive Bidding
NIT	National Institute of Technology
NPD	National Project Director
NIPMU	Network Institution Project Management Unit
NPIU	National Project Implementation Unit
O&M	Operation & Maintenance
PAD	Project Appraisal Document.
PLA	Personal Ledger Account
PIP	Project Implementation Plan
PMU	Project Management Unit
QCBS	Quality and Cost Based Selection
RA	Running Account
RBI	Reserve Bank of India
RP	Retroactive Period
SOE	Statement of Expenditure
SFI	State Funded Institution
SPFU	State Project Facilitation Unit
TEQIP	Technical Education Quality Improvement Programme
TDS	Tax Deducted at Source <sup>II</sup>
TOR	Term of reference
WBR No.	World Bank reference No.

## CONTENTS

	<b>Page</b>
DEFINITIONS	
IMPORTANT DETAILS	
Section I FINANCIAL MANAGEMENT SYSTEM	1- 4
Section II FINANCIAL ACCOUNTING	5 - 7
Section III REIMBURSEMENT PROCEDURES	8 - 14
Section IV FINANCIAL AUDIT	15 - 16
Section V FINANCIAL REPORTING	17 - 18
Section VI CONTRACT AND PROCUREMENT MANAGEMENT SYSTEM	18 - 24
<b>ANNEXES</b>	<b>25</b>
Annex – 1 Chart of Accounts & Receipts	26
Annex – 2 Cash Book	27
Annex – 3 Petty Cash Book	28
Annex – 4 Journal Voucher	29
Annex – 5 Journal Book	30
Annex – 6 Ledger	31
Annex – 7 Bank Reconciliation Statement	32
Annex – 8 Stock Register	33
Annex – 9 Fixed Asset Register	34
Annex – 10 Physical Verification of Assets Format	35
Annex – 11 Trial Balance	36
Annex – 12 Form – 1 B	37
Annex – 13 Form – 1 C	38
Annex – 14 Abstract of Summary Sheet	39
Annex – 15 Certificate	40
Annex – 16 Proposed Terms of Reference for Financial Audit	41 - 46

Annex – 17	Audit Report Format	47
Annex – 18	Management Letter	48
Annex – 19	Utilization Certificate	49
Annex – 20	Balance Sheet and Schedules	50 - 53
Annex – 21	Income & Expenditure Format	54 - 55
Annex – 22	Receipt & Payment Format	56 - 57
Annex – 23	Certified Statement of Expenditure and Reimbursement Claims	58
Annex – 24	Monthly Financial Progress Report Format for Centrally Funded Institutions (Proforma – A)	59
Annex – 25	Monthly Financial Progress Report Format for State as whole (Proforma – A)	60
Annex – 26	Monthly Financial Progress Report Format for Programme Institutions (Proforma – A – 1)	61- 62
Annex – 27	Monthly Financial Progress Report Format for SPFU (Proforma – B)	63
Annex – 28	Summary of Financial Status of Programme Institutions and SPFU (Proforma – C)	64
Annex – 29	Financial Management Report for Centrally Funded Institutions	65 - 68
	FMR – 1: Comparison of Actual Expenditure with Planned Expenditure	
	FMR – 2: Forecast of Expenditure for six months	
	FMR – 3: Utilization of Funds	
	FMR – 4: Contract-wise Expenditure Details	
Annex – 30	Financial Management Report for SPFU	69 - 72
	FMR – 1: Comparison of Actual Expenditure with Planned Expenditure	
	FMR – 2: Forecast of Expenditure for six months	
	FMR – 3: Utilization of Funds	
	FMR – 4: Contract-wise Expenditure Details	

## DEFINITIONS

“Programme” means Technical Educational Quality Improvement Programme (TEQIP) of Government of India.

“Accounting Year”, “Year”, or “Financial Year” means the year commencing from 1<sup>st</sup> of April and ending on 31<sup>st</sup> of March succeeding year.

“Auditor” means a firm of qualified Chartered Accountants empanelled with the CAG and duly appointed by Centrally Funded Institutions/ State Project Facilitation Unit for auditing the programme accounts.

“Bank” means a Scheduled Bank in which a separate account is opened to operate the project funds.

“BTE” means the Bureau of Technical Education within the Department of Secondary and Higher Education, Ministry of Human Resource Development, Government of India.

“Committed expenditure” means expenditure for which firm purchase orders/work orders have been placed including the bills pending for payment.

“NPIU” means National Project Implementation Unit set up by Ministry of Human Resource Development for facilitating, implementing, coordinating and monitoring Project activities at National level.

“PIP” means Project Implementation Plan for the Project dated August 2002, including action plans, procedures and criteria for implementation of the Project.

“Programme Institutions” means Technical/Engineering Education Institution, as defined in PIP, duly selected for support under the Programme.

“SPFU” means State Project Facilitation Unit to provide support to the Secretary in charge of technical education in facilitating, implementing, coordinating and monitoring the Programme activities at the State level.

## IMPORTANT DETAILS

**NAME OF THE PROJECT:** TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME  
(TEQIP) OF GOVT. OF INDIA

**IDA CREDIT NO.** : 3718 IN

### PARTICIPATING CENTALLY FUNDED INSTITUTIONS

#### 1<sup>st</sup> Cycle :

1. Motilal Nehru National Institute of Technology, Allahabad
2. Maulana Azad National Institute of Technology , Bhopal
3. National Institute of Technology , Calicut
4. National Institute of Technology ,Kurushetra
5. Visvsvaraya National Institute of Technology ,Nagpur

#### 2<sup>nd</sup> Cycle :

1. National Institute of Technology, Dugapur
2. National Institute of Technology, Hamirpur
3. Malviya National Institute of Technology, Jaipur
4. Dr. B R Ambedkar National Institute of Technology, Jalandar
5. National Institute of Technology, Jamshedpur
6. National Institute of Foundry & Forge Technology, Ranchi
7. National Institute of Technology, RourKela
8. National Institute of Technology, Silchar
9. National Institute of Technology, Srinagar
10. Sardar Vallabhabhai National Institute of Technology, Surat
11. National Institute of Technology, Surathkal
12. National Institute of Technology, Tiruchirappalli
13. National Institute of Technology, Warangal

### PARTICIPATING STATES

#### 1<sup>st</sup> Cycle :

1. Haryana
2. Himachal Pradesh
3. Kerla
4. Madhya Pradesh
5. Maharastra
6. Uttar Pradesh

#### 2<sup>nd</sup> Cycle :

1. Andhra Pradesh
2. Gujarat
3. Jharkhand
4. Karnataka
5. Tamil Nadu
6. Uttaranchal
7. West Bengal

### IMPORTANT DATES

Date	1 <sup>st</sup> Cycle	2 <sup>nd</sup> cycle
Singing of Agreement	4 <sup>th</sup> February,2003	12 <sup>th</sup> April, 2004
Effectiveness	12 <sup>th</sup> February,2003	8 <sup>th</sup> July, 2004
Completion	31 <sup>st</sup> December, 2007	31 <sup>st</sup> December, 2007
Closing	30 <sup>th</sup> June, 2008	30 <sup>th</sup> June, 2008

## SECTION – I

### FINANCIAL MANAGEMENT SYSTEM

#### 1. PROJECT IMPLEMENTATION UNITS

- 1.1 For facilitating, implementing, coordinating and monitoring of the project at national level, a National Project Implementation Unit (NPIU) has been set up.
- 1.2 At the State level, each State has a State Project Facilitation Unit (SPFU). Each SPFU, in turn will have a number of institutions and these are referred to as Lead/Network Institution Project Management Unit (LIPMU/NIPMU).

#### 2. PHASING AND CYCLING OF THE PROGRAMME

- 2.1 The Programme has been envisaged in two to three phases of 5 years duration each. The first phase has commenced from 2003. Depending on its success during course of implementation and the experience gained, second phase overlapping the first phase may be initiated. Similarly, the third phase could commence before the end of the second phase.
- 2.2 Each phase of the Programme will have two to three cycles of selection of the Institutions.

#### 3. PROGRAMME YEARS AND QUARTERS

- 3.1 Before launching the programme, various preparatory activities were carried out by the States/NPIU. The expenditure incurred prior to one year of effectiveness of the Project on preparatory activities, is considered for reimbursement under retroactive financing. The duration of retroactive period and years of implementation is given below:

Year	Duration	
	From	To
Retroactive Period	02.01.2002	03.02.2003
Year 1	04.02.2003	31.03.2004
Year 2	01.04.2004	31.03.2005
Year 3	01.04.2005	31.03.2006
Year 4	01.04.2006	31.03.2007
Year 5	01.04.2007	31.03.2008

- 3.2 Each Programme year comprises four quarters. The quarters are given below:

Quarter	Duration	
	From	To
1 <sup>st</sup> Quarter	1 <sup>st</sup> April	30 <sup>th</sup> June
2 <sup>nd</sup> Quarter	1 <sup>st</sup> July	30 <sup>th</sup> September
3 <sup>rd</sup> Quarter	1 <sup>st</sup> October	31 <sup>st</sup> December
4 <sup>th</sup> Quarter	1 <sup>st</sup> January	31 <sup>st</sup> March

#### 4. PROGRAMME LIFE ALLOCATIONS

- 4.1 National Selection Committee has approved the Programme Life Allocation of all Centrally Funded Institutions (CFIs) and State Funded Institutions (SFIs) from 13 states selected to participate in the TEQIP. The details are given below:

**(Rs. in million)**

Sl. No.	Beneficiaries	Central Sector	State Sector	Total
1.	Engineering Institutions (Lead & Networked)	3350	11450	14800
2.	Polytechnic (Networked)	-	400	400
3.	State Project Facilitation Units (SPFUs)	-	150	150
4.	NPIU and Research Studies, Resource Institutions, etc.	150	-	150
	<b>Total</b>	<b>3500</b>	<b>12000</b>	<b>15500</b>

#### 5. FUNDS FLOW AND RELEASE OF INSTALLMENTS

- 5.1 For the CFIs and NPIU, the funds are budgeted under identifiable budget line item in the Ministry of Human Resource Development (MHRD). On approval of the budget by the Parliament, MHRD releases annual fund based on annual requirements in instalments to the CFIs/NPIU as grants.
- 5.2 For SFIs and SPFUs, funds are allocated in the budgets of the concerned Departments of the respective State Governments. The State Governments releases funds in instalments as grant to the institutions and SPFU. The funds to private institutions are provided as grant/loan by the respective State Governments as per the MOU signed between the two agencies.
- 5.3 The Programme funds to the institutions will be released in not more than two instalments each year on the basis of MOU between the GOI/States and the Institutions “The next installment will be released on utilization of 70% of the amount of the previous installment which will include actual expenditure plus committed expenditure for which firm purchase orders/work orders have been placed including the bills pending for payment”.

#### 6. SEPARATE BANK ACCOUNT

- 6.1 All the Centrally and State Funded institutions have to maintain a separate bank account for the Programme funds released by the respective Governments.

#### 7. UTILIZATION OF FUNDS

- 7.1 The funds are to be utilized by the SFIs, NPIU and SPFUs for the purpose for which it has been provided.
- 7.2 The fund released has to be utilized only for the following Two Programme components:
- (I) Institutional Development
  - (II) System Management Capacity Improvement
- 7.3. Institutional Development: This component is applicable to all CFIs and SFIs only and comprises three sub components as listed below:

- (A) Promotion of Academic Excellence
- (B) Networking of Institutions
- (C) Services to Community and Economy

7.4. System Management Capacity Improvement: This component is applicable only to NPIU as well as SPFU and not to CFIs/SFIs.

**8. EXPENDITURE CATEGORIES, COST AND HEAD OF EXPENDITURE**

8.1 The CFIs and SFIs incurring expenditure on TEQIP have to book the same under Category – I in the heads of expenditure indicated below:

Category No	Expenditure Cost
I	<p><b>(A) INSTITUTIONAL DEVELOPEMENT</b></p> <ul style="list-style-type: none"> <li>• <b>INVESTMENT COST</b> <ul style="list-style-type: none"> <li>-Civil Works</li> <li>-Equipment</li> <li>-Furniture</li> <li>-Vehicles</li> <li>-Books and Learning Resources</li> <li>-Consultant Services and Research Studies including audit fee</li> <li>-Training/Study Tours/Fellowships (Local &amp; Foreign)</li> </ul> </li> <li>• <b>INCREMENTAL OPERATING COST</b> <ul style="list-style-type: none"> <li>-Salaries of agreed additional Key Faculty &amp; Staff</li> <li>-Consumables</li> <li>-Operation &amp; Maintenance</li> </ul> </li> </ul> <p><b>(B) NETWORKING OF INSTITUTIONS</b>  <b>(C) SERVICES TO COMMUNITY &amp; ECONOMY</b></p>

8.2 The NPIU and SPFU incurring expenditure on TEQIP have to book the same under Category – II to Category VI in the heads of expenditure indicated against each category:

Category No.	Category of Expenditure	Head of Expenditure
II	<b>Goods</b>	<ul style="list-style-type: none"> <li>- Equipment</li> <li>- Furniture</li> <li>- Vehicles</li> </ul>
III	<b>Books &amp; LRs</b>	<ul style="list-style-type: none"> <li>- Books, News papers, Magazines etc.</li> <li>- Software etc.</li> </ul>
IV	<b>Consultant Services</b>	<ul style="list-style-type: none"> <li>- Local Consultants</li> <li>- Audit Fee</li> </ul>
V	<b>Training &amp; Workshops</b>	<ul style="list-style-type: none"> <li>- Local Training/Workshops</li> <li>- Foreign Training/Study Tours/ Fellowships</li> </ul>
VI	<b>Incremental Operating Cost</b>	<ul style="list-style-type: none"> <li>- Salaries of agreed additional Staff</li> <li>- Consumables</li> <li>- Operation &amp; Maintenance</li> </ul>

## 9. CATEGORIES AND PERCENTAGE OF REIMBURSEMENT OF EXPENDITURE

- 9.1 The reimbursement on expenditure incurred by the CFIs/SFIs, NPIU/SPFU has to be claimed under following categories and percentage given below:

Category No.	Category of expenditure	Applicable to	Percentage of reimbursement
I	Institutional Development	CFIs and SFIs	80%
II	Goods (including equipment, furniture & vehicles)	SPFU & NPIU	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
III	Books & Learning Resources		100%
IV	Consultant Services		80%
V	Training & Workshops		100%
VI	Incremental Operating Cost including salaries of agreed additional staff		80% until 31/3/2004, 65% until 31/12/2006, and 25% thereafter

## 10. STAFFING AND TRAINING

- 10.1 Finance cell of NPIU will be headed by a qualified finance professional as Financial Management Specialist. The specialist will be assisted by a qualified accountant designated as Accounts Manager. The Financial Management Specialist will be responsible for establishment of the agreed financial management arrangements, providing timely financial reports, facilitating smooth and timely flow of funds and providing overall guidance in respect of financial management issues including monitoring of expenditures, audit and internal control to SPFUs and the participating SFIs.
- 10.2 At SPFUs, a Finance Coordinator who will be assisted with adequate support staff will head the finance function. He will be responsible for providing timely consolidated financial reports to the State authorities and the NPIU, monitoring of expenditures, providing overall guidance to the institutions, facilitating smooth flow of funds to all institutions and conduct of timely audit and ensuring consolidation of reimbursement claims.
- 10.3 At the institutional level a senior staff will be designated as in charge of the accounts function for the Programme funds. He will be responsible for complying with the disbursement procedures, financial reporting requirements, monitoring of Programme expenditures and audit. Accounts personnel to work exclusively on the Programme will be identified. Additional assistance at clerical level will be managed through hiring services from external agencies and not through appointing persons on adhoc/temporary/short term basis.
- 10.4 Entire financial staff under the Programme at institutional, State and National levels would be given training on financial management and reimbursement procedures, etc.

## SECTION – II

### FINANCIAL ACCOUNTING

#### **1. ACCOUNTING POLICIES**

- 1.1. Each accounting unit i.e. CFIs, SFIs, NPIU and SPFUs have to compulsorily adopt Double Entry System of book keeping on Cash basis.
- 1.2. A Separate Bank Account to be opened by each institution, SPFU and NPIU for the project funds.
- 1.3. All payments will be charged off to relevant expense account head at the time of making the payments except advance payment.
- 1.4. Advance payments will be charged off to the relevant heads of accounts on adjustment.
- 1.5. The assets created out of Programme funds will be accounted at cost.
- 1.6. No depreciation will be provided on Fixed Assets acquired under the Programme.
- 1.7. Materials purchased for the Programme activities will be charged off to the relevant project expenditure at the time of purchase itself.
- 1.8. Eligible expenditure incurred on Programme activities will only be claimed. Expenditure not in accordance with the project agreements will not be claimed.

#### **2. CHART OF ACCOUNTS**

- 2.1. Each accounting unit i.e. CFIs, SFIs, NPIU and SPFUs would maintain a detailed chart of accounts for booking of the expenditure under the Programme. A sample chart of accounts is attached at **Annex - 1**.
- 2.2. The Chart of Accounts given in the above Annex can not be altered or modified.

#### **3. METHOD OF ACCOUNTING**

- 3.1. Separate books of accounts and record of fund flow for the Programme funds will be maintained by each management structure at institutional, State and National levels
- 3.2. Each of these management structures will maintain standard Books of Account (Cash Book, Bank Book, Journal, Ledgers, etc.).
- 3.3. Support vouchers will be prepared for record of transaction such as Cash voucher, Bank voucher, Receipt voucher, and Journal voucher in order to establish accuracy and authenticity of expenditures.
- 3.4. The institutions will follow applicable statutory procedures for maintaining accounts. However, records of expenditure incurred under the Programme will be kept separately for claiming reimbursement.
- 3.5. There are well-defined components and expenditure categories for the purpose of claiming reimbursement under the Programme. Proper linkages will have to be established between the accounting head and the components/categories of expenditure.
- 3.6. Financial reports generated from the above accounting system will be comparable to Programme allocations, yearly budgets, forecasting and utilization of funds relating to physical and academic achievement as targeted under the Programme.

## **4. BOOKS OF ACCOUNTS**

### **4.1 Cash Book**

- 4.1.1 The Cash Book with Cash and Bank columns should be maintained. The format of the Cash Book is attached at **Annex - 2**. All transactions of Cash and Bank will be recorded in the Cash Book along with classification.
- 4.1.2 The Cash Book will be closed monthly and attested by the In charge (Finance).
- 4.1.3 There will be a surprise verification of Cash at least once in a month by an appropriate authority and result of such verification will be recorded in the Cash Book under his date and signature.

### **4.2 Petty Cash Book**

- 4.2.1 A reasonable amount of cash may be fixed as imprest to meet routine office expenses and it will be in the custody of Cashier. Adequate security will be obtained from the Cashier.
- 4.2.2 The Cashier will obtain the approval of In charge (Finance) on the Petty Cash voucher before making payment out of the imprest. He will maintain proper accounts for the amounts spent. The format of the Petty Cash Book is attached as **Annex - 3**. Expenditure from the imprest will be reimbursed as per the requirements but in any case on the last working day of the month.
- 4.2.3 Petty Cash Book will be closed at the close of each working day and got verified and attested by In charge (Finance).

### **4.3 Journal Book**

- 4.3.1 Journal voucher will be prepared for any adjustment entry. The format of voucher is attached at **Annex - 4** and the same will be posted to Journal Book. The format of Journal Book is attached at **Annex - 5**.
- 4.3.2 The entries from Journal Book will be posted to Ledger as and when recorded in the Journal Book giving full details of transactions, Journal voucher number and amount.

### **4.4 Ledger**

- 4.4.1 The entries from Cash Book will be posted to Ledger. The format is attached at **Annex - 6**. It will be balanced monthly.

### **4.5 Bank Reconciliation Statement**

- 4.5.1 Bank statement of TEQIP account maintained separately will be obtained from the bank within 5 days after the close of each month.
- 4.5.2 Closing balance appearing in Bank statement would be reconciled with the balance shown in the Cash Book by preparing the Bank Reconciliation Statement. The format is attached at **Annex - 7**.

### **4.6 Stock Register**

- 4.6.1 The person in charge of Stores will maintain a Stock Register for stores items purchased and issued. The format attached at **Annex - 8**. The details regarding date of purchase, quantity and value of items purchased will be recorded in the register based on the bills, while the issues will be based on the indents approved by competent authority.

4.6.2 There will be a physical verification of stores on annual basis and the same will be completed within 15 days after the end of financial year. Result of such verification will be noted in the stock register under dated signature of verifying officer.

#### **4.7 Fixed Asset Register**

4.7.1 Each Programme Institution, SPFU and NPIU will maintain Fixed Asset Register to record the assets acquired and created out of Programme funds. The format is attached at **Annex – 9**. Individual asset-wise entries will be recorded in the Fixed Asset Register.

4.7.2 An identification number for each item of asset would be assigned for easy identification of the assets. These identification numbers would be painted on each item prominently and the same would be recorded in the Fixed Assets Register.

4.7.3 There will be an annual physical verification of fixed assets. The result of such verification will be recorded in Fixed Asset Register under date and signature of verifying officer. Any significant difference will be dealt with in the books of accounts properly. The format of physical verification of asset is at **Annex – 10**.

### **5. PERIOD FOR WHICH RECORDS TO BE KEPT**

5.1 The Programme Institutions, SPFUs, NPIU would retain all records (contracts, orders, invoices, bills, receipts and other documents) till completion of the Programme and year after the last audit report of the last financial year of the Programme is submitted.

### **6. INTERNAL CHECKS & CONTROLS**

6.1 Institutions should establish proper internal check and internal control mechanism for TEQIP. Establishment of procedures and systems for ensuring standard internal control such as checking of expenditures, appropriate documentation, levels of authorization, periodic bank reconciliation and physical verification.

6.2 Maintain basic day-to-day transactions on a regular basis in separate registers and ledgers.

6.3 Generation of trial balance, reconciliation statements, receipts and payment, income and expenditure statements, etc.

6.4 The trial balance should be prepared on monthly basis to rectify the errors and omissions. The format is given as **Annex – 11**.

6.5 Comparison of statement of expenditure with the annual budgetary allocations, Programme components and categories of disbursement.

6.6 Periodic checks on delay of payments on the pending bills and an immediate corrective action to be taken.

6.7 Establishment of appropriate budgeting system.

6.8 Regular monitoring of actual financial performance with budgets and targets.

6.9 Monitoring of physical and financial progress.

6.10 Establish an independent Physical Verification committee at the institution level for yearly physical verification of assets acquired from Programme funds.

## SECTION –III

### REIMBURSEMENT PROCEDURES

#### 1. REIMBURSEMENT PROCESS

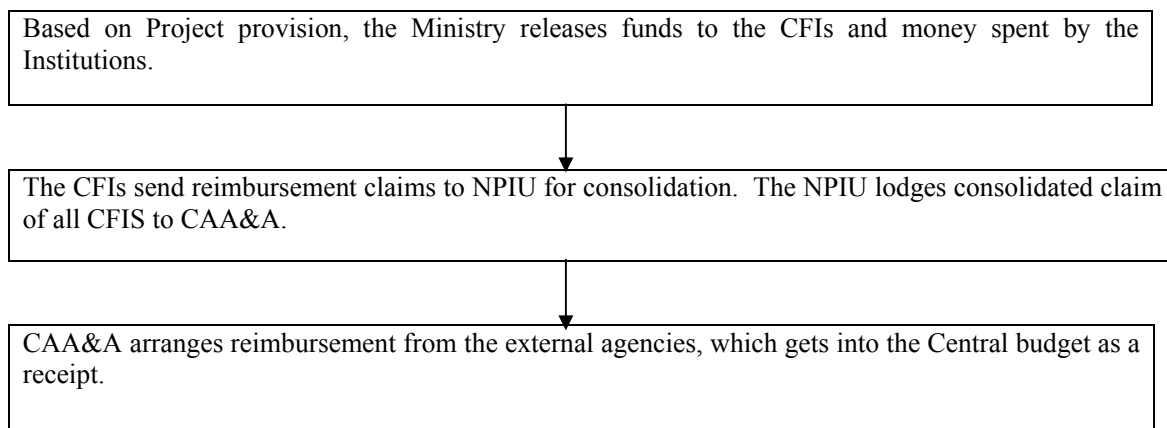
1.1. The Programme is implemented through external assistance of the World Bank and attracts the provisions of GOI policies in respect of externally assisted projects. Relevant extract from the External Assistance Manual of Ministry of Finance, GOI is given below:

- (a) Under externally assisted projects, the external assistance received from various multilateral and bilateral agencies is passed on by GOI to the States as Additional Central Assistance (ACA) on the same terms and conditions as Central Assistance for State Plans. These are different from the conditions at which external assistance is received from various multilateral/bilateral agencies. For States not falling under the special category status, assistance is given in 30:70 mix of grant and loans with 20 years maturity period and will carry interest at the rate fixed by GOI from time to time. The rate of interest in 2003 was 10.5%. Further, half of it carries a grace period of 5 years.
- (b) All external-aid disbursed by external agencies to GOI is first received by the Central Government in the Ministry of Finance (MOF), Department of Economic Affairs (DEA), office of Controller of Aid Accounts and Audit (CAA&A).
- (c) The States initially incur expenditure on externally aided projects and thereafter claim reimbursement from GOI. In order to prevent any adverse effect on Project implementation by the States due to fund constraints and for expeditious utilization of external aid, a system of advance release of ACA is available up to 25% of the budgetary provision which is released by the Department of Expenditure on advice from the Department of Economic Affairs in the first month of a financial year. The States subsequently adjust this against the reimbursement claim during the last 3 to 4 months of the financial year.

1.2 The fund flow process in cases of Central and State Sector Project is as below in respect of TEQIP:

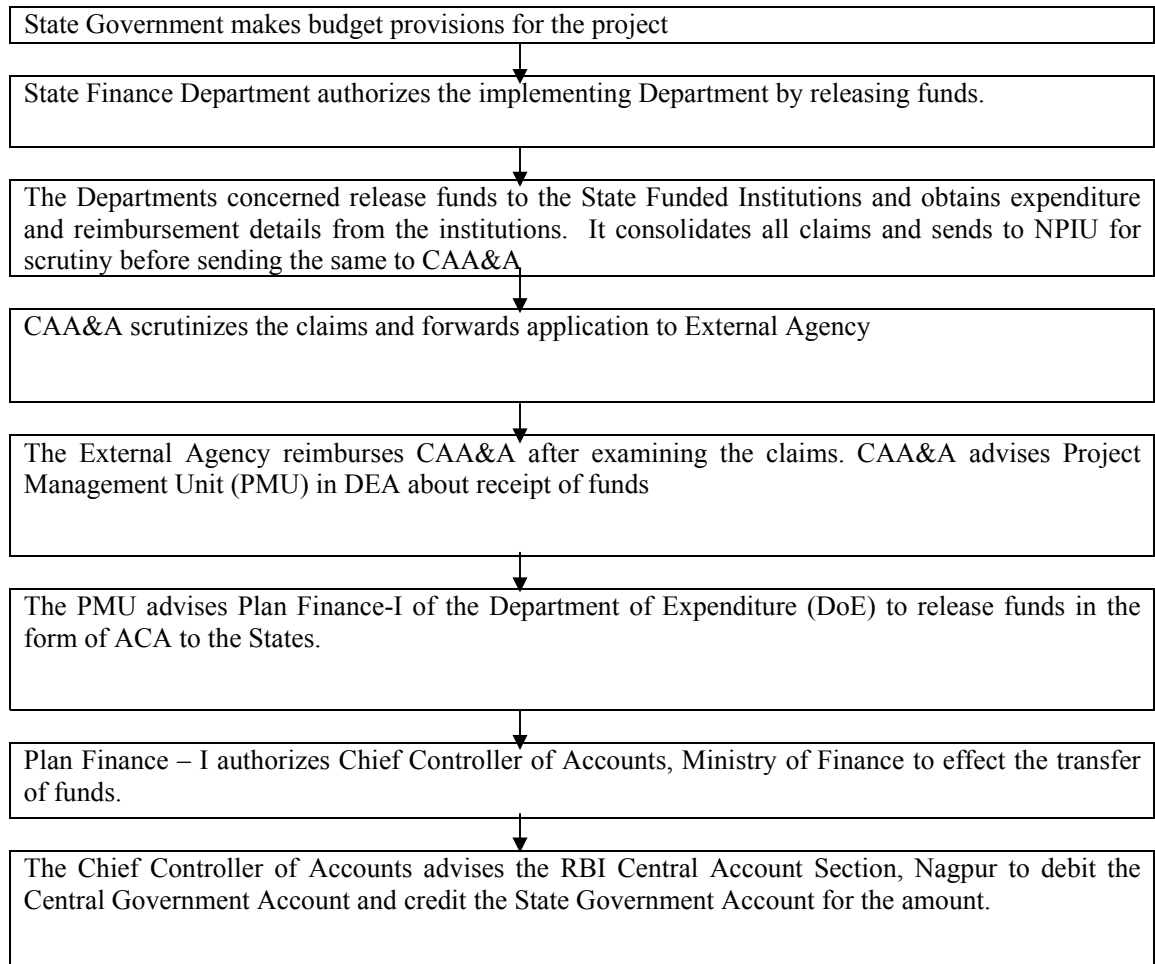
#### Central Sector Projects

In case of Centrally Funded Institutions, the external aid takes the following route:



#### State Sector Projects

In case of State Funded Institutions, the external assistance follows the route given below:



- 1.3 The disbursement is made in the traditional system (reimbursement with full documentation and against Statement of Expenditures). Under the traditional system of claiming disbursement, the Programme implementing agencies initially incur the expenditure and then such expenditure is claimed by way of reimbursement claims. The reimbursement claims constitutes three parts:
1. Withdrawal Application
  2. Summary Sheets
  3. Documents such as invoices, bills, payment receipts, etc.
- 1.3 All the Centrally Funded institutions will send their reimbursement claims in DOC or SOE to NPIU for onward forwarding to CAA&A. Finance In-charge at the institutional level will be responsible for preparing monthly claims.
- 1.4 The Head of the Institution (Director) will sign and ensure timely submission of these claims for the purpose of disbursement. Original documents and vouchers will be retained at the Institutional level. Only photocopies of documents with DOC claim are to be sent. No photocopies are required to be sent along with SOE claims.
- 1.5 All State level institutions will send their claims to the SPFU and SPFU after the scrutiny will send the claims to the NPIU, which will forward the same after necessary checks and verification to CAA&A for claiming disbursement every month.

- 1.6 The Financial Coordinator at SPFU and Finance In-charge at the institutional level will be responsible for preparing monthly claims and the Head of the Institution will sign and ensure timely submission of these claims for the purpose of disbursement to the SPFU.
- 1.7 The SPFU will consolidate all Institutional claims and send to NPIU duly signed by the SPFU head for onward submission to CAA&A. The CAA&A will examine these claims and take appropriate action for claiming disbursement from the World Bank. CAA&A will provide information on periodic disbursement status to NPIU, and the States.

**2. GUIDELINES FOR PREPARATION OF CORRECT CLAIMS**

- 2.1 Three types of forms are used for submission of reimbursement claim.

**(i) Form –1 B (Summary sheet requiring documents)**

This form is to be used for:

- a) Works valued at US \$ 300 000/- or more
- b) Goods valued at US \$ 300 000/- or more
- c) Consulting firms valued at US \$ 100 000/- or more
- d) Individual Consultants valued at US\$ 50 000/- or more

**(ii) Form – 1C (Summary sheet not requiring documents)**

This form is to be used for expenditure less than limit mentioned at (i) above.

**(iii) Abstract of Summary sheet.**

This is used to give summary of Form 1-B and 1-C

- 2.2 The reimbursement claim forms 1–B, 1-C, and Abstract of Summary Sheet are given at **Annex – 12, 13 and 14.**
- 2.3 The forms would be strictly on A4 size paper only since it is processed through the computer in the World Bank and the computer does not accept any other (small or big) size of the paper.
- 2.4 Expenditure amount eligible for reimbursement is to be claimed
- 2.5 The percentage of reimbursement of the eligible expenditure is as follows:

**For Centrally Funded and State Funded Institutions:**

Category No.	Category of Expenditure	Financing Percentage
I	Institutional Development	80%

**For SPFU and NPIU only:**

Category No.	Category of Expenditure	Financing Percentage
II	Goods	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
III	Books & Learning Resources	100%

IV	Consultant Services	80%
V	Training & Workshops	100%
VI	Incremental Operating Cost including salaries of agreed additional staff	80% until 31/3/2004, 65% until 31/12/2006, and 25% thereafter

2.6 Wherever reimbursement percentage is 100% the claim will not include taxes and duties levied in India. **(Applicable to SPFU and NPIU only)**

2.7 Wherever the reimbursement percentage is less than 100% the claims will include taxes and duties levied in India.

2.8 **Amount not eligible for reimbursement**

- (i) Earnest money deposit, secured advances recovered from the contractors bill are not eligible for disbursement at the time of such recovery. However, the same may be claimed at the time of final release of the money after completion of the work.
- (ii) Amounts recovered from contractors bill towards Liquidated damages/penalty imposed.
- (iii) Amount recovered from contractors bill towards any fund managed by SPFU.
- (iv) Expenditure on cost of land for project activities.
- (v) Advances given to consultants are not eligible for reimbursement (except for mobilisation advance against Bank guarantee and secured advance against Indenture Bond).
- (vi) Arbitration charges and adjudication fee are not reimbursable.

**3 DOCUMENTS TO BE SENT ALONG WITH CLAIMS**

3.1 The photocopies of the following supporting documents are required to be submitted along with **Form 1-B** :

- (i) Contractors Running Account Bill for civil works (first and last page only indicating WBR No. Contract No., Contractor Name and city).
- (ii) Suppliers or Consultants Invoice
- (iii) Summary statement of works performance signed by supervising engineer or any other authorised representative.
- (iv) Clear indication in the form of a rubber stamp on the bill about checking and passing payment by the competent authority.
- (v) Evidence of payment in the form of receipt with revenue stamp from contractor, etc.
- (vi) Copy of Bank guarantee in case of advance payment of mobilization advance or copy of Indenture Bond in case of payment towards secured advance.
- (vii) Calculation sheet of amount derived as “eligible amount for reimbursement”.
- (viii) In case of import the evidence of shipment (e.g. bills of lading/Airways bill) for goods purchased.

- (ix) In case of foreign currency claim, Bank Debit advise.
- 3.2 When summary sheet (**Form 1-C**) is used, no documents are required to be sent with the claim, the documents are to be retained in the Institution and must be readily available for review by the SPFU as well as auditors. However, in case of foreign currency claim in Form 1-C, the following documents are to be attached:
- (i) Calculation sheet of INR Value and Foreign Currency value
  - (ii) Bank Debit advise indicating amount of Foreign Currency, exchange rate, equivalent Rupee value and bank charges plus commission, tax, swift etc. etc.
- 3.3 Whenever the SPFU needs to verify/check the expenditure, copies of all necessary documents/vouchers may be asked from the Institutions.

## **4 INSTRUCTIONS FOR FILLING UP OF SUMMARY SHEETS**

### **4.1 Summary Sheet with Documents (FORM – 1-B)**

- 4.1.1 This form is to be used for expenditure relating to contract prior reviewed by the bank, e.g. I.C.B. (International Competitive Bidding). These would be sent for the prior review contracts and for contracts, which are above threshold limits of SOE as indicated in 2.1(i) above. The Following instructions are to be followed sequentially while filling up the columns in the summary sheets
- (i) Application No.: This column is to be left blank by the SPFU.
  - (ii) Summary Sheet No.: Each page (Summary Sheet) is to be numbered sequentially under each claim.
  - (iii) IDA Credit Number: Insert full reference (number and letter) as it appears on the Credit Agreement. I.e. (Cr 3718 IN)
  - (iv) Item No.: Identifies item sequentially within each summary sheet and facilitates identification of the relevant item in any related correspondence.
  - (v) Category No.: As given in 2.5 above.
  - (vi) Separate summary sheet is to be used for each category of expenditure. (applicable to NPIU and SPFU only)
  - (vii) Brief description of Goods, works or services: Give brief description e.g. pumps; electrical equipment; constructions of school, etc.
  - (viii) Name and address of contractor or supplier: Give the name, city, state and country. If contractor/supplier is from US, give the city and state.
  - (ix) Contract or purchase orders No. and date: Give full reference to ensure that the contract or purchase order can be readily identified. In respect of contract having more than one package, identify each package separately.
  - (x) Currency and total amount of contract: Give currency name and value, including any price escalation. Wherever contract is revised and approved by the Bank, revised contract value to be indicated.
  - (xi) Currency and Cumulative Amount Paid to Date: Cumulative amount of expenditure including the expenditure of the current claim is to be shown against each currency of the contract amount.

- (xii) Currency and Amount paid during the period: Give currency and total value of invoices net of retention and other deductions for ineligible items. When there is more than one invoice in an item in the Summary Sheet, an annexure showing the details of each invoice would be sent with the claim. When the currency is Indian Rupees, the same would be indicated in Millions into three decimals.
- (xiii) Financing percentage: Eligible percentage to be taken as given in Para 2.5 above.
- (xiv) Amount eligible for financing: Total amount of invoices covered by the application multiplied by the eligible percentage. Amounts are net of retention money or any other deductions.
- (xv) Exchange Rate: This column is to be left blank.
- (xvi) US Dollar charged to Special Account: This column is to be left blank.
- (xvii) Remarks (including W.B.R.No.): Include invoice references, if applicable. Also indicate WBR No. related to contract above the procurement prior review limit.
- (xviii) The total of Col.8 and Col.10 of Form 1-B is to be shown in the col. 3 and 5 respectively in Abstract of Summary Sheet No.
- (xix) The SPFU head or Director/Principal of Project Institutions will only be authorized to sign a claim. The person has to give his full signature with designation under each of the summary sheet.

#### **4.2 Summary Sheet without Documents (FORM -1-C)**

4.2.1 This summary sheet is tailor-made to suit the individual Project in respect of expenditure, relating to the contract, which are post-reviewed by the World Bank. The first four columns of Form 1-B and Form 1-C are same. Hence, instruction given at 4.1.1 may be followed for these columns.

4.2.2 The Following instructions are to be followed to fill up col. 5 to 10:

- (i) Total amount of invoice covered by application: The total amount of expenditure incurred under the specific category of expenditure is to be given in col. 5.
- (ii) The relevant IDA financing percentage is to be indicated as given in 2.5 above in col. 6.
- (iii) In col. 7, the amount eligible for financing % is to be calculated with rate of percentage of reimbursement given in Col. 6
- (iv) Col. 8 and 9 are to be left blank
- (v) In remarks Col (10) write EACH CONTRACT VALUE DOES NOT EXCEED THE SOE LIMIT

4.2.3 In addition, the following certificates are to be furnished at the bottom of the summary sheet.

"Supporting Documents for this SOE Retained at .....(write location).

4.2.4 Where the amount claimed for reimbursement for goods under SOE is 100% of the eligible expenditure incurred, an additional certificate is also required to be mentioned in Remarks Col 10 (applicable to SPFU or NPIU) as given below:

"Expenditure claimed does not include local taxes and duties."

## **5 OTHER POINTS TO BE ADHERED TO**

- 5.1 Claim amount should be indicated in Rs. in Million up to three decimal points only (Rs. 1 Million = Rs. 10 Lakh). If the expenditure is incurred in foreign currency, the actual amount of expenditure should be mentioned
- 5.2 Separate summary sheet is to be prepared for each category of expenditure as per schedule of withdrawal of proceeds to the credit agreement. (Applicable to SPFU and NPIU only)
- 5.3 The consolidation sheet (abstract of summary sheet) of all the summary sheets in a claim would be prepared and placed on the top of each set of the summary sheet.
- 5.4 Three copies of Summary sheet and the documents wherever applicable would be submitted to NPIU in A4 size, paper in original.
- 5.5 All Summary sheets (Form IB/ IC) and Abstract of Summary sheet should be signed in original. CAA&A and World Bank do not accept the photocopy of signed Summary sheet.
- 5.6 The claims would be signed in blue ink only (black ink is not allowed) by the person authorized to sign the claims. The authorized person would counter sign any cutting or overwriting.
- 5.7 Separate claim for each currency i.e. INR, US\$, GBP, EURO etc. is to be prepared. The consolidation sheet (Abstract of Summary sheet) of the entire claim should not be merged with the Indian currency claim.
- 5.8 The claim should comprise following documents: -
  - a. Abstract of Summary sheet.
  - b. Summary sheet i.e. form 1-B/, 1-C.
  - c. Calculation Sheet of eligible expenditure. If, the expenditure is claimed in Indian as well as in foreign currency, the calculation sheet should give details of equivalent Indian Rupee expenditure against the foreign currency expenditure.
  - d. Certificate duly signed by the signing authority in original declaring that expenditure incurred has been reflected in Books of Accounts, all expenditure have been checked and verified and not claimed earlier. Format is given at **Annex – 15**.
- 5.9 A set of claim needs to be submitted as per following sequence:
  - a. Claim should comprise of Abstract of Summary sheet followed by Form 1-B and/or 1-C.
  - b. Calculation sheet and certificate as indicated in 5.8 (d) and (e) should be attached with the claim. If the expenditure is claimed in Form – 1B/ foreign currency supporting documents (Invoice, receipts etc.) should be attached as indicated in 5.8 (c) also.
- 5.10 If the claim is delayed for more than six months, a certificate that the amount has not been claimed/reimbursed to the State in any of the earlier claims and the reasons for the delay must be given in the remarks column of Abstract of Summary sheet/SOE Form 1-C/DOC Form 1-B.
- 5.11 Reference period would be Day-Month-Year format. Overlapping of the reference periods is not acceptable.
- 5.12 All attached documents should be in English; otherwise duly attested English translated copies to be attached.
- 5.13 The Reimbursement Claim signed by Authorized signatory should have Rubber Stamp in English.

## **SECTION –IV**

### **FINANCIAL AUDIT**

Submission of Audit Certificate is a legal covenant. All accounts maintained by the institutions in respect of funds released under the Programme would be audited as per existing agreed audit procedure(s).

#### **1. APPOINTMENT OF AUDITOR FOR TEQIP ACCOUNTS BY CFIs**

- 1.1 Each Centrally Funded Institution has to appoint a firm of Chartered Accountants empanelled with Comptroller & Auditor General of India.
- 1.2 The CFI should obtain from CAG, a list of empanelled CA firms nearby their area of location. The Terms of Reference (TOR) of such audit may be provided to the CA firms given by the CAG and not to the open market to ensure authenticity. Obtain competitive rates for hiring their services to carry out the audit. A sample of TOR is attached at **Annex - 16**.
- 1.3 While assessing the most competitive offer, the Institution should also consider the infrastructure and number of years of experience of audit of the CA firm.
- 1.4 The CA firms referred by CAG to the Institution should only be considered for appointment and not through an open advertisement

#### **2. APPOINTMENT OF AUDITOR FOR TEQIP ACCOUNTS BY SPFU**

- 2.1 A firm of Chartered Accountants empanelled with or acceptable to the Comptroller & Auditor General of India will be appointed for audit accounts of SPFU and SFIs. The TOR for such audit are attached at **Annex - 16**.
- 2.2 Only single firm of Chartered Accountant will audit SPFU as well as SFIs' accounts. No separate firm or additional firm is to be appointed for audit of individual SFIs or group of SFIs.
- 2.3 The procedure for appointment of CA firm by the CFI given in paras 1.2 to 1.4 above will be followed by the SPFUs also.

#### **3. SCOPE OF AUDIT**

- 3.1 The audit will include audit of books of accounts maintained separately for TEQIP only.
- 3.2 Statement of Expenditure (SOE), and the Programme accounts through which reimbursement claims have been submitted.
- 3.3 The Auditor must carry out audit at the location of each Institution followed by audit of SPFU. The SPFU will facilitate the audit to enable the auditor to carry out necessary checks and verification effectively at the Institutional level.
- 3.4 The financial statements attached to the Audit Certificate must be only on cash basis and not on accrual basis.
- 3.5 At the State level, the Auditor has to submit single Audit Report along with consolidated financial statements (inclusive of all State Institutions and SPFU) for submission to NPIU and the World Bank.
- 3.6 No separate certificate of SPFU or Institution or individual certificate of each Institution should be sent to NPIU. The SPFU or the CA firm at their offices may retain these.

#### **4. CONSTITUTENT OF AUDIT CERTIFICATE**

4.1 The following financial reports and statements will constitute an Audit Certificate:

##### **Reports:**

- (i) Audit Report
- (ii) Management letter
- (iii) Utilization Certificate

##### **Financial statements:**

- (i) Balance Sheet with schedules
  - Schedule – I : Fixed Assets
  - Schedule – II: Loans and advances recoverable
  - Schedule – III: Balance with scheduled bank
    - In Deposit Account
    - In Savings Account
  - Schedule – IV: Earnest money
  - Schedule – V: Significant Accounting Policies & Notes to Accounts
- (ii) Income and Expenditure Account
- (iii) Receipt and Payment Account
- (iv) Certified Statement of Expenditure and reimbursement claims

4.2 The Audit Reports will be unqualified and strictly in the proforma prescribed above.

4.3 The sample of reports is given at **Annex – 17 to 19** and the sample of financial statements are given at **Annex – 20 to 23**.

#### **5. SUBMISSION OF AUDIT CERTIFICATE**

5.1 The CFIs and SPFUs must commence audit not later than 15<sup>th</sup> May each year and complete the same by 30<sup>th</sup> June.

5.2 The Auditor must submit audit report with all financial statements to the CFI by 1<sup>st</sup> August positively. The CFI after thorough examination and comparing the format of Audit report must submit the same to NPIU by 16<sup>th</sup> August so that it could be consolidated by NPIU and sent to the World Bank.

5.3 The Auditor must submit only one consolidated audit report with all consolidated financial statements to SPFU by 1<sup>st</sup> August positively. The SPFU must examine and compare all formats as prescribed by the NPIU and submit consolidated single Audit certificate to NPIU by 16<sup>th</sup> September each year. The same will be examined by NPIU and quarries, if any, would be obtained from the SPFU before forwarding to the World Bank by 30<sup>th</sup> September each year. For this purpose the institutions are required to furnish all original documents / records to the auditors to facilitate timely audit.

5.4 The last date of submission of Audit Certificate to the World Bank is 30<sup>th</sup> September each year.

#### **6. PAYMENT OF AUDIT FEE**

6.1 Each CFI will make payment to its Auditor appointed for auditing TEQIP accounts from the TEQIP funds and book under the category of Consultancy.

6.2 For SFIs and SPFU, the SPFU has to pay Audit fee from the category of Consultancy for auditing TEQIP accounts. The SPFU will not charge any fee from the State Institutions participating in the Programme including private institutions.

## SECTION – V

### FINANCIAL REPORTING

#### **1. MONTHLY FINANCIAL PROGRESS REPORT**

- 1.1 The monthly financial progress is monitored by MHRD and NPIU through expenditure and reimbursement under various categories/Components and sub-components.
- 1.2 A format of monthly financial progress report has been evolved and provided to all CFIs and SPFUs which covers Programme Life Allocations, current and cumulative expenditures, committed expenditure, reimbursement claimed and balance yet to be claimed at institutional and State level.
- 1.3 The CFIs have to prepare above report in Proforma – A given at **Annex – 24**.
- 1.4 The SPFUs have to prepare above report in Proforma – A, A-1, B, and C given at **Annex – 25 to 28**.

#### **2. SUBMISSION OF MONTHLY FINANCIAL PROGRESS REPORT**

- 2.1 Centrally Funded Institutions will submit the monthly progress report Proforma up to 10<sup>th</sup> of following month to NPIU.
- 2.2 State institutions will submit the monthly progress report to their SPFU not later than 10<sup>th</sup> of following month and SPFU sends the same after consolidation to NPIU by 15<sup>th</sup> of following month
- 2.3 NPIU will consolidate the Monthly Progress Report received from Centrally Funded Institutions and States and will submit to MHRD (NPD) by 20<sup>th</sup> of following month.

#### **3. QUARTERLY FINANCIAL MANAGEMENT REPORT (FMR)**

- 3.1 Submission of Quarterly Financial Management Report (FMR) to the World Bank is a legal requirement.
- 3.2 The consolidated FMR of national level has to be submitted within 45 days of completion of each quarter defined in Section – I, Para 3.2 to the World Bank by the NPIU.

#### **4. FMR FORMATS (REVISED)**

- 4.1 The formats of FMRs were originally given in the PIP. During implementation of the programme, the same have been modified based on the functional requirement. These formats are:
  - i) Format 1 : Comparison of actual expenditure with planned expenditure
  - ii) Format 2 : Forecast of expenditure for Six months
  - iii) Format 3 : Utilisation of Funds
  - iv) Format 4 : Contract wise expenditure details

- 4.2 The above formats in respect of CFIs are given as **Annex – 29**.

- 4.4 The FMR formats in respect of SFIs and SPFU are given as **Annex – 30**.

#### **5. SUBMISSION OF FMRs**

- 5.1 The CFIs will submit the Quarterly FMR within 30 days of completion of each quarter to NPIU.
- 5.2 The SFIs will submit Quarterly FMR to their SPFU within 15 days of completion of each Quarter . The SPFU has to submit consolidated FMR of all Institutions and SPFU to NPIU within next 15 days i.e. within one month from the completion of each quarter.

## SECTION –VI

### CONTRACT AND PROCUREMENT MANAGEMENT SYSTEM

#### **1. Procurement Plan**

- 1.1. Before start of the project, each unit would prepare a procurement plan containing the procurement schedule and procurement arrangements for the entire project period giving year wise breakup in respect of items to be procured during execution of the project.
- 1.2. The procurement of civil works, goods and services will occur at the institutional level under the Programme Component-I (Institutional Development). The details of requirement including the cost of civil works, goods and services for each institution will be reflected in the Proposals of the institutions and will vary from proposal to proposal as per their individual needs in pursuit of excellence.
- 1.3. The participating institutions will, among others, form four working committees namely, Academic Committee, Building and Works Committee, Finance Committee and the Procurement Committee. These Committees will function under the supervision of the BOG of the institution and these Committees will seek approvals on all institutional project related procurements and activities from the BOG.
- 1.4. Goods and works would be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I. The limits of procurement of various goods, civil works and consultant services will be applicable as per the details contained in the legal agreements.
- 1.5. Except as otherwise provided in Part C of this Section, goods estimated to cost \$ 200,000 or more per contract, will be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and Paragraph 5 of Appendix I thereto.

#### **2. Procurement Procedures**

##### 2.1. National Competitive Bidding

Works to be carried out under an Institutional Development Subproject and estimated to cost \$ 50,000 or more per contract and equipment estimated to cost more than \$50,000 equivalent per contract but less than \$200,000 equivalent may be procured under contracts awarded in accordance with legal agreements.

##### 2.2. National and International Shopping

- 2.2.1. Vehicles, equipment and furniture estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

##### 2.3. Direct Contracting

- 2.3.1. The following items be procured in accordance with paragraph 3.7 of the Guidelines and in accordance with the legal agreement:
  - a) Equipment which is of a proprietary nature and is estimated to cost less than \$20,000 equivalent per contract;
  - b) books and learning resources estimated to cost less than \$50,000 equivalent per contract, and
  - c) small items estimated to cost less than \$500 equivalent per contract.

### **3. Civil Works**

3.1. The Programme does not envisage large scale civil works but has provision to meet essential requirements of developmental plans of institutions for acquiring excellence.

3.2. Three types of activities under civil works are envisaged: (a) construction of buildings as extensions, b) refurbishing of the existing infrastructure and c) improvement of facilities.

3.3. Each institution will be required to create a special Cell in their institution to undertake the responsibility of civil works comprising of faculty from Civil Engineering Department or hire a consultant for undertaking the civil works in consultation with the SPFU.

#### **3.4. Procurement of Small Works**

3.4.1. Works to be carried out under an Institutional Development Subproject and estimated to cost \$50,000 equivalent or less per contract may:

(i) be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation will include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award will be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully;

(ii) be procured under the unit/piece rate systems through qualified contractors; or

(iii) as a last resort, be carried out by force account provided such works meet the requirements of the provisions of paragraph 3.8 of the Guidelines.

#### **3.5. Review of Procurement Decisions**

##### **3.5.1. Procurement Planning**

3.5.2. Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project will be furnished to the World Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works will be undertaken in accordance with such procurement plan as approved by the World Bank, and with the provisions of said paragraph 1.

##### **3.5.3. Prior Review**

a) With respect to the first contract for goods by each SPFU and the NPIU procured under national competitive bidding procedures, regardless of the value of such contract, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines will apply.

b) “With respect to the first contract for works by each Project Institution under national competitive bidding procedures, regardless of the value of such contract, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines will apply.

c) With respect to each contract estimated to cost the equivalent of \$200,000 for goods and \$300,000 for works or more, the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines will apply.

##### **3.5.4. Post Review**

3.5.5. With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines will apply.

3.6. Employment of Consultants

3.6.1. Consultants' services would be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997, January 1999, and May 2002 subject to the modifications thereto set forth in paragraph 2 of this Part A of this Section II (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

3.7. Quality- and Cost-based Selection

3.7.1. Except as otherwise provided in Part C of this Section, consultants' services would be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 2.13 through 2.18 thereof applicable to quality- and cost-based selection of consultants.

3.7.2. The following provisions would apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for procurement of works and goods including procurement planning and development of technical specifications, estimated to cost less than \$500,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

3.8. Other Procedures for the Selection of Consultants

3.8.1. Selection Under a Fixed Budget

3.8.2. Services for academic aspects of Institutional Development Subprojects estimated to cost less than \$200,000 equivalent per contract may be procured in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3.8.3. Selection Based on Consultants' Qualifications

3.8.4. Services for conduct of performance, reforms, quality and efficiency audits and for policy research studies estimated to cost less than \$ 100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3.8.5. Individual Consultants

3.8.6. Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines will be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

**4. Procurement Method**

4.1. The procurement methods applicable to the project as per World Bank guidelines are

4.2. National Competitive Bidding (NCB)

It is an open tender inviting quotations/bids at the national level subject to the following conditions

- (i) Only the model bidding documents agreed with Government of India will be used.
- (ii) Tender Notice – Inviting for Bid – will be published in at least one widely circulated national newspaper at least 30 days prior to the deadline for submission of bids.
- (iii) There will be no preference for any bidder including State/Central Government undertaking or Small Scale Enterprises.

- (iv) DGS&D rate contracts will not be valid.
- (v) There would be no price negotiation even with the lowest evaluated bidder except with the prior concurrence of the World Bank.
- (vi) Except in cases of force majeure and/or situations beyond the control of borrower, extension of the bid validity will not be permissible without prior concurrence of Association.
- (vii) Re-bidding will not be carried out without prior concurrence of Association.

a) National Shopping

This method of procurement will be adopted for procurement of goods, which are readily available off-the-shelf or standard specification commodities. It would be ensured that at least 3 quotations are obtained for comparing the prices and the lowest is selected. DGS&D rate contracts are valid for National Shopping procedure.

b) Direct Contracting

This is procurement from a single source where no advantages could be obtained by further competition. This could be adopted for extension of existing contracts for works or goods justifiable on economic grounds, proprietary items and for early delivery to avoid cost delay in case of need.

c) Force Account

This is for construction using own material, labour and equipment (generally limited to 10% of the total cost of civil works) where:

- (i) Quantities of Work cannot be defined in advance.
- (ii) Works are for small value, scattered or in remote locations.
- (iii) Work has to be carried out without disrupting on going operation.
- (iv) There are emergencies.

4.3. Thresholds for Procurement Methods and Prior Review

<b>Expenditure Category</b>	<b>Contract Value (threshold)</b>	<b>Procurement Method</b>	<b>Contract Subject to Prior Review / Estimated Total Value Subject to Prior review</b>
Civil Works	a) Civil works estimated to cost the equivalent of US\$50,000 or less per contract may be executed by: <ul style="list-style-type: none"> <li>i) Fixed price contract</li> <li>ii) Unit/Piece Rate system through qualified contractors</li> <li>iii) By Force Account as a last resort in a manner satisfactory to the Association</li> </ul>	National Shopping Rate Contract Force Account	Post Review only Post Review only Post Review only

<b>Expenditure Category</b>	<b>Contract Value (threshold)</b>	<b>Procurement Method</b>	<b>Contract Subject to Prior Review / Estimated Total Value Subject to Prior review</b>
	b) Civil works estimated to cost more than the equivalent of US\$50,000 per contract.	National Competitive Bidding (NCB)	First works contract by each Institution under NCB regardless of value and all contracts above US\$300,000 by prior review in accordance with paragraphs 2 and 3 of Appendix 1 to the <i>Guidelines for Procurement under IBRD Loans and IDA Credits</i> of January 1995, revised January, August 1996, September 1997 and January 1999. All others by post review.
<b>Goods</b>			
(a) Equipment	(i) US\$50,000 equivalent or less per contract	International shopping and National Shopping (includes DGS&D rate contracts).	Post Review only
	(ii) Proprietary equipment of US\$20,000 equivalent or less per contract	Direct Contracting	Post Review only
	Contracts of more than US\$50,000 equivalent but less than US\$300,000 equivalent.	National Competitive Bidding (NCB)	First bidding document and first contract from each SPFU/NPIU by Prior Review.
	(iii) Contracts of more than US\$ 300,000 equivalent	International Competitive Bidding	First bidding document from NPIU and all contracts for prior review
(b) Furniture	US\$50,000 equivalent or less per contract	National Shopping	Post Review only
(c) Books, Proprietary Software, Learning Resources and Educational Materials	US\$50,000 equivalent or less per contract	Direct Contracting	Post Review only
(d) Vehicles	US\$50,000 equivalent or less per contract,	National Shopping procedures (includes DGS&D rate contracts).	Post Review only
(e) Small Items	US\$500 equivalent or less per contract upto an aggregate of US \$ 1,000,000.	Direct Contracting	Post Review only

Expenditure Category	Contract Value (threshold)	Procurement Method	Contract Subject to Prior Review / Estimated Total Value Subject to Prior review
<b>Services</b> Procurement agent, research contracts, professional services, training, workshops and fellowships.	Consultant services may be procured by:  (a) More than US\$200,000 equivalent per contract.	Quality- and Cost-Based Selection (QCBS)          Quality- and Cost-Based Selection (QCBS) with short list (would comprise entirely of national consultants for all contracts below US\$500,000)	Prior Review of all consultant contracts shall be governed by the provisions of paragraphs (i), (ii) and (iii) below:  (i) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of US\$ 100,000 or more, the procedures set forth in paragraphs 1, 2 and 5 of  <i>Appendix 1 to the Guidelines for Selection and Employment of Consultants by World Bank Borrowers</i> of January 1997, revised September 1997, January 1999 and May 2002 shall apply
	(b) More than US\$100,000 and up to US\$ 200,000 equivalent.          (c) US\$100,000 equivalent or less per contract	Selection based on a Fixed Budget (SFB)          Selection based on Consultant's Qualification (CQ)	(ii) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of US\$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval has been given.          (iii) Terms of Reference for all consultant contracts estimated to cost the equivalent of US\$12,000 or more per contract in the case of firms, and the equivalent of US\$5,000 or more per contract in the case of individuals shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval has been given.
	All other cases		Post Review

<b>Expenditure Category</b>	<b>Contract Value (threshold)</b>	<b>Procurement Method</b>	<b>Contract Subject to Prior Review / Estimated Total Value Subject to Prior review</b>
<b>Miscellaneous</b>			
Incremental operating costs.	<p>Expenses incurred on maintenance of equipment, vehicles and buildings, hiring cost of vehicles and offices, and consumables may be executed by:</p> <p>(i) Each package not exceeding US\$5000, or</p> <p>(ii) On the basis of National Shopping</p>	<p>Direct Contracting</p> <p>National Shopping</p>	<p>Post Review only</p> <p>Post Review only</p>

## ANNEXES

**Note –1:** The content and format of the following Annexes cannot be altered or changed:

(i)	Chart of Account	-	Annex – 1
(ii)	Form 1 – B	-	Annex – 12
(iii)	Form 1 – C	-	Annex – 13
(iv)	Abstract of Summary Sheet	-	Annex – 14
(v)	Certificate of Reimbursement	-	Annex – 15
(vi)	Audit Report	-	Annex – 17
(vii)	Management Letter	-	Annex – 18
(viii)	Utilization Certificate	-	Annex – 19
(ix)	Balance Sheet & Schedules	-	Annex – 20
(x)	Income & Expenditure A/c	-	Annex – 21
(xi)	Income & Expenditure A/c (Pvt. Inst)	-	Annex – 22
(xii)	Receipt & Payment A/c	-	Annex – 23
(xiii)	Receipt & Payment A/c (Pvt Inst)	-	Annex – 24
(xiv)	Certified Statement of Expenditure and Reimbursement	-	Annex – 25
(xv)	Monthly Financial Progress Report	-	Annex 26 to 30
(xvi)	Financial Management Report	-	Annex 31 and 32

**Note – 2:** All other formats are suggestive

## TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP)

## CHART OF ACCOUNTS &amp; RECEIPTS

Component	Sub-component	Activity	Disbursement Category
<b>Institutional Development (For Programme Institutions – CFIs and SFIs only)</b>	<b>(A) Promotion of Academic Excellence</b>	<b>INVESTMENT COST</b> Civil Works (a) Refurbishment (b) Repairs (c) New Construction Equipment Furniture Vehicles Books & LRs Consultant Services & Research Studies (including Audit Fee) Trainings (National & International) including paper presentation / Workshops & Fellowship <b>INCREMENTAL OPERATING COST</b> Salaries for agreed additional key faculty & Technical Staff /Stipend/ Scholarships Consumables Operation & Maintenance	<b>I</b>
	<b>(B) Networking of Institutions</b>	<b>INVESTMENT COST</b> Equipment Trainings, Workshops, Seminars & Joint Research <b>INCREMENTAL OPERATING COST</b> Consumables Operation & Maintenance	
	<b>(C) Services to Community &amp; Economy</b>	<b>INVESTMENT COST</b> Equipment Trainings, Workshop, Seminar, etc. <b>INCREMENTAL OPERATING COST</b> Consumables Operation & Maintenance	
<b>System Capacity Management Improvement (For NPIU and SPFUs)</b>		<b>INVESTMENT COST</b>	
		Goods (Equipment, Furniture, Vehicle)	<b>II</b>
		Books & LRs	<b>III</b>
		Consultant Services (including Audit Fee)	<b>IV</b>
		Trainings (National & International) including paper presentation / Workshops & Fellowship	<b>V</b>
		<b>INCREMENTAL OPERATING COST</b> Salaries for agreed additional key staff Consumables Operation & Maintenance	<b>VI</b>

## Receipts

S.No	Particulars
1	Funds from Government
2	Loans from Govt (for Private Institutions only)
3	Other Receipts
4	Interest on FDs (Not Accrued)
5	Earnest Money (Refundable)















**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP)**

**FIXED ASSET REGISTER**

**SECTION – A: EQUIPMENT**

Sl. No.	Supplier's Name	Item of Asset	Make and Serial No. of manufacturer	Quantity	Date of Purchase	Bill/ Invoice No.	Amount Rs.	Location	Identification No.	Signature	Remarks

**SECTION – B: FURNITURE**

Sl. No.	Supplier's Name	Item of Asset	Make and Serial No. of manufacturer	Quantity	Date of Purchase	Bill/ Invoice No.	Amount Rs.	Location	Identification No.	Signature	Remarks

**SECTION –C: VEHICLE**

Sl. No.	Supplier's Name	Item of Asset	Make and Serial No. of manufacturer	Quantity	Date of Purchase	Bill/ Invoice No.	Amount Rs.	Location	Identification No.	Signature	Remarks

**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP)**

**PHYSICAL VERIFICATION OF ASSETS ACQUIRED UNDER TEQIP (as on \_\_\_\_\_)**

**STATE /CENTRALLY FUNDED INSTITUTION**

S.No.	Name of Item	Quantity (Nos.)	Make & Serial No.	Date of Purchase	Cost at the time of purchase	Asset identification No. given by the Institution/SPFU	Asset Register Page No. (Stock entry)	Current location of Asset	Quantity verified	Variation (3-10)	Reason of variation
1	2	3	4	5	6	7	8	9	10	11	12
<b>TOTAL</b>											
<b>Total of col. 6 only. This should match with the figures reflected in the Balance Sheet.</b>											



**Technical Education Quality Improvement Programme (TEQIP)**

**SCHEDULE OF WITHDRAWAL OF PROCEEDS**

**FORM – 1 B**

Payments made during the period \_\_\_\_\_ to \_\_\_\_\_

Date \_\_\_\_\_

Expenditures under contracts valued above the SOE thresholds :

**IDA Credit No. 3718 – IN**

Application No. \_\_\_\_\_

Summary Sheet No. \_\_\_\_\_

Works valued at US\$ 300,000 equivalent or more;

Goods valued at US\$ 300,000 equivalent or more;

Consulting firms valued at US\$ 100,000 equivalent or more;

Individuals Consultants valued at US\$ 50,000 equivalent or more;

**Rs in million**

1	2	3	4	5	6	7	8	9	10	11	12	13
Item No.	Category No.	Brief Description of Works, Goods or Services	Name of the Contractor/Supplier/Consultants..... Address (if USA, please also indicate the city and state) 1/	Contract Number and Contract Date	Contract Amount	Currency and Cumulative Amount Paid to Date	Currency and Amount Paid during this period	IDA Financing Percentage	Amount eligible for Financing (% from Column 9 Applied to Amount in Column 8)	US\$ equivalent withdrawn from the Special Account	Exchange Rate (USD 1 equal to)	Remarks or invoice references (including no-objection telex date)
<b>TOTAL</b>												

1/ In the case of U.S. Suppliers, please provide us with complete names and addresses (including city and state)

**Technical Education Quality Improvement Programme (TEQIP)**

**STATEMENT OF EXPENDITURES (SOE)**

Payments made during the period \_\_\_\_\_ to \_\_\_\_\_

**FORM 1 C**

**Expenditures under contract valued below prior review:**

- \* Works costing less than US \$ 300,000 equivalent
- \* Goods and costing less than US \$ 300, 000 equivalent
- \* Consulting firms costing less than US \$ 100,000 equivalent
- \* Individual consultants costing less than US \$ 50,000 equivalent
- \* Operating costs, books, learning resources, training and workshops.

Date  
**IDA Credit No. 3718 - IN**  
 Application No. \_\_\_\_\_  
 Summary Sheet No. \_\_\_\_\_

**Rs. in Million**

1	2	3	4	5	6	7	8	9	10
Item No.	Category No. 1/	Brief Description of works, Goods or Services	Country of Supplier/ Contractor/ Consultant (if USA, please also indicate the city and state) 2/3	Total Amount of Invoices covered by Application (net of retention deducted and taxes in case of 100% withdrawal)	IDA Financing Percentage	Amount eligible for financing % from Column 6 applied to the amount in Column 5	US \$ equivalent withdrawn from the Special Account	Exchange rate (US \$ 1 equal to)	Remarks
									EACH CONTRACT VALUE DOES NOT EXCEED THE SOE LIMIT
TOTALS									

Supporting documents for this SOE retained at \_\_\_\_\_

- 1/ Items should be grouped by category, or alternatively, a separated SOE form may be used for each category.
- 2/ Consolidate payments by country of supplier, except for US suppliers
- 3/ **For all suppliers or contractors from the US, the address should include the city and state.**

By : \_\_\_\_\_  
 (Authorised Representative)

**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP)**

**ABSTRACT OF SUMMARY SHEET**

STATE/ INSTITUTION: \_\_\_\_\_

Name of the Project : **TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME**

Reference Period : \_\_\_\_\_ to \_\_\_\_\_

**IDA Credit No. 3718 IN**

Application No. \_\_\_\_\_

Date

1	2	3	4	5	6
Summary Sheet No.	Category No.	Total Expenditure Rs. in Millions	Percentage of Reimbursement	Amount claimed for Reimbursement Rs. in Millions	Remarks
TOTAL					

Project Authority

For Government of India

**CERTIFICATE**

I hereby certify that the reimbursement claims lodged for the period from \_\_\_\_\_ to \_\_\_\_\_ has been verified by me for which the payment has already been made, and the expenditure against these claims have been reflected in the books of accounts as per standard accounting rules. I have made all necessary checks and corrections.

I further certify that all information given in the reimbursement claims is correct and true to the best of my knowledge and belief. No other claims for the above period are pending with us, and entire expenditure is being claimed.

It is also certified that the expenditure incurred during the above period has not been claimed by the Institute in any of the earlier claims.

Signature and Seal

Date:

**PROPOSED TERMS OF REFERENCE FOR FINANCIAL AUDIT  
UNDER  
TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP)**

**OBJECTIVE**

The objective of the audit of Financial Statements (Balance Sheet, Income and Expenditure and Receipts and Payments) is to enable the auditor to express a professional opinion on the financial position of the following institutions (Centrally funded/State funded and/or private) and SPFU

\_\_\_\_\_ located at \_\_\_\_\_  
\_\_\_\_\_ located at \_\_\_\_\_  
\_\_\_\_\_ located at \_\_\_\_\_  
\_\_\_\_\_ located at \_\_\_\_\_

implementing the Technical Education Quality Improvement Programme (TEQIP) at the end of each financial year and of the funds/grants received and expenditure for the accounting period ended 31<sup>st</sup> March each year, as reported through the Financial Statements.

The **TEQIP** accounts (books of account) provide the basis for preparation of the Financial Statements and are established to reflect the financial transactions in respect of the Programme.

**SCOPE**

- (i) The audit will be carried out in accordance with the relevant Standards of Auditing and will include such tests and controls, as the auditor considers necessary under the circumstances.
- (ii) While conducting the audit, special attention should be paid to the following:
  - a) All funds provided by GOI/ State Government as grant/loan have been used in accordance with the conditions as laid down in the Project Implementation Plan (PIP) and MOU signed between State Government and State Institutions/GOI and Centrally Funded Institutions, and only for the purposes for which the funds were provided.
  - b) All expenditure, including procurement of goods and services, have the necessary supporting documentation and have been incurred in accordance with the relevant provisions made in PIP and Project Appraisal Document (PAD).
  - c) All the goods procured and issued are supported by valid receipt and issue documents and are recorded in the stock/ inventory registers and the closing balances worked out correctly.
  - d) The Statement of Expenditure (SOE) are verified for their eligibility within the legal agreements wherein such tests and controls as the auditor considers necessary under the circumstances are applied.
  - e) The Programme accounts have been prepared in accordance with consistently applied relevant Accounting Standards and give a true and fair view of the financial position of the institution(s) (Centrally funded/State funded and/or Private)/SPFU for the financial year ending 31<sup>st</sup> March each year and of receipts and payments for the year ended as on that date.

## **COVERAGE**

The Auditor must verify following:

- i) All necessary supporting documents, records, invoices etc. have been kept with Books of Accounts
- ii) Standard Books of Accounts such as Cash Book, Bank Book, Journal, Ledger, stock register, fixed assets register etc are maintained
- iii) Physical verification of Assets acquired from Programme funds has been carried out and reconciled at least once in each year
- iv) Cash and Bank payments & advances to suppliers, contractors, various institutes etc. and receipt of funds from other sources (through internal revenue under TEQIP), if any are properly made
- v) Adjustment of suppliers' advance against their bills etc., if any have been correctly accounted for
- vi) Expenditure limits on repair and maintenance of office building and maintenance of equipment etc. are as prescribed in PIP and/or in PAD
- vii) Process of tender evaluation and award of Goods and Civil Works and other work to Contractors/Parties/Consultants are as per prescribed procedures. This may be ensured by checking of comparative statement through which award of work made, checking of terms and conditions etc. with the Purchase Order/Job Order/Work Order
- viii) Recommendation to Finance for payment of R.A. bills/Architects bills, release of mobilization and secured advance, if any are correct
- ix) The reimbursement claims are lodged on monthly/quarterly basis against expenditure incurred on Programme activities in the appropriate forms
- x) Compliance of audit observation of previous financial year have been made
- xi) The interest accrued on grants received for the Programme has been retained by the institution and reflected in the Books of Accounts for use of institutional development activities
- xii) Institute is maintaining and operating separate Bank Account for Programme funds received from the State/Government of India
- xiii) The unspent balance as of 31<sup>st</sup> March of each financial year is carried forward to the next financial year and has not lapsed

## **FINANCIAL STATEMENTS**

The financial statements should include:

- a) A summary of funds received under TEQIP/ any other sources under TEQIP (Example – Internal revenue generated etc through TEQIP activities)

- b) A summary of expenditure shown under the main Programme components and categories of expenditure for the current financial year and accumulated to date
- c) A Balance Sheet showing accumulated funds of the Programme, bank balances, other assets of the Programme

#### **STATEMENT OF EXPENDITURE**

In addition to the audit of Financial Statements, the auditor is required to audit all SOEs used as the basis for seeking reimbursement from Controller of Aid Accounts & Audit (CAA&A). The auditor should apply such tests and controls as the auditor considers necessary under the circumstances. These should be carefully compared for project eligibility with the relevant financing agreements and the Project Appraisal Document for guidance when considered necessary. The following are required to be annexed to the Project Financial Statements

1. When ineligible expenditure are identified as having been included in the SOEs, these should be noted separately by the auditor in an annexure
2. Annexed to the Project Financial Statement should be a schedule listing individual SOE and amount
3. The amount of expenditure claimed in the SOE (submitted for the eligible expenses incurred during the financial year under audit) should be reconciled with the amount appearing under the summary of expenditures of the Receipts and Payments statement

#### **AUDIT OPINION & REPORT**

Besides a primary opinion on the Financial Statements, the audit report should include a separate paragraph commenting on the accuracy and propriety of expenditures shown in the Statements of Expenditure and the extent to which the World Bank can rely on SOEs as a basis for reimbursement. The format of Audit Report is attached at **Annexure – I**.

#### **SCHEDULE OF AUDIT AND SUBMISSION OF AUDIT REPORT**

- (i) The audit will commence not later than 15<sup>th</sup> May, each year and should be completed by 30<sup>th</sup> June or earlier every year.
- (ii) The Audit Report will be submitted to \_\_\_\_\_ by the Auditor by 1<sup>st</sup> August of each financial year

#### **MANAGEMENT LETTER**

**In addition to the audit reports, the Auditor should prepare a “management letter” in which the auditor should :**

- a) Give comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the audit;
- b) Identify specific deficiencies and areas of weakness (if any) in systems and controls and make recommendations for their improvement;
- c) Report on the degree of compliance with the financial/ internal control procedures as documented in the PIP;

- d) Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the Programme; and
- e) Bring to attention any other matter that the Auditor considers pertinent.

The observations in the Management Letter must be accompanied by a suggested recommendation from the Auditor and Management Comments on the observations/ recommendations from the Management.

#### **GENERAL**

The Auditor will be given access to all legal documents, correspondence, financial manual, notice from the NPIU/SPFU etc, and any other information associated with the Programme and deemed necessary by the auditor. It is desirable that the Auditor become familiar with a copy of the Bank's Guidelines on Financial Reporting and Auditing of Projects Financed by the World Bank', which summarizes the Bank's financial reporting and auditing requirements. The Auditor should also be familiar with the Bank's 'Disbursement Hand Book'.

#### **UTILIZATION CERTIFICATE**

The Auditor is further required to provide a certificate giving details of unspent balance brought forward from the previous financial year, funds released during current financial year indicating sanction numbers and amount, funds utilized and unspent balance at the closing of financial year. The format is attached at **Annexure – II**.

**AUDIT REPORT FORMAT**

**Technical Education Quality Improvement Programme (TEQIP)  
(for Programme Financial Statement including SOE)**

To (Addressee)

**Introduction**

We have audited the accompanying expenditure statements/financial statement of the \_\_\_\_\_, implementing Technical Education Quality Improvement Programme (TEQIP) financed under World Bank Credit No. 3718 IN as on \_\_\_\_\_. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope**

We conducted our audit in accordance with relevant standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of \_\_\_\_\_ for the year ended March 31 \_\_\_\_\_, in accordance with the standards issued by the Institute of Chartered Accountants of India.

In addition, (a) with respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditures incurred; and (b) which expenditures are eligible for financing under the Loan/Credit Agreement (Cr. 3718 IN)

(Name and Address of Audit Firm)

Seal of Chartered Accountant Firm  
Signature

Date: \_\_\_\_\_ (Completion date of Audit)

Place: \_\_\_\_\_

**Notes**

1. A “Source and Application of Funds” statement is always required for each Programme. A balance sheet is also required where the Programme has assets and liabilities
2. In case a qualified opinion or disclaimer is given by the auditor, the Audit Report should state in a clear and informative manner all the reasons for such an opinion
3. Audit Report to be accompanied by
  - a) Management Letter
  - b) Listing of SOE withdrawal applications
  - c) Listing of ineligible claims, if any
  - d) Reconciliation of SOE claims with the actual expenditure as reported in the audited financial statements

**UTILIZATION CERTIFICATE**

a) Opening Balance as on 1 <sup>st</sup> April	Rs _____
b) Funds received from Vide letter No _____ dated _____	Rs _____
c) Interest earned on grant available for TEQIP only during the year (31 <sup>st</sup> March 200....)	Rs _____
d) Other Income	Rs _____
e) Expenditure	Rs _____
<b>Unspent Balance</b>	<b>Rs.</b>

Certified that a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) only was received by \_\_\_\_\_, from State Government as per letter number and date mentioned above.

It is also certified that out of the above-mentioned funds of Rs \_\_\_\_\_ (Rupee \_\_\_\_\_) only, a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) only has been utilized by the Institution for the purpose for which it was sanctioned. It is further certified that an unspent balance of Rs. \_\_\_\_\_ (Rupee \_\_\_\_\_) only is being carried forward for utilization in the next year.

We further certify that the conditions on which the grant was sanctioned have been fulfilled and where there have been any deviation from the sanctioned amount it is with prior approval of he concerned authority. We have exercised reasonable checks to see that money has been actually utilized for the purpose for which it was sanctioned.

**(Name and Address of Audit Firm)**

**Seal of Chartered Accountant Firm**

**Signature**

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

**Place:** \_\_\_\_\_

## AUDIT REPORT FORMAT

**Technical Education Quality Improvement Programme (TEQIP)  
(For Programme Financial Statement including SOE)**

To (Addressee)

**Introduction**

We have audited the accompanying expenditure statements/financial statement of the \_\_\_\_\_, implementing Technical Education Quality Improvement Programme (TEQIP) financed under World Bank Credit No. 3718 IN as on \_\_\_\_\_. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope**

We conducted our audit in accordance with relevant standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of \_\_\_\_\_ for the year ended March 31 \_\_\_\_\_, in accordance with the standards issued by the Institute of Chartered Accountants of India.

In addition, (a) with respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditures incurred; and (b) which expenditures are eligible for financing under the Loan/Credit Agreement (Cr. 3718 IN)

(Name and Address of Audit Firm)

Seal of Chartered Accountant Firm  
Signature

Date: \_\_\_\_\_ (Completion date of Audit)

Place: \_\_\_\_\_

**Notes**

4. A “Source and Application of Funds” statement is always required for each Programme. A balance sheet is also required where the Programme has assets and liabilities
5. In case a qualified opinion or disclaimer is given by the auditor, the Audit Report should state in a clear and informative manner all the reasons for such an opinion
6. Audit Report to be accompanied by
  - a) Management Letter
  - b) Listing of SOE withdrawal applications
  - c) Listing of ineligible claims, if any
  - d) Reconciliation of SOE claims with the actual expenditure as reported in the audited financial statements

**Technical Education Quality Improvement Programme (TEQIP)**

**MANAGEMENT LETTER**

To (Addressee)

We have audited the financial statements of **(Name of CFI/State)** for the year ending 31<sup>st</sup> March, \_\_\_\_\_ and have issued our report dated \_\_\_\_\_. In planning and performing our audit of **(Name of CFI/State)**, we considered its internal accounting control structure in order to determine our auditing procedure for the purpose of expressing our opinion of the financial statements and to provide assurance on the internal accounting control structure. The matters involving the internal accounting control structure and its operations that we consider to be material weakness in accordance with the standards referred to above have been dealt with in our audit report.

(Comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the audit)

(Specific deficiencies and areas of weakness (if any) in systems and controls and make recommendations for their improvement)

(Degree of compliance with the financial/ internal control procedures as documented in the PIP)

(Matters that have come to attention during the audit, which might have a significant impact on the implementation of the Programme)

(Any other matter that the Auditor considers pertinent)  
(Certify Whether Physical Verification of Assets was carried out by the Institution)

**Suggestion/ Recommendation on above observation: -**

**Management Comments: -**

**(Name and Address of Audit Firm)**

**Seal of Chartered Accountant Firm**

**Signature**

**Date:** \_\_\_\_\_  
**Place:** \_\_\_\_\_

**Technical Education Quality Improvement Programme (TEQIP)**

**UTILIZATION CERTIFICATE**

a) Opening Balance as on 1<sup>st</sup> April Rs \_\_\_\_\_  
b) Funds received from  
i) Grant received  
Vide letter No \_\_\_\_\_ dated \_\_\_\_\_ Rs \_\_\_\_\_  
ii) Loan received  
Vide letter No \_\_\_\_\_ dated \_\_\_\_\_ Rs \_\_\_\_\_  
c) Interest earned on grant available for TEQIP  
only during the year (31<sup>st</sup> March 200....) Rs \_\_\_\_\_  
d) Other Income Rs \_\_\_\_\_  
e) Expenditure Rs \_\_\_\_\_  
**Unspent Balance Rs.**

Certified that a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) only was received by \_\_\_\_\_, from \* \_\_\_\_\_ as per letter number and date mentioned above.

It is also certified that out of the above-mentioned funds of Rs \_\_\_\_\_ (Rupee \_\_\_\_\_) only, a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) only has been utilized by the Institution for the purpose for which it was sanctioned. It is further certified that an unspent balance of Rs. \_\_\_\_\_ (Rupee \_\_\_\_\_) only is being carried forward for utilization in the next year.

We further certify that the conditions on which the grant was sanctioned have been fulfilled and where there have been any deviation from the sanctioned amount it is with prior approval of the concerned authority. We have exercised reasonable checks to see that money has been actually utilized for the purpose for which it was sanctioned.

**(Name and Address of Audit Firm)**

**Seal of Chartered Accountant Firm**

**Signature**

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

**Place:** \_\_\_\_\_

\* Write Ministry of HRD in case of Centrally Funded Institutions and write State Government in case of SPFUs and State Funded Institutions.

## Technical Education Quality Improvement Programme (TEQIP)

**BALANCE SHEET**  
**(FOR THE YEAR ENDED.....)**

Previous Year (Rs.)	Liabilities	Schedule	Current Year (Rs.)	Previous Year (Rs.)	Assets	Amount in Rs. (Actual)	
						Schedule	Current Year (Rs.)
	<b><u>Grant</u></b>				<b><u>Fixed Assets</u></b>	<b>I</b>	
	Opening Balance						
	Add: Grant Received During the Year				<b><u>Current Assets, Loan &amp; Advances</u></b>		
	Less: Excess of Expenditure over Income				- Loan & Advances Recoverable	<b>II</b>	
					- TDS (including TDS on interest accrued)		
	<b><u>Loan from State Government only applicable to Private Institutions in Programme State</u></b>				- Balance with Scheduled Bank	<b>III</b>	
					a) In Deposit Account		
					b) Savings Account		
	<b><u>Current Liabilities</u></b>				- Cash in Hand		
	Earnest Money	<b>IV</b>			<b>Amount Utilized from grant (applicable to Private Institutions in Programme State)</b>		
	<b>Total</b>				<b>Total</b>		

Notes to accounts and significant accounting policies forming part of accounts (Schedule V)

(Name and Address of Audit Firm)

Seal of Chartered Accountant Firm

Signature and Seal

Place:

Date:

## SCHEDULE-I

## Technical Education Quality Improvement Programme (TEQIP)

SCHEDULE FOR FIXED ASSETS

Amount in Rs. (Actual)

S.No	Particulars	Gross Balance as on 01/04/_____	Addition during the year	Deletion during the year	Gross Balance as on 31/03/_____
	<b><u>Promotion of Academic Excellence</u></b>				
	<b>Investment Cost</b>				
1	Civil Works				
2	Equipment				
3	Furniture				
4	Vehicles				
5	Books & Learning Resources				
	<b><u>Networking of Institutions)</u></b>				
	Equipment (especially purchased for Networking purpose)				
	<b><u>Services to Community &amp; Economy</u></b>				
	Equipment (especially purchased for services to community & Economy purpose)				
	<b>Total</b>				

**SCHEDULE-II**

**Loans & Advances Recoverable**

**Amount in Rs.**

1 \_\_\_\_\_  
2 \_\_\_\_\_  
3 \_\_\_\_\_

**SCHEDULE-III**

**BALANCE WITH SCHEDULE BANK**

**Balance  
as on  
31.03.200\_\_**

In Deposit A/c

Saving A/c

**(Also enclosed balance confirmation certificate, issued by bank)**

**Note: Chartered Accountant should sign only when balance confirmation certificate is received**

**SCHEDULE-IV**

**Earnest Money**

**Significant Accounting Policies & Notes to Accounts**

**A) Significant Accounting Policies:-**

**1. Basis of Accounting :-**

The Centrally Funded Institution/SPFU and State Programme Institutions follows cash system of accounting and recognizes Income & Expenditure, assets and Liabilities on cash basis. The financial statements are prepared under historical cost convention and are in accordance to generally accepted accounting principles in India.

**2. Fixed Assets: -**

Fixed Assets are stated at cost including all the incidental expenses incurred till the assets are ready for use.

**3. Depreciation on Fixed Assets: -**

No Depreciation is charged on Fixed Assets.

**4. Inventories: -**

Inventories are valued at cost, however since the Material Purchased for the Project activities is fully charged to the relevant project expenditure at the time of its purchase, therefore generally, there is no stock in hand.

**B) Notes to Accounts: -**

1. Only the eligible expenditure incurred on the Project activities is claimed. Expenditure not in accordance with the Project agreement is not to be claimed.
2. As the CFI/SPFU and State Programme Institutions are Non-Profit making Autonomous established for academic purposes, hence, no provision for taxation has been made in the accounts.
3. Any other note.

**Technical Education Quality Improvement Programme (TEQIP)**

**INCOME & EXPENDITURE FOR THE YEAR ENDED.....**

**Amount in Rs. (Actual)**

<b>Previous Year (Rs.)</b>	<b>Expenditure</b>	<b>Current Year (Rs.)</b>	<b>Previous Year (Rs.)</b>	<b>Income</b>	<b>Current year (Rs.)</b>
	<p><b><u>Promotion of Academic Excellence</u></b></p> <p><b>Investment Cost</b></p> <p>a) Consultancies Services &amp; Research Studies (Including Audit fee)</p> <p>b) Training, Fellowship &amp; Workshop Exp</p> <p><b>Incremental Operating Cost</b></p> <p>a) Salary for agreed Additional Key Faculty &amp; Technical Staff Stipend/scholarship</p> <p>b) Consumables (Laboratory &amp; Workshop Supplies, Printing &amp; Stationary, Telephone, Electricity &amp; Water Exp, etc)</p> <p>c) Operation &amp; Maintenance (Maintenance Exp. of Equipment &amp; Vehicles, Hiring Exp of Vehicle, Offices, Off Campus Building, Postage &amp; Courier Exp, Office Exp including bank charges, etc.)</p>			<p><b>Interest Received</b></p> <p>a) Interest on Bank Deposits</p> <p>b) Interest on Savings Account</p> <p><b>Other Receipt</b></p> <p>(Please specify)</p> <p><b>Excess of Expenditure over Income</b></p>	

**INCOME & EXPENDITURE FOR THE YEAR ENDED.....**

Amount in Rs. (Actual)

Previous Year (Rs.)	Expenditure	Current Year (Rs.)	Previous year (Rs.)	Income	Current Year (Rs.)
	<p><b><u>Networking of Institutions</u></b></p> <p>a) Training &amp; Workshop                      b) Consumables (Laboratory &amp; Workshop Supplies, etc)                      c) Operation &amp; Maintenance Exp. of Equipment purchased for Networking, TA/DA of faculty for expert lecture, etc.</p> <p><b><u>Services to Community &amp; Economy</u></b></p> <p>a) Training &amp; Workshops,                      b) Consumables                      c) Operation &amp; Maintenance Exp. of Equipment purchased for service to community, Local transport charges, etc.</p> <p><b>Excess of Income over Expenditure</b></p>				
	<b>Total</b>			<b>Total</b>	

Notes to accounts and significant accounting polices forming part of accounts (Schedule V)

**(Name and Address of Audit Firm)**

Seal of Chartered Accountant Firm

**Signature and Seal**

Place:

Date:

Note: In case of State who have given funds as loans to the Pvt. Institutions following format of Income & Expenditure is to be used.

**Technical Education Quality Improvement Programme (TEQIP)**

**INCOME & EXPENDITURE FOR THE YEAR ENDED.....**

**Amount in Rs. (Actual)**

Previous Year (Rs.)			Expenditure	Current Year (Rs.)			Previous Year (Rs.)			Income	Current year (Rs.)		
Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total	Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total
			<p><b><u>Promotion of Academic Excellence</u></b></p> <p><b>Investment Cost</b></p> <p>a) Consultancies Services &amp; Research Studies (Including Audit fee)</p> <p>b) Training, Fellowship &amp; Workshop Exp</p> <p><b>Incremental Operating Cost</b></p> <p>d) Salary for agreed Additional Key Faculty &amp; Technical Staff Stipend/scholarship</p> <p>e) Consumables (Laboratory &amp; Workshop Supplies, Printing &amp; Stationary, Telephone, Electricity &amp; Water Exp, etc)</p> <p>f) Operation &amp; Maintenance (Maintenance Exp. of Equipment &amp; Vehicles, Hiring Exp of Vehicle, Offices, Off Campus Building, Postage &amp; Courier Exp, Office Exp including bank charges, etc.)</p>							<p><b>Interest Received</b></p> <p>a) Interest on Bank Deposits</p> <p>b) Interest on Savings Account</p> <p><b>Other Receipt</b></p> <p>(Please specify)</p> <p><b>Excess of Expenditure over Income</b></p>			

**INCOME & EXPENDITURE FOR THE YEAR ENDED.....**

Amount in Rs. (Actual)

Previous Year (Rs.)			Expenditure	Current Year (Rs.)			Previous year (Rs.)			Income	Current Year (Rs.)		
Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total	Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total
			<u>Networking of Institutions</u>  a) Training & Workshop b) Consumables (Laboratory & Workshop Supplies, etc) c) Operation & Maintenance Exp. of Equipment purchased for Networking, TA/DA of faculty for expert lecture, etc.  <u>Services to Community &amp; Economy</u> a) Training & Workshops, c) Consumables c) Operation & Maintenance Exp. of Equipment purchased for service to community, Local transport charges, etc.  <b>Excess of Income over Expenditure</b>										
<b>Total</b>									<b>Total</b>				

Notes to accounts and significant accounting polices forming part of accounts (Schedule V)

(Name and Address of Audit Firm)  
Seal of Chartered Accountant Firm

Signature and Seal

Place:

Date:

**Technical Education Quality Improvement Programme (TEQIP)**

**RECEIPT & PAYMENT FOR THE YEAR ENDED.....**

<b>Amount in Rs. (Actual)</b>					
<b>Previous Year (Rs.)</b>	<b>Receipt</b>	<b>Current Year (Rs.)</b>	<b>Previous Year (Rs.)</b>	<b>Payment</b>	<b>Current Year (Rs.)</b>
	<b><u>Opening Balance</u></b> i) Cash in Hand ii) Cash at Bank  <b>Grant Received during the year</b>  <b>Loan Received from State Govt (for Private Institutions only)</b>  <b>Maturity of Bank Deposits</b> i) Principle amount ii) Interest received (including TDS on interest accrued)  <b>Interest Received on Saving Account</b>  <b>Earnest money (Refundable)</b>  <b>Other receipt</b>			<b><u>Promotion of Academic Excellence</u></b> <b>Investment Cost</b> a) Civil Works b) Equipment c) Furniture d) Vehicle e) Books & Learning Resources f) Consultancies Services, Research Studies & Audit fee g) Training, Fellowship & Workshop Exp  <b>Incremental Operating Cost</b> a) Salary for agreed Additional key Faculty & Technical Staff Stipend/scholarships b) Consumables (Laboratory & Workshop supplies, Printing & Stationary, Telephone, Electricity, water, etc.) c) Operation & Maintenance (Expenses on Operation & Maintenance of Equipment and Vehicle, Hiring of Vehicle, Office, Off Campus building, Non technical Man Power, Postage and Courier, etc.	

**RECEIPT & PAYMENT FOR THE YEAR ENDED.....**

<b>Amount in Rs. (Actual)</b>					
<b>Previous Year (Rs.)</b>	<b>Receipt</b>	<b>Current Year (Rs.)</b>	<b>Previous Year (Rs.)</b>	<b>Payment</b>	<b>Current Year (Rs.)</b>
				<u><b>Networking of Institution</b></u> a) Equipment b) Training & Workshops c) Consumables (Laboratory & Workshop Supplies, etc) d) Operation & Maintenance Exp. of Equipment purchased for Network. TA/DA of faculty for expert lecture, etc  <u><b>Services to Community &amp; Economy</b></u> a) Equipment b) Training & Workshops, c) Consumables d) Operation & Maintenance Exp. of Equipment purchased for service to community, Local transport charges, etc.  <u><b>Other Payments</b></u> Deposits in Bank Earnest Money Payment towards Advances TDS on FD (including TDS on interest accrued)  <u><b>Closing Balances</b></u> i) Cash in Hand ii) Cash at Bank	
	<b>Total</b>			<b>Total</b>	

Notes to accounts and significant accounting polices forming part of accounts (Schedule V)

**(Name and Address of Audit Firm)  
Seal of Chartered Accountant Firm**

**Signature and Seal**

Place:

Date:

Note: In case of State who have given funds as loans to the Pvt. Institutions following format of Income & Expenditure is to be used.

**Technical Education Quality Improvement Programme (TEQIP)**

**RECEIPT & PAYMENT FOR THE YEAR ENDED.....**

Previous Year (Rs.)			Receipt	Current Year (Rs.)			Previous Year (Rs.)			Payment	Current Year (Rs.)		
Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total	Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total
			<b><u>Opening Balance</u></b>							<b><u>Promotion of Academic Excellence</u></b>			
			i) Cash in Hand							<b>Investment Cost</b>			
			ii) Cash at Bank							h) Civil Works			
			<b>Grant Received during the year</b>							i) Equipment			
			<b>Loan Received from State Govt (for Private Institutions only)</b>							j) Furniture			
			<b>Maturity of Bank Deposits</b>							k) Vehicle			
			iii) Principle amount							l) Books & Learning Resources			
			iv) Interest received (including TDS on interest accrued)							m) Consultancies Services, Research Studies & Audit fee			
			<b>Interest Received on Saving Account</b>							n) Training, Fellowship & Workshop Exp			
			<b>Earnest money (Refundable)</b>							<b>Incremental Operating Cost</b>			
			<b>Other receipt</b>							b) Salary for agreed Additional key Faculty & Technical Staff Stipend/scholarships			
										b) Consumables (Laboratory & Workshop supplies, Printing & Stationary, Telephone, Electricity, water, etc.)			
										c) Operation & Maintenance (Expenses on Operation & Maintenance of Equipment and Vehicle, Hiring of Vehicle, Office, Off Campus building, Non technical Man Power, Postage and Courier, etc.			

**RECEIPT & PAYMENT FOR THE YEAR ENDED.....**

Previous Year (Rs.)			Receipt	Current Year (Rs.)			Previous Year (Rs.)			Payment	Current Year (Rs.)		
Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total	Govt. Inst	Pvt. Inst	Total		Govt. Inst	Pvt. Inst	Total
										<b><u>Networking of Institution</u></b> e) Equipment f) Training & Workshops g) Consumables (Laboratory & Workshop Supplies, etc) h) Operation & Maintenance Exp. of Equipment purchased for Network. TA/DA of faculty for expert lecture, etc  <b><u>Services to Community &amp; Economy</u></b> a) Equipment b) Training & Workshops, c) Consumables d) Operation & Maintenance Exp. of Equipment purchased for service to community, Local transport charges, etc.  <b><u>Other Payments</u></b> Deposits in Bank Earnest Money Payment towards Advances TDS on FD (including TDS on interest accrued)  <b><u>Closing Balances</u></b> i) Cash in Hand ii) Cash at Bank			
			<b>Total</b>							<b>Total</b>			

Notes to accounts and significant accounting polices forming part of accounts (Schedule V)

**(Name and Address of Audit Firm)  
Seal of Chartered Accountant Firm**

**Signature and Seal**

Place:

Date:

**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME  
(IDA CREDIT NO – 3718-IN)**

**Certified Statement of Expenditure & Reimbursement Claims**

**Rs in Million**

<b>S.No</b>	<b>Period</b>	<b>Total Expenditure Incurred</b>	<b>Expenditure claimed out of Total Expenditure</b>
1	01/04/ to 30/04/		
2	01/05/ to 31/05/		
3	01/06/ to 30/06/		
4	01/07/ to 31/07/		
5	01/08/ to 31/08/		
6	01/09/ to 30/09/		
7	01/10/ to 31/10/		
8	01/11/ to 30/11/		
9	01/12/ to 31/12/		
10	01/01/ to 31/01/		
11	01/02/ to 28/02/		
12	01/03/ to 31/03/		
<b>Total:</b>			

This is to certify that the above Statement has been verified with books of Accounts/ vouchers and Monthly Progress Report submitted by the Institution.

**(Name and Address of Audit Firm)**

**Seal of Chartered Accountant Firm**

**Signature**

**Signature and Seal**

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

**Place:** \_\_\_\_\_

## Technical Education Quality Improvement Programme (TEQIP)

Proforma-A

Monthly Financial Progress Report for the month of \_\_\_\_\_

Institution:

(Rs. in Million)

Programme Component	Total Project Allocations	Cumulative Exp. upto previous month of reporting since inception	Exp. during the reporting month	Total Cumulative Exp. Upto reporting month (2+3)	Committed Expenditure*	Reimbursement claimed out of expenditure indicated in col 4
	(1)	(2)	(3)	(4)	(5)	(6)
<b>A. Promotion of Academic Excellence</b>						
<b>(I) INVESTMENT COST</b>						
Civil Works						
Equipment						
Furniture						
Vehicle						
Books & LRs						
Consultants' service & Research Studies						
Training/Study Tours/Fellowships (Local & Foreign) Workshops						
<b>Total (I)</b>						
<b>(II) INCREMENTAL OPERATING COST</b>						
Salaries for agreed additional staff						
Consumables						
Operation and Maintenance						
<b>Total (II)</b>						
<b>Sub Total A (Total of I + II)</b>						
<b>B. Networking of Institutions</b>						
<b>C. Services to Community &amp; Economy</b>						
<b>GRAND TOTAL (A+B+C)</b>						

\* For which firm purchase order/work order have been placed including bills pending for payment

## Technical Education Quality Improvement Programme (TEQIP)

Proforma-A

Monthly Financial Progress Report for the month of \_\_\_\_\_  
 State as a whole (Institutions plus SPFU )

State :

(Rs. in Million)

Programme Component	Total Project Allocations	Cumulative Exp. upto previous month of reporting since inception	Exp. during the reporting month	Total Cumulative Exp. Upto reporting month (2+3)	Committed Expenditure*	Reimbursement claimed out of expenditure indicated in col 4
	(1)	(2)	(3)	(4)	(5)	(6)
<b>A. Promotion of Academic Excellence</b>						
<b>(I) INVESTMENT COST</b>						
Civil Works						
Equipment						
Furniture						
Vehicle						
Books & LRs						
Consultants' service & Research Studies						
Training/Study Tours/Fellowships (Local & Foreign)						
Workshops						
<b>Total (I)</b>						
<b>(II) INCREMENTAL OPERATING COST</b>						
Salaries for agreed additional staff						
Consumables						
Operation and Maintenance						
<b>Total (II)</b>						
<b>Sub Total A (Total of I + II)</b>						
<b>B. Networking of Institutions</b>						
<b>C. Services to Community &amp; Economy</b>						
<b>GRAND TOTAL (A+B+C)</b>						

\* For which firm purchase order/work order have been placed including bills pending for payment

**Note:** Expenditure incurred by SPFU under Systems Management Capacity Development (Component-II) is included in Investment and Incremental Operating Cost.

**Technical Education Quality Improvement Programme (TEQIP)**  
**Monthly Financial Progress Report for the month of \_\_\_\_\_**  
**(PROGRAMME INSTITUTIONS OF STATE)**

Proforma-A-1

(Rs. in Million)

Category of Expenditure	Name of Institute						Name of Institute					
	Total Project Allocations	Cumulative Exp. upto previous month of reporting since inception	Exp. during the reporting month	Cumulative Exp. Upto reporting month (2+3)	Committed Expenditure*	Reimbursement claimed out of cumulative exp. In Co. 4	Total Project Allocations	Cumulative Exp. upto previous month of reporting since inception	Exp. during the reporting month	Cumulative Exp. Upto reporting month (2+3)	Committed Expenditure*	Reimbursement claimed out of cumulative exp. In Co. 4
	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
<b>INSTITUTIONAL DEVELOPMENT</b>												
<b>A. Academic Excellence</b>												
<b>(I) INVESTMENT COST</b>												
Civil Works												
Equipment												
Furniture												
Vehicle												
Books & LRs												
Consultants' service & Research Studies												
Training/Study Tours/Fellowships (Local & Foreign) Workshops												
<b>Total (I)</b>												
<b>(II) INCREMENTAL OPERATING COST</b>												
Salaries for agreed additional staff												
Consumables												
Operation and Maintenance												
<b>Total (II)</b>												
<b>Sub Total A (Total of I + II)</b>												
<b>B. Networking of Institutions</b>												
<b>C. Services to Community &amp; Economy</b>												
<b>GRAND TOTAL (A+B+C)</b>												

\* For which firm purchase order/work order have been placed including bills pending for payment

Note: add extra pages for more Institutions of the State

**Annex – 28 (2 of 2)**

(Rs. in Million)

Category of Expenditure	Name of Institute					
	Total Project Allocations	Cumulative Exp. upto previous month of reporting since inception	Exp. during the reporting month	Cumulative Exp. Upto reporting month (2+3)	Committed Expenditure*	Reimbursement claimed out of cumulative exp. In Co. 4
	(1)	(2)	(3)	(4)	(5)	(6)
<b>INSTITUTIONAL DEVELOPMENT</b>						
<b>A. Academic Excellence</b>						
<b>(I) INVESTMENT COST</b>						
Civil Works						
Equipment						
Furniture						
Vehicle						
Books & LRs						
Consultants' service & Research Studies						
Training/Study Tours/Fellowships (Local & Foreign)						
Workshops						
<b>Total (I)</b>						
<b>(II) INCREMENTAL OPERATING COST</b>						
Salaries for agreed additional staff						
Consumables						
Operation and Maintenance						
<b>Total (II)</b>						
<b>Sub Total A (Total of I + II)</b>						
<b>B. Networking of Institutions</b>						
<b>C. Services to Community &amp; Economy</b>						
<b>GRAND TOTAL (A+B+C)</b>						

\* For which firm purchase order/work order have been placed including bills pending for payment

## Technical Education Quality Improvement Programme (TEQIP)

Monthly Financial Progress Report for the month of \_\_\_\_\_

Proforma-B

(Rs. in Million)

Category of Expenditure	SPFU					
	Total Project Allocations	Cumulative Exp. upto previous month of reporting since inception	Exp. during the reporting month	Cumulative Exp. Upto reporting month (2+3)	Committed Expenditure	Reimbursement claimed out of cumulative exp. In Co. 4
	(1)	(2)	(3)	(4)	(5)	(6)
<b>SYSTEM MANAGEMENT CAPACITY IMPROVEMENT</b>						
<b>(I) INVESTMENT COST</b>						
Equipment						
Furniture						
Vehicle						
Books & LRs						
Consultants' service & Research Studies						
Training/Study Tours/Fellowships (Local & Foreign)						
Workshops						
<b>Total (I)</b>						
<b>(II) INCREMENTAL OPERATING COST</b>						
Salaries for agreed additional staff						
Consumables						
Operation and Maintenance						
<b>Total (II)</b>						
<b>Grand Total (Total of I + II)</b>						



**Financial Management Report (FMR)  
Technical Education Quality Improvement Programme of Government of India  
Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_  
Comparison of Actual expenditure with Planned expenditure**

**IDA CR NO.3718-IN  
(Rs. in Million)**

**Institution:**

Category No	Component/Category	Expenditure Planned		Actual Expenditure		Variance	
		For the Current Quarter	Cumulative including Current Quarter since inception	During the Current Quarter	Cumulative including Current Quarter since inception	During the Current Quarter	Cumulative including Current Quarter since inception
1	2	3	4	5	6	7= (3-5)	8=(4-6)
<b>Programme Component - I : Institutional Development (Centrally Funded Institutions)</b>							
1	Civil Works						
	Equipment						
	Furniture						
	Vehicles						
	Books & LRs						
	Consultancies Services & Research Studies including Audit Fee						
	Trainings, fellowships and workshops (Local & Foreign)						
	Salaries for agreed additional Staff						
	Consumables						
	Operation and Maintenance						
	Networking of Institution						
	Services to Community and Economy						
<b>Grand Total</b>							

**Financial Management Report (FMR)**  
**Technical Education Quality Improvement Programme of Government of India**  
 Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_  
 Forecast of expenditure for Six months

**IDA CR NO.3718-IN**

**Institution:**

(Rs. in Million)

Category	Disbursement Category	Expenditure Planned for the next First Quarter	Expenditure Planned for the next Second Quarter	Total for six months	Percentage of Reimbursement	Required Eligible amount for reimbursement for six Months
1	2	3	4	5= (3+4)	6	7= (5x6/100)
<b>Programme Component - I : Institutional Development (For All Programme Institutions only)</b>						
1	Civil Works				80%	
	Equipment					
	Furniture					
	Vehicles					
	Books & LRs					
	Consultancies Services & Research Studies including Audit Fee					
	Trainings, fellowships and workshops (Local & Foreign)					
	Salaries for agreed additional Staff					
	Consumables					
	Operation and Maintenance					
	Networking of Institution					
	Services to Community and Economy					
<b>Grand Total</b>						

**Financial Management Report (FMR)  
 Technical Education Quality Improvement Programme of Government of India  
 Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_  
 Utilization of funds**

**IDA CR NO.3718 -IN**

**Institution:**

(Rs. in Million)

Category	Disbursement Category	Expenditure incurred during the Quarter	IDA financing percentage of Reimbursement	Amount Eligible for Reimbursement	To be filled by CAA&A for withdrawal		Remarks
					US \$ equivalent withdrawn from the Special Account	Exchange rate (US \$ 1 equal to)	
1	2	3	4	5=(3*4/100)	6	7	8
1	Institutional Development (Total of I, Col 5 of FMR 1)		80%				
<b>Total</b>							

**Financial Management Report (FMR)**  
**Technical Education Quality Improvement Programme of Government of India**  
**Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_**  
**Contract wise expenditure Details**

**IDA CR NO.3718-IN**

**Institution:**

Amount in million

Particulars	Name of Contractor/Supplier/Consultants Address (if USA, please also indicate the city and state) 1/	Method of Procurement	Bid Invitation Date	Bid opening Date	Contract signing Date	Contract Completion Date	Contract Value	WBR No.	Currency and amount paid during this Quarter	Currency and Cumulative amount paid to date	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
a) Works valued at US\$ 300,000 equivalent or more											
b) Goods valued at US\$ 300,000 equivalent or more											
c) Consulting firms valued at US\$ 100,000 equivalent or more			NA	NA							
d) Individual Consultants valued at US\$ 50,000 equivalent or more			NA	NA							

**Financial Management Report (FMR)**  
**Technical Education Quality Improvement Programme of Government of India**  
**Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_**  
**Comparison of Actual expenditure with Planned expenditure**

IDA CR NO.3718-IN

State:

(Rs. in Million)

Category No	Component/Category	Expenditure Planned		Actual Expenditure		Variance	
		For the Current Quarter	Cumulative including Current Quarter since inception	During the Current Quarter	Cumulative including Current Quarter since inception	During the Current Quarter	Cumulative including Current Quarter since inception
1	2	3	4	5	6	7= (3-5)	8=(4-6)
<b>Programme Component - I : Institutional Development (Only for all Programme Institutions of the State)</b>							
1	Civil Works						
	Equipment						
	Furniture						
	Vehicles						
	Books & LRs						
	Consultancies Services & Research Studies including Audit Fee						
	Trainings, fellowships and workshops (Local & Foreign)						
	Salaries for agreed additional Staff						
	Consumables						
	Operation and Maintenance						
	Networking of Institution						
Services to Community and Economy							
<b>Total (I)</b>							
<b>Programme Component - II : System Management Capacity Improvement ( For SPFU only)</b>							
2	Equipment						
	Furniture						
	Vehicles						
	<b>Sub Total (a)</b>						
3	<b>Books &amp; LRs (b)</b>						
4	<b>Consultancies Services &amp; Research Studies including Audit Fee (c )</b>						
5	<b>Trainings, fellowships and workshops (Local &amp; Foreign) (d)</b>						
6	<b>Salaries for agreed additional Staff</b>						
	<b>Consumables</b>						
	<b>Operation and Maintenance</b>						
<b>Sub Total (e)</b>							
<b>Total (II) = (a+b+c+d+e)</b>							
<b>Grand Total (I+II)</b>							

**Financial Management Report (FMR)**  
**Technical Education Quality Improvement Programme of Government of India**  
**Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_**  
**Forecast of expenditure for next Six months**

IDA CR NO.3718-IN

State

(Rs. in Million)

Category No	Disbursement Category	Expenditure Planned for the next First Quarter	Expenditure Planned for the next Second Quarter	Total for six months	Percentage of Reimbursement	Required Eligible amount for reimbursement for six Months
1	2	3	4	5= (3+4)	6	7= (5x6/100)
<b>Programme Component - I : Institutional Development (For All Programme Institutions only)</b>						
1	Civil Works				80%	
	Equipment					
	Furniture					
	Vehicles					
	Books & LRs					
	Consultancies Services & Research Studies including Audit Fee					
	Trainings, fellowships and workshops (Local & Foreign)					
	Salaries for agreed additional Staff					
	Consumables					
	Operation and Maintenance					
	Networking of Institution					
Services to Community and Economy						
<b>Total (I)</b>						
<b>Programme Component - II : System Management Capacity Improvement ( For SPFU only)</b>						
2	Equipment				80/100%*	
	Furniture					
	Vehicles					
3	Books & LRs				100%	
4	Consultancies Services & Research Studies including Audit Fee				80%	
5	Trainings, fellowships and workshops (Local & Foreign)				100%	
6	Salaries for agreed additional Staff				65%	
	Consumables					
	Operation and Maintenance					
<b>Total (II)</b>						
<b>Grand Total (I+II)</b>						

\* Indicate 80% if expenditure is inclusive of all taxes and duties. Otherwise 100% if it is ex factory price

**Financial Management Report (FMR)**  
**Technical Education Quality Improvement Programme of Government of India**  
**Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_**  
**Utilization of funds**

IDA CR NO.3718-IN

State

(Rs. in Million)

Category	Disbursement Category	Expenditure incurred during the Quarter	IDA financing percentage of Reimbursement	Amount Eligible for Reimbursement	To be filled by CAA&A for withdrawal		Remarks
					US \$ equivalent withdrawn from the Special Account	Exchange rate (US \$ 1 equal to)	
1	2	3	4	5=(3*4/100)	6	7	8
1	Institutional Development (Total of I, Col 5 of FMR 1)		80%				
2	Goods# (Sub total (a), Col 5 of FMR 1)		80/100%*				
3	Books & LRs Total (Amount of (b), Col 5 of FMR 1)		100%				
4	Consultancies Services & Research Studies including Audit Fee (Amount of (c), Col 5 of FMR 1)		80%				
5	Trainings, fellowships and workshops (Local & Foreign) (Amount of (d), Col 5 of FMR 1)		100%				
6	Incremental Operating Cost (Sub total (e), Col 5 of FMR 1)		65%				
<b>Total</b>							
# Goods includes Equipment, Furniture & Vehicles							

\* Indicate 80% if expenditure is inclusive of all taxes and duties. Otherwise 100% if it is ex factory price

**Financial Management Report (FMR)  
 Technical Education Quality Improvement Programme of Government of India  
 Reporting Quarter from \_\_\_\_\_ to \_\_\_\_\_  
 Contract wise expenditure Details**

**IDA CR NO.3718-IN**  
 Amount in million

State	Particulars	Name of Contractor/Supplier/Consultants Address (if USA, please also indicate the city and state) 1/	Method of Procurement	Bid Invitation Date	Bid opening Date	Contract signing Date	Contract Completion Date	Contract Value	WBR No.	Currency and amount paid during this Quarter	Currency and Cumulative amount paid to date	Remarks
	1	2	3	4	5	6	7	8	9	10	11	12
	<b>Institution-1 (Name _____)</b>											
	a) Works valued at US\$ 300,000 equivalent or more											
	b) Goods valued at US\$ 300,000 equivalent or more											
	c) Consulting firms valued at US\$ 100,000 equivalent or more			NA	NA							
	d) Individual Consultants valued at US\$ 50,000 equivalent or more			NA	NA							
	<b>Institution-2 (Name _____)</b>											
	a) Works valued at US\$ 300,000 equivalent or more											
	b) Goods valued at US\$ 300,000 equivalent or more											
	c) Consulting firms valued at US\$ 100,000 equivalent or more			NA	NA							
	d) Individual Consultants valued at US\$ 50,000 equivalent or more			NA	NA							
	<b>Note: Add more sheets for more number of Institutions</b>											

## FINANCIAL MANAGEMENT INDICATORS - SPFU

*To be sent twice in a year along with (Financial Management Report) FMR for quarter ending 30<sup>th</sup> September and 31<sup>st</sup> March.*

Name of the State \_\_\_\_\_

### A.1. Qualified and Skilled Finance and Accounts Staff in Place:

SPFU/Institute	No. of Sanctioned Posts	No. of Staff in position	No. of Vacancy	Since when Vacant (Give date)	Reason for Vacancy	Action Plan & time frame for filing up the vacancy
<b>SPFU</b>						
<b><i>Name of Institute</i></b>						
1.						
2.						
3.						

### A.2. Training of Finance personnel completed:

		<b>YES</b> (pl. tick) and Mention dates on which training was conducted	<b>NO</b> (pl. tick)	<b>If 'NO', pl. specify by when training is expected to take place</b>
1.	SPFU/ CFI level finance and accounts staff trained			
2.	Programme Institute level finance and accounts staff trained			

### B.1. Delegation of adequate Financial and Administrative Powers:

Please provide information on delegation of financial powers to Head of SPFU and Principals of Institutes along with monetary limits.

SPFU/Institute	<b>Delegation of Financial Powers</b>
<b>SPFU</b>	
<b><i>Name of Institute</i></b>	
1.	
2.	
3.	

**B.2. Adequate infrastructure facilities like computers, printers, telephone, fax, internet connection, etc. provided to Finance and Accounts staff:**

	<b>YES</b> (please specify items provided)
<b>At SPFU Level</b>	
<b>At Institution Level</b> (Give Institute-wise details)	
1.	
2.	
3.	

**B.3. Accounting Software**

	<b>Is Accounting Software being used? Mention 'Yes' or 'No'</b>	<b>If 'yes', specify Name of Accounting Software</b>
<b>At SPFU Level</b>		
<b>At Institution Level</b> (Give Institute-wise details)		
1.		
2.		
3.		

**C.1. Financial Management Report:**

For last two FMRs submitted to NPIU, please provide the following information:

	<b>Date of Submission of FMR to NPIU</b>	<b>Institutions covered in FMR</b> Mention number	<b>Institutions Omitted in FMR</b> Mention number and names
<b>Quarter Ending.....</b>			
<b>Quarter Ending.....</b>			

### C.2. Whether Bank Reconciliation Statement (BRS) is prepared monthly?

	<b>Up to which month BRS been prepared</b> Please mention Month	<b>Who is authorized signatory for TEQIP funds?</b> Please mention designation of official (s)
<b>At SPFU</b>		
<b>At Institution Level</b>		
1.		
2.		
3.		

### C. 3 Interest Earned on TEQIP Grant

	<b>Name of Bank</b>	<b>Type of Account</b>	<b>Account No.</b>	<b>Interest earned on TEQIP Grant from beginning of project till date (cumulative)</b> Rs. Lakhs
<b>At SPFU</b>		i) Saving/ Current ii) Fixed Deposit		
<b>At Institution Level</b>				
1.		i) Saving/ Current ii) Fixed Deposit		
2.		i) Saving/ Current ii) Fixed Deposit		
3.		i) Saving/ Current ii) Fixed Deposit		

### C.4. Appointment of Auditors:

Name of Firm	
Number of Partners	
Date of appointment of Auditor	
Duration of appointment	
Audit fee	
Schedule of Audit	
Has Terms of Reference (ToR) as per Financial Management Manual been provided to Auditor? 'Yes' or 'No'	
Likely date of submission of Audit Certificate for financial year.....	

**Signature of Head of SPFU:**

**Date:**

**Name of Head of SPFU:**

## FINANCIAL MANAGEMENT INDICATORS - CFI

*To be sent twice in a year along with (Financial Management Report) FMR for quarter ending 30<sup>th</sup> September and 31<sup>st</sup> March.*

Name of Centrally Funded Institute \_\_\_\_\_

### A.1. Qualified and Skilled Finance and Accounts Staff in Place:

No. of Sanctioned Posts	No. of Staff in position	No. of Vacancy	Since when Vacant (Give date)	Reason for Vacancy	Action Plan & time frame for filing up the vacancy

### A.2. Training of Finance personnel completed:

		YES (pl. tick) and Mention dates on which training was conducted	NO (pl. tick)	If 'NO', please specify by when training is expected to take place
1.	CFI level finance and accounts staff trained			

### B.1. Delegation of adequate Financial and Administrative Powers:

Please provide information on delegation of financial powers to Head of CFI along with monetary limits.

Delegation of Financial Powers	To whom delegation has been given Please mention designation

**B.2. Adequate infrastructure facilities like computers, printers, telephone, fax, internet connection, etc. provided to Finance and Accounts staff:**

Yes or No.	If 'YES' Please specify items provided

**B.3. Accounting Software**

Is Accounting Software being used? Mention 'Yes' or 'No'	If 'yes', specify Name of Accounting Software

**C.1. Financial Management Report:**

For last two FMRs submitted to NPIU, please provide the following information:

	Date of Submission of FMR to NPIU
Quarter Ending.....	
Quarter Ending.....	

**C.2. Whether Bank Reconciliation Statement (BRS) is prepared monthly?**

Up to which month BRS been prepared Please mention Month	Who is authorized signatory for TEQIP funds? Please mention designation of official (s)

### C. 3 Interest Earned on TEQIP Grant

Name of Bank	Type of Account	Account No.	Interest earned on TEQIP Grant from beginning of project till date (cumulative) Rs. Lakhs
	i) Saving/ Current		
	ii) Fixed Deposit		

### C.4. Appointment of Auditors:

Name of Firm	
Number of Partners	
Date of appointment of Auditor	
Duration of appointment	
Audit fee	
Schedule of Audit	
Has Terms of Reference (ToR) as per Financial Management Manual been provided to Auditor? 'Yes' or 'No'	
Likely date of submission of Audit Certificate for financial year.....	

***Signature of Head of CFI:***

***Date:***

***Name of Head of CFI:***