TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP)

PHASE-II

FINANCIAL MANAGEMENT MANUAL



GOVERNMENT OF INDIA
DEPARTMENT OF HIGHER EDUCATION
MINISTRY OF HUMAN RESOURCE DEVELOPMENT
NEW DELHI

November 2014 (Revised)

(The contents of this document are subject to change.)

I N D E X

SECTIONS	PARTICULARS	PAGE
SECTION 1	Glossary to the key words used in the manual	1
SECTION 2	Introduction	3-6
SECTION 3	Overview of Financial Management System	7-11
SECTION 4	Staffing And Training	13-14
SECTION 5	Budgeting and Flow of Funds	15-30
SECTION 6	Financial Accounting	31-38
SECTION 7	Financial Reporting	39-42
SECTION 8	Disbursement Procedures	43 -46
SECTION 9	Internal Controls and Internal Audit	47 -48
SECTION 10	Statutory Audit	49 -50
SECTION 11	Disclosure of Information	51

I N D E X

ANNEXS	PARTICULARS	PAGE
Annex – I	Memorandum of Understanding between MHRD and States	53-57
Annex – II	Memorandum of Understanding between MHRD and CFIs	59-61
Annex – III	Memorandum of Understanding between State and Government Funded / Government Aided Institutions under Sub – Component 1.1 & 1.2 / Private unaided Institution under Sub Component 1.2	63-65
Annex - IV	Memorandum of Understanding between State and Private unaided Institution under Sub – Component 1.1	66-70
Annex – V	Terms of Reference for Consultant (Finance) at NPIU	71
Annex – VI	Terms of Reference for Head of the Finance Wing of SPFU	73
Annex – VII	Terms of Reference for Head of the Finance Wing of the Project at Institution (State level or CFI)	75
Annex – VIII	Annual Budget Plan	77-78
Annex – IX	Chart of Accounts	79-82
Annex – X	Mapping of Expenditure	83-89
Annex – XI	Register of Contracts for Consultancy Services	90
Annex – XII	Formats of Financial Monitoring Reports (FMRs)	91-102
Annex – XIII	Guidelines for the preparation of Financial Monitoring Reports (FMRs)	103-104
Annex – XIV	Financial Management Indicators for CFIs/Project Institutions	105-106
Annex – XV	Financial Management Indicators for SPFUs	107-109
Annex – XVI	Consolidated Report on Annual Statutory Audit	110-112
Annex – XVII	Trial Balance	113
Annex – XVIII	Bank Reconciliation Statement	114
Annex – XIX	Receipt and Payment Account	115
Annex – XX	Income and Expenditure Account	116
Annex – XXI	Balance Sheet	117
Annex – XXII	Terms of Reference for Internal Auditor	118-124
Annex – XXIII	Terms of Reference for Audit of Financial Statements	125-134
Annex – XXIV	Selection Criteria for Audit of Financial Statements	135-138
Annex – XXV	Specific Instructions for Statutory Audit of Financial Statements	139-140

ABBREVIATIONS

CSS	:	Centrally Sponsored Scheme
CFI	:	Centrally Funded Institutions
CAA&A	:	Controller of Aid, Accounts and Audit
CAG	:	Comptroller & Auditor General
CA	:	Chartered Accountant
DEA	:	Department of Economic Affairs
FMR	:	Financial Monitoring Report
FMM	:	Financial Management Manual
FD	:	Fixed Deposit
GoI	:	Government of India
IA	:	Internal Audit
IDA	:	International Development Association
INR	:	Indian Rupees
MoF	:	Ministry of Finance
MoU	:	Memorandum of Understanding
MHRD	:	Ministry of Human Resource Development
MIS	:	Management Information System
NIT	:	National Institute of Technology
NPIU	:	National Project Implementation Unit
PAD	:	Project Appraisal Document
PDA	:	Personal Deposit Account
PLA	:	Personal Ledger Account
PIP	:	Project Implementation Plan
RBI	:	Reserve Bank of India
SPFU	:	State Project Facilitation Unit
TEQIP	:	Technical Education Quality Improvement Programme
ToR	:	Terms of Reference
WB	:	World Bank

DISCLAIMER

While all care has been taken to bring conformity with the General Financial Rules (GFR), Fundamental Rules (FR) and Supplementary Rules (SR) of Government of India. In case of any dispute or ambiguity, regarding any provision or content of this manual, the GFR, FR & SR will take precedence over the provisions of this manual.

SECTION–1

GLOSSARY TO THE KEY WORDS USED IN THE MANUAL

"Accounting Year", "Year", or "Financial Year" means the year commencing on 1st of April and ending on 31st of March.

"Auditor" means a firm of qualified Chartered Accountants appointed by National Project Implementation Unit and State Project Facilitation Unit and by Centrally Funded Institutions for auditing the project accounts.

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

"NPIU" means National Project Implementation Unit created by Ministry of Human Resource Development for facilitating, implementing, coordinating and monitoring project activities at National level.

"Project" means Phase – II of Technical Education Quality Improvement Programme, (TEQIP-II).

"PIP" means Project Implementation Plan, including action plans, procedures and criteria for implementation of project.

"Project Institutions" means engineering education institutions, as defined in PIP, duly selected for support under the project.

"SPFU" means State Project Facilitation Unit to provide support to the Secretary in charge of Technical Education in facilitating, implementing, coordinating and monitoring the project at the State level.

"MOU" means Memorandum of Understanding, which contains the terms and conditions between the Ministry of Human Resource Development and the States, Ministry of Human Resource Development and Centrally Funded Institutions and between State and Institutions selected by State.

SECTION–2

INTRODUCTION

2.0 Financial Management Manual:

The "Financial Management Manual" (FMM) developed for the Project provides the essential information, to enable the SPFUs, the NPIU and project institutions to carry out effectively the financial operations in the Project. It is a guide to the implementation agencies for understanding the detailed Financial Management of the Project. For details refer to FMM at Appendix–I.

2.1 Overview:

Project will be open for competition and participation by: (a) the All India Council for Technical Education (AICTE) approved Engineering institutions from all States and Union Territories across the country and (b) Engineering faculty, Engineering Teaching Department, Constituent Institutions of Universities and Deemed to be Universities (c) Centrally Funded Institutions (CFIs) and will be implemented as a "**Centrally Sponsored Scheme**" (CSS) with contribution from State Government in the manner of matching share. An around 200 Engineering institutions will be competitively selected in one or two cycles. Eligible private unaided institutions willing to contribute to the vision of India to produce high quality technical manpower would also be selected in the Project.

It is aimed at scaling-up and supporting ongoing efforts of Government of India (GoI) in improving quality of technical education and enhancing existing capabilities of the Institutions to become dynamic, demand-driven, quality conscious, efficient, forward looking and responsive to rapid economic and technological developments, occurring both at national and international levels. It will have a clear focus on outcomes to improve the overall quality of existing engineering Programme.

The prime focus of the project will be broadly on Improving Quality and Relevance of Engineering Education by incorporating Faculty Development and Capacity Building, Monitoring & Evaluation and Project Management, by emphasizing on training as well as monitoring and evaluation techniques.

This project of Government of India will have a span of six years and shall cover the following Financial Years.

2010-2011
2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017 (upto October 2016)

Each project year can be further divided into Quarters for reporting as well as monitoring purposes.

2.2 Purpose of the Manual:

The prime objective of evolving this manual is to bring in uniformity in Financial Management arrangement of the project such as accounting, financial reporting, audit etc. and to make participating CFIs / States Institutes / SPFUs familiar with the guidelines and standards to be adopted while implementation of the project task, and, in particular, to provide broad guidelines to them in respect of different issues concerning financial management. It is also hoped that this manual will provide supportive information in complying with the rules set henceforth.

2.3 Applicability of the Manual:

This manual shall be applicable to participating Centrally Funded Institutes and National Project Implementation Unit at National Level and State Institutes and State Project Facilitation Unit at State Level.

2.4 Project Design:

Component - 1 : Improving Quality of Education in Selected Institutions

This Component aims to strengthen around 200 competitively selected Engineering Education Institutions to improve learning outcomes and employability of graduates and scale-up Postgraduate education, research & development and innovation and establishing Centres of Excellence. The faculty of these institutions will also be offered pedagogical training for effective teaching.

The objectives of this Component will be achieved through the following Sub-components:

- *Sub-component 1.1* : Strengthening institutions to improve learning outcomes and employability of graduates
- *Sub-component 1.2* : Scaling-up Postgraduate Education and Demand-Driven Research & Development and Innovation
- *Sub-component 1.2.1* : Establishing Centres of Excellence
- *Sub-component 1.3* : Faculty Development for Effective Teaching (Pedagogical Training)

Component - 2 : Improving System Management

This Component aims to build capacity of Technical Education policy planners, administrators and implementers at the Central, State, and Institutional levels to effectively implement the institutional reforms and to introduce and sustain innovative systemic quality improvement practices.

It also aims to provide timely, sufficient, precise, and reliable information to improve and assess the performance of the selected institutions for effective Project Management through the following sub-components:

- *Sub-component 2.1* : Capacity Building to Strengthen Management
- *Sub-component 2.2* : Project Management, Monitoring and Evaluation

2.5 Project Implementation arrangements:

The implementation arrangement in the project shall be as follows:

1. The project will be a **"Centrally Sponsored Scheme"** for Institutions sponsored by States and Union Territories (UT) and for Centrally Funded Institutions. It will be implemented by the Department of Higher Education in the Ministry of Human Resource Development (MHRD), Government of India, along with all the participating States and union territories (UT).
2. At the **National** level, the project will be guided by a National Steering Committee (NSC) and managed by a National Project Directorate, assisted by National Project Implementation Unit (NPIU). The NSC will provide overall policy directions for project activities and for implementation of systemic policy reforms.
3. At the **State** level, the project will be guided by State Steering Committees (SSCs) assisted by their respective State Project Facilitation Unit (SPFUs) located in the State Directorates concerned with Technical Education.
4. At the **Institutional** level, the project will be implemented by the Institutional TEQIP Units under the overall guidance of their respective Board of Governors (BoGs).

In the project, existing States, new States, existing Centrally Funded Institutions and new Centrally Funded Institutions will participate. The institutions that can participate under the project fall under four categories, as indicated below:

- New[1] institutions from the old States
- New Centrally Funded Institutions
- Institutions from new States
- Engineering Faculty/Engineering Teaching Departments/Constituent Institutions of Universities
- Engineering Faculty/Engineering Teaching Departments/Constituent Institutions of Deemed to be Universities, and
- Private unaided institutions on cost sharing basis[2]

Since Private Self Financing Institutions have increased manifold in the last ten years and have been established in the major States of the country, State Governments may also be encouraged to support such Institutions that are performing well and are eligible to join the project and are willing to contribute towards the vision of India to produce high quality technical manpower.

At national level for facilitating, implementing, coordinating and monitoring of the project, National Project Implementation Unit (NPIU) has been constituted and at State level each State Project facilitation Unit (SPFU).

Competitively selected Institutions will concentrate on the following project objectives:

(i) Strengthening Institutions to improve learning outcomes and employability of graduates

(ii) Scaling-up Postgraduate Education and Demand-Driven Research & Development and Innovation

(iii) Establishing Centres of Excellence

(iv) Faculty Development for Effective Teaching (Pedagogical Training)

(v) Capacity Building to Strengthen Management

(vi) Project Management, Monitoring and Evaluation

2.6 Key Project Documents for reference:

In order to obtain comprehensive guidelines about other related procedures of the project, the following may also be referred to, if required:

1. Project Implementation Plan (PIP)
2. Project Appraisal Document (PAD) of the World Bank
3. Project Agreement

[1] Institutions : Government funded, Government aided, Private unaided

[2] Funding for private unaided institutions under this Sub-component will be in the ratio of 60:20:20 for permissible activities i.e. 60% by the MHRD as grant, 20% by State as grant and 20% by institutions for select activities (see Table-13 & 18-A) .

4. Memorandum of Understanding (MoU) – There are 4 types of MoUs which are as follows:

   a. Between MHRD and the States (**Annex -I)**

   b. Between MHRD and Centrally Funded Institutions (**Annex – II**)

   c. Between the State Governments and Government Funded/ Government Aided Institutions under sub-component 1.1 & 1.2 and Private unaided Institution under sub-component 1.2 (**Annex – III**)

   d. Between the State Governments and Private unaided Institution under sub-component 1.1 (**Annex – IV**)

SECTION–3

OVERVIEW OF FINANCIAL MANAGEMENT SYSTEM

3.1 Scope:

The Project will be implemented in pursuance of the National Policy on Education (NPE-1986 revised in 1992) through the Ministry of Human Resource Development (MHRD) of the Government of India. The Project will be implemented as a **Centrally Sponsored Scheme (CSS)** with matching contribution from State Governments and Union Territories.

India comprises apart from 07 Union Territories, 18 States in the general and 11 States in the Special category[3]. The Special category states are Arunachal Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand. These states have some distinct characteristics like international boundaries, hilly terrains and have distinctly different socio-economic development parameters. These States also have geographical disadvantages in their effort for infrastructural development and hence these States deserve special assistance.

Project cost in the Government funded and Government aided institutions for all sub-components will be shared between the MHRD and State and UT Governments in the ratio of 75:25 in all States except the Special Category States wherein the ratio will be 90:10. For Centrally Funded Institutions, 100% of institutional project costs will be borne by the MHRD.

Funding for private unaided institutions in all States and UTs will be in the ratio of 60:20:20 i.e. 60% funding as Grant from MHRD, 20% funding as Grant from the State and 20% funding from institutions.

3.2 Grouping of Expenditures:

Under the project, the Expenditure has been grouped into components and sub-components in line with the objectives of the project. There are two broad components consisting of various sub-components. Expenditures incurred by each unit under any/all of the heads have to be booked accordingly for the project. The Expenditure components are as follows:

Component 1 : Improving Quality of Education in selected Institutions:

- **Sub-component 1.1 : Strengthening institutions to improve learning outcomes and employability of graduates:**

  To strengthen selected Engineering institutions to improve learning outcomes and employability of graduates. This is a **"competitive fund"** that will finance the best Institutional proposals that have the potential to meet the above objective. An estimated 125 institutions meeting the eligibility criteria will be competitively selected to participate in this sub-component.

- **Sub-component 1.2: Scaling–up postgraduate education and demand driven research & development and innovation:**

  To significantly increase enrolment in post-graduate education and enhance engineering research and development and innovation.

  This **"competitive fund"** will finance the best Institutional proposals that meet the above objective. About 75 autonomous institutions meeting the Eligibility Criteria will be competitively selected to participate in this sub-component.

[3] Source : 12th & 13th Finance Commission Report.

- **Sub-component 1.2.1 : Establishing Centres of Excellence :**

  To support establishment of Centres of Excellence for collaborative and multi-disciplinary research within specific thematic areas of regional or national importance.

  About 30 **Centres of Excellence** (CoE) will be set up in institutions out of those selected under sub-component 1.2 for carrying out applicable research. An additional fund will be given for the same.

- **Sub-component 1.3 : Faculty Development for Effective Teaching (Pedagogical Training) :**

  To improve competence of faculty from project institutions through Pedagogical Training for effective teaching to improve the learning outcomes of Engineering students. Scope is to cover maximum faculty members from the Project institutions

Component 2 : Improving System Management:

- **Sub-component 2.1 : Capacity Building to Strengthen Management**

  To build capacity of Technical Education policy planners, administrators and implementers at Central, State, and Institutional level for effective implementation of academic and non-academic reforms.

  - Professional development of Technical Education and TEQIP administrators in the project States and project institutions
  - Initiatives for Effective Governance System of institutions at the level of Board of Governors, and
  - Establishing Management Capacity Development Centres at IIMs for training of TEQIP institutions

- **Sub-component 2.2 : Project Management, Monitoring & Evaluation:**

  The broadly defined objectives under project management, monitoring and evaluation are:

  - To plan, organize and manage resources to bring about successful achievement of Project objectives.
  - To monitor and evaluate the performance of project institutions.
  - To mentor the project institutions towards quality improvement and to audit the institutional performance in achieving their respective targets.

  All activities under project monitoring will be funded by the NPIU, and the activities under project evaluation will be funded by the NPIU / SPFU (except mentoring). The expenses incurred for mentoring of the institutions will be met through respective Institutional grants.

- **Funding Pattern:**
  The activities of the National Steering Committee (NSC), the National Evaluation Committees (NECs), the National Project Directorate (NPD), the National Project Implementation Unit (NPIU) will be funded through the NPIU. The activities of the State Steering Committee, the State Private Sector Advisory Group (S-PSAG) and the State Project Facilitation Unit (SPFU) will be funded through the respective SPFUs. The expenses on BoG activities will be met through the Institutional project funds.

3.3 Non-project Resources and their utilization:

Interest Income: Interest income generated by CFIs / State Institutes / SPFUs out of the advances provided by MHRD/State Government has to be utilized during project period on project related activities.

3.4 Role of NPIU in Financial Management:

National Project Implementation Unit (NPIU) has been constituted for facilitating, implementing, coordinating and monitoring of the project at national level. Its role is to monitor and co-ordinate with States/UT/CFI/other recipients, provide them support in Financial Management issues, in particular, by performing the following roles:

- Ensure full knowledge and systematic application of the Project procedures and requirements for financial management,
- Providing guidelines for financial, accounting, reporting and audit aspects through facilitating preparation of Financial Management Manual,
- Guide/monitor and provide support on adherence to fiduciary guidelines and financial management arrangements by working in close coordination with the World Bank/MHRD/CAAA,
- Provide support to the Financial Management/accounting staff for issues related to Financial Management aspects of the Project,
- Prepare annual estimates and budget for the Project and play an important role in release of funds,
- Facilitate implementation of the Project and provide advisory services and support for financial management and other allied issues,
- Monitor/Consolidate and Review Quarterly/Six-Monthly/Annual Reports of the participating States and CFIs,
- Prepare consolidated Project Financial Monitoring Reports (FMRs) and ensure timely submission of FMRs to the World Bank/CAAA,
- Coordinate receipt of annual audit reports from the States/the UTs/the CFIs and other recipients and audit of the NPIU,
- Prepare and submit Consolidated Audit Report to the World Bank through National Project Directorate on a timely basis,
- Ensure timely compliance of audit observations by all the States, UTs, CFIs and other recipients; and coordinate timely response from all concerned on audit observations,
- Prepare and implement a plan for capacity building in financial management of the FM staff in the SPFUs and the project institutions and review the capacity building requirements of FM staff at all levels on a regular basis,
- Guide the Finance Officers in the SPFUs through advice and operate as a clearing house for issues (problems and solutions) raised by States/UTs,
- Act as a support and reference person for all project-related financial management tasks,
- Impart comprehensive and topic specific training to project staff at various levels on Financial Management and manage those training programmes through preparation of training plan, including schedule of trainings/workshops/ seminars/orientation and monitoring and implementation of the same,
- Participate in reviews and monitoring of States and CFIs,
- Monitor disclosure of FM information, and
- Carry out revision of Financial Management Manual as may be required.

3.5 Roles of SPFU in Financial Management:

State Project Facilitation Unit (SPFU) has been entrusted with the task of facilitating, implementing, coordinating and monitoring of the project at the State level. Its role is to monitor and co-ordinate with institutions within the State, provide them support for Financial Management issues and co-ordinate with the NPIU. Details are mentioned below :

- Provide guidance on financial, accounting and reporting aspects to the project institutions at the State level,
- Ensure full knowledge and systematic application of the Project procedures and requirements for financial Management,
- Prepare budget for project at State level and arrange timely flow of funds to institutions,
- Accept Quarterly Financial Monitoring Reports (FMRs) from the participating institutions and guide/monitor and provide support for adherence to the fiduciary guidelines, financial management issues,
- Consolidate FMRs for the project and submission to the NPIU, so as to facilitate disbursement of funds within the required timeframe,
- Hire Internal and External Auditors,
- Monitor quality of audit arrangements in all agencies in the State which will be funded under the project. Regularly monitor compliance of audit observations by institutions,
- Timely submit consolidated Audit Report of Project Institutions and the SPFU to the NPIU,
- Provide support to Financial Management/accounting staff of institutions for resolving various issues related with accounting/Financial Management aspects, reporting system etc. Facilitate implementation of the project and providing advisory services and support for financial management and other allied issues,
- Impart comprehensive and topic specific training to project staff at various levels on Financial Management and manage these training programmes through preparation of training plan, including schedule of trainings/workshops/ seminars/orientation, and monitor implementation of the plan in close co-ordination with the NPIU, and
- Other project aspects related to financial management,

3.6 Role of Institutes in Financial Management:

The role of institutions in Financial Management shall be as follows:

(i) To adhere to instructions as per Financial Management Manual (FMM).

(ii) To maintain separate and proper record of financial assistance received by them.

(iii) To submit Financial Monitoring Report to SPFU.

(iv) Provide support to Financial Management / Accounting staff on resolving various issues related with Financial Management.

(v) To arrange training for the Financial Management Staff working with the institutions.

(vi) To participate in the training programmes which shall be arranged by NPIU / SPFU.

(vii) Facilitate timely completion of statutory, internal audit of the accounts as per the project norms.

(viii) Timely compliance of audit observations of the auditors.

(ix) To resolve financial management issues promptly without delay, if necessary with the help of SPFU/NPIU.

3.7 Statutory Audit:

State:

The SPFU will appoint a firm of chartered accountants for audit of the SPFU and project institutions within the State, by following the World Bank norms and procedure.

Audit at the SPFU: The audit at the SPFU level will include audit of Financial Monitoring Report (FMRs), and project accounts. The SPFU will be required to maintain the records of FMRs and the project accounts separately to enable the auditor to carry out necessary checks and verification effectively.

Audit of Institutes: Further, the auditor will audit the project accounts of the institutions. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Each institution will put up the audit report to Board of Governors within a reasonable period of completion of audit.

Consolidated Audit Report of State: The SPFU will be required to submit a consolidated audit report for the State to the NPIU by **31st July** of every project year.

CFIs:

Centrally Funded Institutions will appoint a firm of Chartered Accountant to audit the accounts and the audit will be completed by 30th June of every financial year. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Audit of Centrally Funded Institutions will be as per the Terms of Reference mentioned in the Manual (Refer Annex-XXIII of the Financial Management Manual).

NPIU:

Annual audit of the NPIU by a firm of chartered accountants will be completed by **30th June** of every financial year.

Consolidated Audit Report for Project:

The NPIU will consolidate the audit reports of the States, CFIs and the NPIU. There will be one single audit report for the entire project which will be submitted by the NPIU to the World Bank by **30th September** of every financial year.

(Refer **to Section-10 on Statutory Audit** for details.)

SECTION–4

STAFFING AND TRAINING

4.1 Staffing:

Adequate finance staff needs to be provided by all implementing agencies (SPFU/Institute) from the very beginning, so as to ensure that the project work does not suffer. The staff deputed for work relating to maintenance of project accounts and reports should be well versed with accounting system and preferably acquainted with externally aided projects of the World Bank or some other agency.

The accounting/financial staff should not be changed/transferred at frequent intervals, unless and until required to do so on administrative grounds but with information to the NPIU/MHRD.

4.1.1 Finance cell of **NPIU** will be headed by a qualified finance professional as Consultant (Finance). He/She will be a Chartered Accountant/ICWA. The Consultant (Finance) will be assisted by Associate Consultant (Finance). The Consultant (Finance) will be responsible for establishment of 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 project institutions. A separate **ToR for Consultant (Finance) at NPIU** is attached at **Annex–V.**

4.1.2 **SPFU** will have a Finance Coordinator to head the finance function, who will be assisted by adequate support staff. He/she 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 timely conduct of audit. A separate **ToR for Head of the finance wing of SPFU** is attached at **Annex–VI**.

4.1.3 At the **institutional** level, a senior faculty will be designated as in-charge of the accounts function of project funds. He/she will be responsible for complying with requirements of accounting, disbursement, financial reporting, monitoring of Programme expenditures and audit. He/she will be assisted by Senior Accounts Officer of the institution. Accounts personnel will be identified to work exclusively on the Programme. A separate **ToR for Head of the finance wing of the project at Institution** (State Level or CFI) is attached at **Annex – VII**.

4.2 Training:

The training on the Financial Management for the Project institutions and SPFUs shall be conducted by NPIU from time to time at various places in the country on quarterly basis. The training on the use of e-FMR software shall also be given with the help of software developer.

SECTION–5

BUDGETING AND FLOW OF FUNDS

5.1 Financial Plan:

The total Project cost is expected to be Rs. 2430.00 crore. The Project cost will be borne by Government of India and the States and UTs in the manner of matching shares, in the ratio of 75:25 for the general category states and 90:10 for the special category States. The Central share will be around Rs.1981.00 crore (World Bank share Rs.1364.00 crore and MHRD Rs.617.00 crore), the States' share will be Rs. 419.00 crore and the share of private unaided Institutions will be Rs. 30.00 crore.

- Funds will be made available through the SPFUs to the selected institutions from the selected States and UTs under two Sub-components - 1.1 (Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates) and 1.2 (Scaling-up Postgraduate Education and Demand Driven Research and Development and Innovation) and also to around 30 Centres of Excellence selected under Sub-component 1.2.1 (Establishing Centres of Excellence).

- Funds will be made available to the selected CFIs under both the Components through MHRD.

5.2 Fund Allocation:

Indicative funding by components, funding pattern and cost sharing details with respect to Central, State and Private unaided Institutions, approximate component-wise distribution of cost with respect to Central and State Project Management entities and Private unaided institutions, Indicative category-wise funding for key activities (for Centrally Funded, Government funded, Government aided and Private unaided institutions under Sub-component 1.1, 1.2 and 1.2.1) are indicated in Tables 1 to 11.

Table-1
Funding Pattern and cost sharing details with respect to Central, State and Private unaided Institutions

S. No.	Percentage Share of Governments / Institution	Type of Institution					All project institutions	NPIU / MHRD	SPFU	Un-allocated amount
		CFI for all components	Government Funded & Aided for all components	Private unaided						
				Under Sub-component 1.1	Under Sub-component 1.2	Under Sub-component 1.2.1	Under Sub-component 1.3, 2.1			
1	Share of Central Government	100	75*	60	60	75*	100	100	75*	100
2	Share of State Government	---	25**	20	20	25**	--	---	25**	---
3	Share of Private unaided Institutions	---	---	20	20	---	---	---	---	---
TOTAL		**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

*
The share of Central Government will be 90% for the Special Category States and 75% for the General Category States and UTs.
** The share of State Government will be 10% for the Special Category States and 25% for the General Category States and UTs.

Table-2
Indicative Funding by Components

(Rs. in crore)

S. No	Costing Parameters	No. of Institutions/ Entities (estimate)	Cost per Institution / Entity	Total Cost
Component 1: Improving quality of Education in Project Institutions				
1	Project Institutions under Sub-component 1.1	125		
	(i) Centrally funded, Government funded and Government Aided Institutions	100~	10	1000
	(ii) Private unaided Institutions	25	4	100
2	Project Institutions under Sub-component 1.2*	75		
	(i) Centrally funded, Government funded and Government Aided Institutions	60	12.5	750
	(ii) Private unaided Institutions	15	4	60
3	Establishment of Centres of Excellence under Sub-component 1.2.1 from Centrally Funded, Government funded, Government aided and Private unaided Institutions	30	5	150
4	Pedagogical Training under Sub-component 1.3 for Project Institutions (Centrally funded, Government funded, Government aided and Private unaided Institutions)	200	---	40
Sub-total				**2100**
Component 2: Improving System Management				
1	Capacity Building to Strengthen Management	---	---	**60**
2	NPIU / MHRD (Project management through MIS, PMSS, eFMR including Monitoring and Evaluation, conduct of surveys, studies etc. and Incremental Operating Cost)	---	---	**40**
3	SPFUs	22		**100**
4	Un-allocated amount	---	---	**130**
Sub-total				**330**
Grand Total				**2430**

~ Projected total number of institutions from two cycles of selection.

* Updated as per 7th NSC Meeting decision.

Table-3

Approximate Component-wise Distribution of cost with respect to Central and State Project Management entities and Private Unaided Institutions

(Rs. in crore)

S. No.	Nature of Fund	Costing Parameters	Cost Share			Total Cost
			Central Govt.	State Govt.	Private unaided	
1	a. Fund for project institution allocation	Project Institutions under Sub-component 1.1				
		• Centrally funded institutions (8 Nos.)	80	--	---	80
		• Government funded and Government aided Institutions (79) from Regular States (funding ratio 75:25)	592.50	197.50	---	790
		• Government funded and Government aided Institutions (03) from Special Category States (funding ratio 90:10)	27	3		30
		• Private unaided Institutions (23 Nos.)	55.20	18.40	18.40	92
		(i) Total cost of Project Institutions under Sub-component 1.1	**754.70**	**218.90**	**18.40**	**992**
2		Project Institutions under Sub-component 1.2				
		• Centrally funded institutions (18 Nos.)	225	----	----	225
		• Government funded and Government aided Institutions (43) from Regular States (funding ratio 75:25)	403.13	134.37		537.50
		• Government funded and Government aided Institutions (2) from Special Category States (funding ratio 90:10)	22.50	2.50		25.00
		• Private unaided State Institutions (14)	33.60	11.20	11.20	56
		(ii) Total cost of Project Institutions under Sub-component 1.2	**684.23**	**148.07**	**11.20**	**843.50**
3		Establishment of 30 Centres of Excellence under Sub-component 1.2.1				
		• 8 CoEs from 7 CFIs	40	---	--	40
		• 22 CoEs from 17 Govt. funded, Govt. aided and 3 Private unaided Institutions	82.50	27.50	---	110
		(iii) Total cost of Project Institutions under Sub-component 1.2.1	**122.50**	**27.50**	**--**	**150**
		Sub-total (a=i+ii+iii)	**1561.43**	**394.47**	**29.60**	**1985.50**
4	**b. Fund for Pedagogical Trainings**	Pedagogical Trainings under Sub-component 1.3 to Project Institutions (Centrally Funded, Government funded, Government aided and Private unaided Institutions)	40	---	---	40
		Sub-total (b)	**40**	**---**	**--**	**40**
5	**c. Capacity Building Fund**	Capacity Building under Sub-component 2.1 of project institutions, MHRD/State, NPIU officials	60	--	---	60
		Sub-total (c)	**60**	**--**	**---**	**60**
6	**d. Systems Support Fund**	NPIU / MHRD (Project management through MIS, PMSS, e-FMR including Monitoring and Evaluation, conduct of surveys, studies etc. and Incremental Operating Cost)	40	---	---	40
7		SPFU	75	25	---	100
8		Un-allocated Amount	204.50	---	---	204.50
		Sub-total (d)	**319.50**	**25**	**---**	**344.50**
		GRAND TOTAL (a+b+c+d)	**1980.93**	**419.47**	**29.60**	**2430**

Table-4

Indicative Category-wise Funding for Key Activities per Project Institution (Centrally Funded, Government Funded and Government Aided Institution) selected under Sub-component 1.1 : (Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates)

(Rs. in crore)

S. No.	Key activities	Category of Expenditure[#] (Head of expenditure)	Percentage (%)	Cost (Rs. in crore)
1	Procurement of Goods (equipment, furniture, books LRs, software and minor items) and civil works for improvement in teaching, training and learning facilities	Improvement in Teaching & Learning facilities	55	5.50
2	Providing Teaching and Research Assistantships to increase enrolment in existing and new PG programmes in Engineering and applied sciences disciplines	Assistantships	35	3.50
3	Enhancement of R&D and institutional consultancy activities	R&D		
4	Faculty and Staff development for improved competence	FSD		
5	Enhanced interaction with Industry	I-I-I Cells		
6	Institutional Management Capacity enhancement	Capacity development		
7	Implementation of Institutional reforms	Reforms		
8	Support to student needs	Student support		
9	Incremental Operating Cost	IOC	10	1.00
TOTAL			**100**	**10.00**

Note:

- Salary expenditure of faculty and staff appointed on contract against the existing vacancies can not be charged to the Project. However, the salary expenditure of regular and contractual faculty and staff appointed against new posts created under the Project can be charged to the Project.
- The Incremental Operating Cost means the costs of operation and maintenance of equipment, office expenses, hiring of vehicles, consumables, salaries and allowances of regular and contract faculty and staff against posts created under the Project. It will also include travel costs incurred for the Project Management activities i.e visit to the NPIU, the SPFU, Universities, etc.
- Procurement of consultant services, if required, for the activities listed from Sr. No. 2-8 are permitted. The expenditure on procurement of consultant services is to be booked against the head of expenditure of that particular activity. The services of consultant are to be procured by following the World Bank norms and procedures through the PMSS.
- Fund from Procurement and IOC Head of expenditure can also be re-appropriated to Head of expenditure for academic activities but not vice versa.

[#] Updated as per discussion with Stakeholders.

Table-5

Indicative Category-wise Funding for Key Activities per Project Institution (Private Unaided Institution) Selected under Sub-component 1.1 : (Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates)

S. No.	Key activities	Category of Expenditure[#] (Head of expenditure)	Percentage (%)	Cost (Rs. in crore)
1	Acquiring text books, e-journals and software[4]	Learning resources	25	1.00
2	Providing Teaching and Research Assistantships to increase enrolment in existing and new PG programmes in Engineering & applied sciences disciplines	Assistantships	65	2.60
3	Enhancement of R&D and Institutional consultancy activities	R&D		
4	Faculty and Staff development for improved competence	FSD		
5	Enhanced interaction with Industry	I-I-I Cells		
6	Institutional Management Capacity enhancement	Capacity development		
7	Implementation of Institutional reforms	Reforms		
8	Support to student needs	Student Support		
9	Incremental Operating Cost	IOC	10	0.40
TOTAL			**100**	**4.00**

Note:

- These institutions may acquire the text books, e-journals and software with the approval of Institution's BoG and under information to the respective SPFU. Further, these institutions should ensure that the allocated funds be spent judiciously covering all the envisaged activities under the project for the private unaided institutions, so that the objectives of the project are achieved. Moreover, it should be ensured that these institutions should follow scrupulously the set rules and procedures as laid by the World Bank, while using the PMSS.
- Salary expenditure of faculty and staff appointed on contract against the existing vacancies cannot be charged to the Project. However, the salary expenditure of regular and contractual faculty appointed against new posts created under the Project can be charged to the Project.
- The Incremental Operating Cost means the consumables, salaries and allowances of regular and contract faculty and staff against posts created in the project. It will also include travel costs incurred for the Project Management activities i.e. visit to the NPIU, the SPFU, Universities, etc.
- Procurement of consultant services, if required, for the activities listed from Sr. No. 2-8 are permitted. The expenditure on procurement of consultant services is to be booked against the head of expenditure of that particular activity. The services of consultant are to be procured by following the World Bank norms and procedure through the PMSS.
- Fund from IOC Head of expenditure can also be re-appropriated to Head of expenditure for academic activities but not vice versa.

[#] Updated as per discussion with Stakeholders.

[4] Updated as per Minutes of Review Meeting held on 19th June 2013.

Table–6

Indicative Category-wise Funding for Key Activities per Project Institution (Centrally Funded, Government funded and Government Aided Institution) Selected under Sub-component 1.2 : (Scaling-Up Postgraduate Education and Demand-Driven Research & Development and Innovation):

S. No.	Key activities	Category of Expenditure[#] (Head of expenditure)	Percentage (%)	Cost (Rs. in crore)
1	Procurement of Goods (equipment, furniture, books LRs, software and minor items) and civil works for improvement in teaching, training and learning facilities	Improvement in Teaching & Learning facilities	45	5.625
2	Providing Teaching and Research Assistantships for significantly increasing enrolment in existing and new Masters and Doctoral programmes in Engineering & applied sciences disciplines	Assistantships	45	5.625
3	Enhancement of R&D and Institutional consultancy activities	R&D		
4	Faculty and Staff development for improved competence	FSD		
5	Enhanced interaction with Industry	I-I-I Cells		
6	Institutional Management Capacity enhancement	Capacity development		
7	Implementation of Institutional reforms	Reforms		
8	Support to student needs	Student Support		
9	Incremental Operating Cost	Incremental Operating Cost	10	1.250
TOTAL			**100**	**12.500**

Note:

- Salary expenditure of faculty and staff appointed on contract against the existing vacancies can not be charged to the Project. However, the salary expenditure of regular and contractual faculty and staff appointed against new posts created under the Project can be charged to the Project.
- The Incremental Operating Cost means the costs of operation and maintenance of equipment, office expenses, hiring of vehicles, consumables, salaries and allowances of regular and contract faculty and staff against posts created in the project. It will also include travel costs incurred for the Project Management activities i.e. visit to the NPIU, the SPFU, Universities etc.
- Procurement of consultant services, if required, for the activities listed from Sr. No. 2-8 are permitted. The expenditure on procurement of consultant services is to be booked against the head of expenditure of that particular activity. The services of consultant are to be procured by following the World Bank norms and procedures through the PMSS.
- Fund from Procurement and IOC Head of expenditure can also be re-appropriated to Head of expenditure for academic activities but not vice versa.

[#] Updated as per discussion with Stakeholders.

Table–7

Indicative Category-wise Funding for Key Activities per Private unaided Institution Selected under Sub-component 1.2 : (Scaling-Up Postgraduate Education and Demand-Driven Research & Development and Innovation):

S. No.	Key activities	Category of Expenditure[#] (Head of expenditure)	Percentage (%)	Cost (Rs. in crore)
1	Acquiring text books, e-journals and software[5]	Learning Resources	25	1.00
2	Providing Teaching and Research Assistantships for significantly increasing enrolment in existing and new Masters and Doctoral programmes in Engineering & applied sciences disciplines	Assistantships	65	2.60
3	Enhancement of R&D and Institutional consultancy activities	R&D		
4	Faculty and Staff development for improved competence	FSD		
5	Enhanced interaction with Industry	I-I-I Cells		
6	Institutional Management Capacity enhancement	Capacity development		
7	Implementation of Institutional reforms	Reforms		
8	Support to student needs	Student Support		
9	Incremental Operating Cost	IOC	10	0.40
TOTAL			**100**	**4.00**

Note:

- These institutions may acquire the text books, e-journals and software with the approval of Institution's BoG and under information to the respective SPFU. Further, these institutions should ensure that the allocated funds be spent judiciously covering all the envisaged activities under the project for the private unaided institutions, so that the objectives of the project are achieved. Moreover, it should be ensured that these institutions should follow scrupulously the set rules and procedures as laid by the World Bank, while using the PMSS.
- Salary expenditure of faculty and staff appointed on contract against the existing vacancies cannot be charged to the Project. However, the salary expenditure of regular and contractual faculty appointed against new posts created under the Project can be charged to the Project.
- The Incremental Operating Cost means the consumables, salaries and allowances of regular and contract faculty and staff against posts created in the project. It will also include travel costs incurred for the Project Management activities i.e. visit to the NPIU, the SPFU, Universities, etc.
- Procurement of consultant services, if required, for the activities listed from Sr. No. 2-8 are permitted. The expenditure on procurement of consultant services is to be booked against the head of expenditure of that particular activity. The services of consultant are to be procured by following the World Bank norms and procedure through the PMSS.
- Fund from IOC Head of expenditure can also be re-appropriated to Head of expenditure for academic activities but not vice versa.

[#] Updated as per discussion with Stakeholders.

[5] Updated as per Minutes of Review Meeting held on 19 June 2013.

Table–8
Indicative Category-wise Funding for Key Activities per Centre of Excellence from Centrally Funded, Government funded and Government aided Institution selected under Sub-component 1.2.1 : (Establishing Centres of Excellence)

S. No.	Key activities	Category of Expenditure[#] (Head of expenditure)	Percentage (%)	Cost (Rs. in crore)
1	Procurement of Goods (equipment, furniture, books LRs, software and minor items) and civil works for improvement in Research and Development facilities	Improvement in Teaching & Learning facilities	55	2.75
2	Providing Teaching and Research Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas	Assistantships	35	1.75
3	Collaboration with Industry for applicable research and product development	I-I-I Cells		
4	National/International collaboration for Research and Development activities with academic institutions and R&D organizations	R&D		
5	Enhancing research competence of faculty and knowledge sharing in thematic areas, both within India and abroad	FSD		
6	Incremental Operating Cost	Incremental Operating Cost	10	0.50
TOTAL			**100**	**5.00**

Note:

- Salary expenditure of faculty and staff appointed on contract against the existing vacancies can not be charged to the Project. However, the salary expenditure of contractual faculty/staff appointed against new posts created for the CoE can be charged to the Project.
- The Incremental Operating Cost means the costs of operation and maintenance of equipment acquired under the project for the CoE, office expenses, hiring of vehicles, consumables, salaries and allowances of contract faculty and staff against posts created in the project for CoE. It will also include travel costs incurred for the Project Management activities i.e. visit to the NPIU, the SPFU and Universities etc.
- Procurement of consultant services, if required, for the activities listed from Sr. No. 2-5 are permitted. The expenditure on procurement of consultant services is to be booked against the head of expenditure of that particular activity. The services of consultant are to be procured by following the World Bank norms and procedures through the PMSS.
- Fund from IOC Head of expenditure can be re-appropriated to Head of expenditure for academic activities but not vice versa.

[#] Updated as per discussion with Stakeholders.

Table– 9
Indicative Category-wise Funding for Key Activities per Centre of Excellence from Private unaided Institution selected under Sub-component 1.2.1 : (Establishing Centres of Excellence)

S. No.	Key activities	Category of Expenditure[#] (Head of expenditure)	Percentage (%)	Cost (Rs. in crore)
1	Acquiring text books, e-journals and software[6]	Learning resources	25%	1.25
2	Providing Teaching and Research Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas	Assistantships	65%	3.25
3	Collaboration with Industry for applicable research and product development	I-I-I Cells		
4	National/International collaboration for Research and Development activities with academic institutions and R&D organizations	R&D		
5	Enhancing research competence of faculty and knowledge sharing in thematic areas, both within India and abroad	FSD		
6	Incremental Operating Cost	Incremental Operating Cost	10	0.50
TOTAL			**100**	**5.00**

Note:

- These institutions may acquire the text books, e-journals and software with the approval of Institution's BoG and under information to the respective SPFU. Further, these institutions should ensure that the allocated funds be spent judiciously covering all the envisaged activities under the project for the private unaided institutions, so that the objectives of the project are achieved. Moreover, it should be ensured that these institutions should follow scrupulously the set rules and procedures as laid by the World Bank, while using the PMSS.
- Salary expenditure of faculty and staff appointed on contract against the existing vacancies can not be charged to the Project. However, the salary expenditure of contractual faculty/staff appointed against new posts created for the CoE can be charged to the Project.
- The Incremental Operating Cost means consumables, salaries and allowances of contract faculty and staff against posts created for CoE. It will also include travel costs incurred for the Project Management activities i.e. visit to the NPIU, the SPFU and Universities etc.
- Procurement of consultant services, if required, for the activities listed from Sr. No. 2-5 are permitted. The expenditure on procurement of consultant services is to be booked against the head of expenditure of that particular activity. The services of consultant are to be procured by following the World Bank norms and procedures through the PMSS.
- Fund from IOC Head of expenditure can also be re-appropriated to Head of expenditure for academic activities but not vice versa.

[#] Updated as per discussion with Stakeholders.

[6] Updated as per Minutes of Review Meeting held on 19 June 2013.

Table–10
Indicative Category-wise Funding for Key Activities at NPIU under Sub-Component 2.2
(Project Management, Monitoring and Evaluation)

S. No.	Category of Expenditure	Percentage (%)	Cost (Rs. in crore)
1	Investment Cost		
	(a) Civil Work	0.00	0.00
	(b) Equipment	3.50	1.40
	(c) Furnitures	1.25	0.50
	(d) Vehicle	0.38	0.15
	(e) Books & LRs & Softwares	0.03	0.01
	(f) Consultant Services	45.00	18.00
2	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector advisory Group, System Management Capacity Enhancement, Technical Assistance	6.25	2.50
3	Incremental Operating Cost		
	(a) Salaries	12.50	5.00
	(b) Consumables	1.53	0.61
	(c) Operation & Maintenance	29.57	11.83
TOTAL		**100.00**	**40.00**

Table–11
Indicative Category-wise Funding for Key Activities per SPFU under Sub-Component 2.2
(Project Management, Monitoring and Evaluation)

S. No.	Category of Expenditure	Percentage (%)	Cost (Rs. in crore)
1	Investment Cost		
	(a) Civil works	0.00	0.00
	(b) Equipments	13.50	0.41
	(c) Furnitures	5.00	0.15
	(d) Books & LRs & Softwares	5.00	0.15
	(e) Consultant Services	25.00	0.75
2	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector advisory Group, System Management Capacity Enhancement, Technical Assistance	20.00	0.60
3	Incremental Operating Cost		
	(a) Salaries	16.50	0.50
	(b) Consumables	5.00	0.15
	(c) Operation & Maintenance	10.00	0.30
TOTAL		**100.00**	**3.00**

5.3 Budgeting:

Institutional Proposals prepared by each institution will form the basis for project activities in each State, which will include financing requirements. The quantum of expenditure at the SPFU level is relatively insignificant. The Institutional Proposal will be reviewed by the State Government and recommended to the NPIU for evaluation by one of the two National Evaluation Committees. Proposals that are selected for funding will form the basis for preparation of the budget. Budgeting for project activities will be carried out as follows:

a) At the **National** Level, MHRD will be responsible for preparation of the budget for its own expenditure, release to States as well as expenditure to be incurred at the Centrally Funded Institutions; and

b) At the **State** Level, the project budget will be prepared by the Department of Technical Education and submitted to the Finance Department for approval and inclusion in the overall budget for the State. This will be for total expenditure in the State, including the Central Government share.

c) The time frame for preparation of budget each level (institution/State/national) is summarized below:

Prepared By	Submitted to	Timeline	Activity
CFI	MHRD	November	Preparation/submission of Budget
Project Institution	SPFU	September	Preparation of Budget
SPFU	State Govt.	October	Consolidation of Budget
State Govt.	MHRD	November	Submission of Budget
NPIU	MHRD	November	Preparation/submission of Budget

(Refer to **Annex– VIII** for format of **Annual Budget Plan.)**

5.4 Fund Flow:

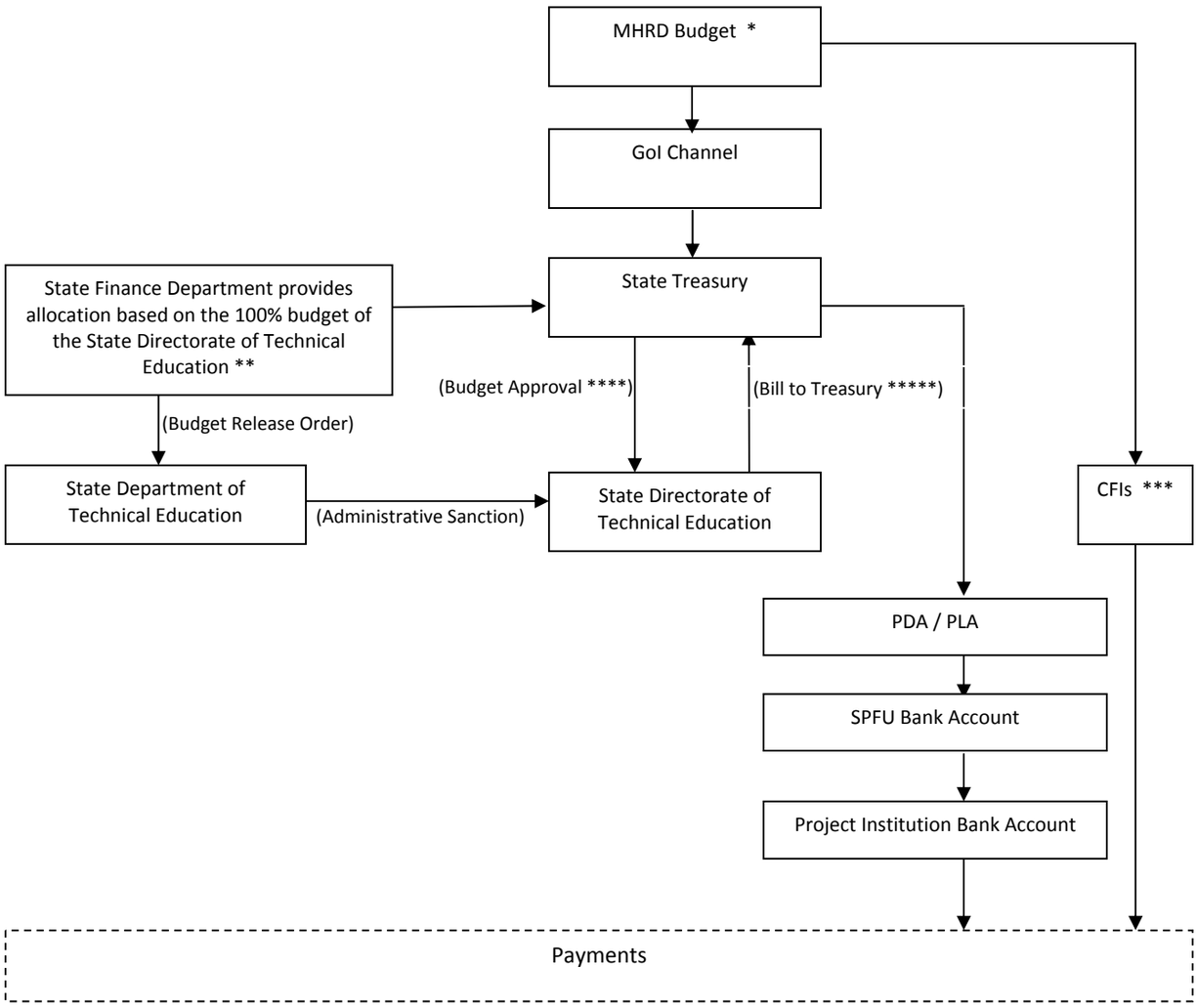
The fund flow pattern for the Project will be as follows:

- At the State level the Department responsible for Technical Education will annually prepare a budget for entire 100% expenditure for all the State-sponsored Institutions and the SPFU and obtain the necessary approval of the State Legislature. The budget will be provided under the Head “Centrally Sponsored Scheme” in the State budget.
- Each CFI will annually prepare a budget for entire expenditure under the Project.
- The forecast of expenditure by CFIs and States will be forwarded to the MHRD and accordingly the advances will be provided by it to participating CFIs and States by budget approval in the Parliament.
- MHRD will straightaway release the funds to CFIs based on the Financial Monitoring Reports (FMRs).
- MHRD will release the Central Government share to States through GoI channels and funds will be received in the respective State Treasury.
- State Finance Department will make the allocations based on the approved budget estimate of the Department responsible for Technical Education in the State.
- The Principal Secretary/Secretary of the Department responsible for the Technical Education in the State will accord “**administrative sanction**” for incurring the expenditure for the allocated amount.

- The Treasury will give the **"budget authorization".**
- The Director of Technical Education/Commissioner of Technical Education/or equivalent officer, will submit the bill to the Treasury (Pay & Accounts Office) after (i) the administrative sanction and (ii) the budget authorization.
- The amount then will be credited by the treasury into the **Personnel Deposit Account (PDA)/Personal Ledger Account (PLA)** opened in favour of The Director of Technical Education/Commissioner of Technical Education/or equivalent officer, in any Nationalized Bank for further operation of funds.
- The SPFU will receive the funds through cheque in a commercial bank account opened for the Project from the Director of Technical Education/Commissioner of Technical Education/or equivalent officer.
- The project institutions will receive the funds from the SPFU through cheque in a commercial bank account opened for the Project.
- The Private Unaided Institutions will deposit its 20% share into the bank account and submit the Certificate received from the bank to the SPFU and only after that, the SPFU will release 80% share (60% Central Share and 20% state share) to the Private Unaided Institutions accordingly.
- The project institutions will submit "Financial Monitoring Report" (FMR) quarterly to the SPFU. The SPFU will consolidate the FMR of all its project institutions and itself will submit the consolidated FMR to the NPIU. FMR will provide expenditure information for the previous quarter and a forecast of expenditure to be made in the next six months.
- CFIs will send FMR to the NPIU.
- The NPIU will submit consolidated FMR of all States and CFIs and also of the NPIU to CAAA and the World Bank.
- The expenditure reported in FMR will be finally confirmed subject to its certification in the Annual Audit Reports for each State/CFIs and the NPIU.
- Timely submission of FMR by States/CFIs is mandatory for further disbursement of the grant by MHRD which is 45 days at the close of each quarter.
- The World Bank will make disbursements on the basis of FMR to GoI. Funds will be disbursed in a special account with the Reserve Bank of India, Central Accounts Section, operated by the Department of Economic Affairs (DEA) of the Government of India. The disbursement will be determined as the Forecast expenditure less Funds available. Funds available are defined as opening balances less reported expenditure.

- **Fund Flow Diagram:**

The fund flow mechanism as described above is shown diagrammatically below :



*	**The Central Government will contribute 75% of the share to the States other than Special Category States. In the case of Special Category States, the Central share will be 90%**
**	**State Government contribution will be 25% from the States other than Special Category States. In the case of Special Category States, the State contribution will be 10%**
***	**The MHRD will directly release funds to CFIs**
****	**State Treasury will send the Budget Approval to State Directorate of Technical Education**
*****	**State Directorate of Technical Education will send Bill to State Treasury**
i)	**For Private Unaided Institutions selected in the project : the Centre share will be 60%, State share will be 20% and Institution's own share will be 20%.**

5.5 Banking Arrangements - Separate Bank Account:

The institutions will maintain a separate bank account in a commercial Bank for the Programme funds. For NPIU & SPFU, MHRD will release funds in instalments.

(i) For the **centrally supported institutions** and the NPIU, funds will be budgeted under an identifiable budget line item in the budget of Ministry of Human Resource Development (MHRD). On approval of the budget by the Parliament, MHRD will release annual fund requirements in instalments to the institutions as grant.

(ii) The transfer of funds from MHRD **to States** will use the regular GOI channels. This will be in the form of an Additional Central Assistance (ACA) to the State. The funds will be received in the consolidated fund of the State.

(ii) For **State supported institutions and SPFUs**, funds to the extent of 100% will be allocated in the budgets of the concerned Departments of the respective State Governments. On approval of the budget by the legislature, the State Governments will allocate the budget and on receipt of confirmation of the release 75% share of GoI, 100% funds will be released in four instalments as grant to the institutions and SPFU. The transfer of funds will be through cheque/draft/electronic transfer. The SPFU and institutions will maintain a separate bank account for project funds.

5.6 Auditing:

Statutory Audit at State Level:

The SPFU will appoint a firm of chartered accountants for audit of the SPFU and project institutions within the State.

Audit at the SPFU: The audit at the SPFU level will include audit of Financial Monitoring Report (FMRs), and project accounts. The SPFU will be required to maintain the records of FMRs and the project accounts separately to enable the auditor to carry out necessary checks and verification effectively.

Audit of Institutes: Further, the auditor will audit the project accounts of the institutions. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Each institution will put up the audit report to Board of Governors within a reasonable period of completion of audit.

Consolidated Audit Report of State: The SPFU will be required to submit a consolidated audit report for the State to the NPIU by **31st July** of every project year.

Statutory Audit at CFIs:

Centrally Funded Institutions will appoint a firm of Chartered Accountant to audit the accounts and the audit will be completed by 30th June of every financial year. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Audit of Centrally Funded Institutions will be as per the Terms of Reference mentioned in the Manual (Refer Annex-XXIII of the Financial Management Manual).

Statutory Audit at the NPIU:

Annual audit of the NPIU by a firm of chartered accountants will be completed by **30th June** of every financial year.

Consolidated Audit Report for Project:

The NPIU will consolidate the audit reports of the States, CFIs and the NPIU. There will be one single audit report for the entire project which will be submitted by the NPIU to the World Bank by **30th September** of every financial year.

- The audit report will be as per prescribed format. Please refer to **format of consolidated audit report** in **Annex –XVI** of the Financial Management Manual. However, in case of any adverse observation/remarks, the auditor may provide a qualified report with details of observations and reasons for qualifications.

SECTION–6

FINANCIAL ACCOUNTING

6.1 Accounting System:

The Project Implementing Agency is supposed to maintain a Financial Management System including adequate accounting and financial reporting, to ensure that it can provide to the World Bank and the Government of India, accurate and timely information regarding the project resources and expenditures.

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.

Accounting Centers:

The main accounting centers are:

a. Basic/Advanced institutions
b. Participating SPFU
c. Participating CFIs
c. NPIU

6.2 Method of Accounting/Accounting Policies/Basis of Accounting System:

(i) Each accounting unit i.e. NPIU, SPFU, and Basic Fund Institutions/Advanced Fund Institutions would adopt Double Entry System of book keeping on Cash basis.

(ii) All payments will be charged off to relevant project activity account head at the time of making the payments, except advance payment.

(iii) Advance payments will be charged off to the relevant project activity account head on adjustment.

(iv) Assets created out of project will be accounted at cost.

(v) No depreciation will be provided on Fixed Assets acquired under the project.

(vi) Materials purchased for project activities will be charged off to the relevant project expenditure head at the time of purchase itself.

(vii) Release of funds to States will be accounted for as advance in the books of accounts and treated as expenditure only upon submission of expenditure information.

(viii) Release of funds to staff/ suppliers will be accounted for as advance in the books of accounts and treated as expenditure only upon submission of expenditure information.

6.3 Project Accounting & Standard Books of accounts to be maintained:

To ensure a transparent and accurate accounting system, the following actions are required:

- Separate books of accounts and record of fund flow for the project funds will be maintained by each management structure at institutional, State and National levels i.e. by Basic Institutions, Advanced Institutions, SPFU and NPIU. Each of these management structures will maintain standard Books of Account (Cash Book, Bank Book, Journal, Ledgers, etc.)
- **Chart of Accounts:** The Chart of Accounts provides the detailed list of ledger accounts that are required to be maintained by the project participants. The Chart of Account is mandatory for all project participants. Each accounting unit i.e. NPIU, SPFUs and project institutions would maintain a detailed chart of accounts for booking of expenditure under the project (Refer to **Annex-IX** for format of **Chart of Accounts**).

  As the said chart of accounts comprehensively covers all the account heads that would be required to account for transactions under the project, it is expected that no additional accounts will be required to be opened. However, in case additional accounts are required to be opened, the same may be done in consultation with NPIU, in order to ensure uniformity across the project.
- **Mapping of Expenditure:** The Mapping of Expenditure provides the information about the permissible expenditure of the project under different components and sub-components to be reported under respective accounting heads (Refer to **Annex-X** for **Mapping of Expenditure**).

  Since accounting is in the nature of project accounting, it is more important to account and report on the project activities. Information on traditional accounting heads like civil works, consultancy etc. may be recorded by using “cost centre” functionality which is commonly available in all financial accounting software. The list of such cost centres is as under:

  a. Equipment
  b. Furniture
  c. Books & LRs & Software
  d. Civil Works
  e. Assistanceship
  f. Training/Workshops to be conducted
  g. Faculty Development
  h. Institutional management capacity enhancement
  i. Consultancies secured
  j. Incremental Operating Cost

To ensure transparency in the system, accurate records will be kept at Institutes, SPFU and NPIU. These records will have to be supported by documents/vouchers, etc. in order to establish accuracy and authenticity of expenditures.

(i) Cash Book:

- The cash Book should contains the following details :

  Under Receipt

  a) Month & Date
  b) Receipt No.
  c) Particulars
  d) Head of Accounts
  e) L.F. No.
  f) Amount (Cash column)
  g) Amount (Bank column)

  Under Payment

  a) Month & Date
  b) Voucher No.
  c) Cheque No.
  d) Particulars
  e) Head of Accounts
  f) L.F. No.
  g) Amount (Cash column)
  h) Amount (Bank column)

- Each management structure at institutional, State, and National Levels will maintain Cash Book with Cash and Bank columns. The transactions of Cash and Bank will be recorded in the Cash Book along with classification as and when transactions take place. The Cash Book will be closed monthly and attested by the In-charge (Finance).

- 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.

(ii) Petty Cash Book:

- The Petty Cash Book shall be maintained by containing the following details :

  Receipt Side

  a) Receipt (Date / Amount)
  b) Payment (Date / Voucher. Number / Amount)
  c) Balance
  d) Particulars of Expenditure
  e) Signature

- A reasonable amount of Cash will be fixed as Imprest to meet routine office expenses and it will be in the custody of the Cashier.

- The Cashier will obtain the approval of In-charge (Finance) on the Petty Cash Voucher before making payment out of the imprest cash. He will maintain proper accounts for the amounts spent. Expenditure from the imprest will be reimbursed as per the requirements, but in any case on the last working day of the month.

- Petty Cash Book will be closed at the end of each working day and verified and attested by In-charge (Finance).

(iii) Journal Book and Journal Voucher:

- Journal Voucher should contain the following details :
  a) Particulars with Head of Accounts
  b) Debit / Credit
- Journal Voucher will be prepared for any adjustment entry and the same will be posted to Journal Book.
- The entries from Journal Book will be posted to General Ledger as and when recorded in the Journal Book, giving full details of transactions, Journal Voucher number and amount.
- The Journal Book shall contain the following details :
  a) Particulars with Head of Accounts
  b) Journal Voucher No.
  c) L.F. No.
  d) Debit / Credit

(iv) General Ledger:

- The entries from Cash Book will be posted to General Ledger as the transactions occur. It will be balanced quarterly. The General Ledger shall contain the following details :
  a) Date & month
  b) Particulars
  c) V. No. / Receipt No. / J.V. No.
  d) Cash Book Folio / J.V. Folio No.
  e) Debit / Credit
  f) Balance

(v) Stock Register:

- The Stock Register shall contain the following details :
  a) Date
  b) Particulars
  c) Bill No. / Indent No.
  d) Quantity
  e) Receipt
  f) Issue
  g) Balance

(vi) Fixed Asset Register:

- The Agency will maintain a separate Fixed Asset Register to record the assets acquired and created out of project funds. Individual asset-wise entries will be recorded in the Fixed Asset Register. The Fixed Asset Register shall contain the following details :

a) S. No.
b) Date of Purchase
c) Voucher No.
d) Bill No.
e) Supplier's name
f) Details of Asset
g) Type & Make
h) Quantity
i) Amount
j) Location
k) Identification
l) Date of Physical Verification
m) Signature
n) Remarks

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

(vii) Advances Register:

- The Institutions shall maintain advances register separately, which shall contain the following entries :

a) Date of advance paid
b) Amount of advance
c) Adjustment made, Amount / Bill No. / Voucher No.
d) Amount paid
e) Amount Recovered

(viii) Register of Contracts:

- There should be separate Register of Contracts. (Refer to format of **Register of Contracts for Consultancy Services in Annex –XI)**

  The institutions will follow the applicable statutory procedures for maintaining accounts.

6.4 Accounting Entries for the Project:

The guidance for passing accounting entries for certain transactions is given below:

- Common accounting entries for NPIU / SPFU / Project Institution / CFI
- Accounting entries only for NPIU
- Accounting entries only for SPFU
- Accounting entries only for Project Institution
- Accounting entries only for CFI

- **COMMON ACCOUNTING ENTRIES FOR NPIU / SPFU / PROJECT INSTITUTION / CFI:**

(i) Expenditure under the project

Debit [*Respective Project Activity Head*] A/c
Credit To Bank A/c

Explanation: All the expenditure incurred under the project shall be debited to respective project activity head as detailed in the chart of accounts.

(ii) Advances for goods

Debit [*Advances for goods – supplier's name*] A/c
Credit To Bank A/c

Explanation: Payment made as advance of goods.

(iii) Advances for services

Debit [*Advances for services – service provider's name*] A/c
Credit To Bank A/c

Explanation: Payment made as advance for the services.

(iv) Advances for works

Debit [*Advances for works – package/contractor's name*] A/c
Credit To Bank A/c

Explanation: Payment made as advance for the works.

(v) Advances to staff

Debit [*Advances to staff – staff's name*] A/c
Credit To Bank A/c

Explanation: Amount of advance paid to the staff for incurring expenditure under the project.

(vi) Adjustment of advances for goods / services / staff

Debit [*Respective Project Activity Head*] A/c
Credit To [*Respective Advance Account*] A/c

Explanation: Amount of advance for goods/services/staff adjusted against receipt of goods/service or expenditure reported by staff vide statements of expenditure and invoices/bills.

(vii) Regular payment of work / adjustment of advances

Debit [*Respective Project Activity Head*] A/c
Credit To Bank* A/c
To Retention Money A/c
To Security Deposit A/c
To [*Respective Tax Deducted Account*]
To [*Advances for works – package/contractor's name*] A/c

Explanation: Entry made for payment to the contractor (net after deduction of taxes /retention money/security deposit) and part/full adjustment of advances given earlier.

* *paid net of taxes*

(viii) Regarding interest income

Debit Bank A/c
Credit To Interest Earned A/c

Explanation: It may be noted that interest earned shall be deemed to be receipt from the MHRD and is to be used only for TEQIP-II activities during project period.

(ix) Regarding Stale cheques

a. When case of stale cheque is identified and recorded

Debit Bank A/c
Credit To Stale Cheques A/c

b. When stale cheque is revalidated/reissued

Debit Stale Cheques A/c
Credit To Bank A/c

c. When amount of stale cheque is not claimed upto time of finalization of accounts

Debit Stale Cheques A/c
Credit To Project Activity Head A/c

Explanation: Cheques issued and not en-cashed for six months or more are considered stale and shall be recorded as per journal entry ix(a) above. Entry ix(b) is to be passed for reissue of stale cheques. If the said stale cheques are not reissued by the time of finalization of accounts, as per journal entry ix(c) above, the respective expenditure may be credited back in the project activity head.

- **<u>ACCOUNTING ENTRIES ONLY FOR NPIU</u> :**

(i) Receipt of grant by NPIU from MHRD

Debit Bank A/c
Credit To Grant received from MHRD

Explanation: The amount of grant received by NPIU from MHRD for expenditure to be incurred by NPIU.

(ii) Release of grant by MHRD to SPFU

Debit [*Respective SPFU*] A/c
Credit To Grant released by MHRD to SPFUs A/c

Explanation: This entry is to be passed whenever MHRD releases funds to the State.

(iii) Adjustment of expenditure against funds released as depicted in entry (ii) above

Debit [*Respective Project Activity Heads*] A/c
Credit To [*Respective SPFU*] A/c

Explanation: This entry shall be passed **once every year** on the basis of expenditure of the State as audited. Respective project activity heads of accounts are to be debited on the basis of expenditure reported.

(iv) Release of grant by MHRD to CFIs

Debit [*Respective CFI*] A/c
Credit To Grant released by MHRD to CFIs A/c

Explanation: This entry is to be passed whenever MHRD releases funds to the CFIs.

(v) Adjustment of expenditure against funds released as depicted in entry (iv) above

Debit [*Respective Project Activity Heads*] A/c
Credit To [*Respective CFI*] A/c

Explanation: This entry shall be passed **once every year** on the basis of expenditure of the CFIs as audited. Respective project activity heads of accounts are to be debited on the basis of expenditure reported.

- **<u>ACCOUNTING ENTRIES ONLY FOR SPFU:</u>**

(i) Regarding receipt of grant from GoI

Debit Bank A/c
Credit To Grant received from MHRD
To Grant received from State Government

Explanation: The amount of grant received from GoI & State Government by SPFU.

(ii) Regarding fund transfer from SPFU to Project Institution

Debit [*Respective Project Institution*] A/c
Credit To Bank A/c

Explanation: This entry is to be passed whenever SPFU releases funds to the Project Institutions.

(iii) Adjustment of expenditure against funds released as depicted in entry (2) above

Debit [*Respective Project Activity Heads*] A/c
Credit To [*Respective Project Institution*] A/c

Explanation: This entry shall be passed **once every year** on the basis of expenditure of the Project Institutions as audited. Respective project activity heads of accounts are to be debited on the basis of expenditure reported.

- **<u>ACCOUNTING ENTRIES ONLY FOR PROJECT INSTITUTION:</u>**

(i) Regarding receipt of grant from SPFU

Debit Bank A/c
Credit To Grant received from SPFU A/c

Explanation: On receipt of grant from SPFU.

- **<u>ACCOUNTING ENTRIES ONLY FOR CFI:</u>**

(i) Regarding receipt of grant from MHRD

Debit Bank A/c
Credit To Grant received from MHRD

Explanation: On receipt of grant from MHRD.

SECTION–7

FINANCIAL REPORTING

7.1 Financial Reporting:

Project expenditures will be reported on quarterly, half yearly and annual basis by State Institutes to SPFUs, SPFU to NPIU & CFIs to NPIU. There will be 3 major types of financial reports in the project which are as follows:

(a) Financial Monitoring Reports (FMRs);

(b) Financial Management Indicators (FMIs); and

(c) Audit Reports

7.2 Financial reporting System:

(a) Financial Monitoring Reports (FMRs):

NPIU will submit consolidated Financial Monitoring Report on a quarterly basis to World Bank/CAAA which will include State wise, CFI wise, component – wise details for the previous quarter year to date and project to date and forecast for the next six months.
(Refer to **Annex XII for Format of FMRs)**.

(Also refer to **Annex – XIII for Guidelines for preparation of FMRs).**

Electronic Financial Monitoring Report (e-FMR):

The Financial Monitoring Reports (FMRs) are to be submitted electronically. A software has been developed to enable all the project institutions, the SPFUs and the NPIU to enter the FMRs electronically through online access of a website. The data required for FMRs would be entered into the software by each individual project institution and which then will be consolidated by the software. The FMR generated by the software shall be shared with the World Bank for disbursements. A user manual for the software will be made available separately

- **With regard to State Institutes / SPFU:**
  - FMR of Institute: The institutions will prepare quarterly Financial Monitoring Report, which will be signed by the Head of the Respective Unit / Institute and send it to SPFU within 15 days of completion of each quarter.
  - FMR of SPFU: SPFU will also prepare quarterly Financial Monitoring Report for their expenditures, which will be signed by the Head of the SPFU.
  - Consolidated FMR of State: SPFU will further prepare one consolidated quarterly Financial Monitoring Report for the entire State which will be signed by the Head of SPFU and send it to NPIU within 30 days of completion of each quarter.
- **With regard to CFIs:**

  FMR of CFI: Each CFI will prepare quarterly Financial Monitoring Report, which will be signed by the Director of NIT and send to NPIU within 30 days of completion of each quarter.

- **With regard to NPIU:**

  - FMR of NPIU: NPIU will also prepare quarterly Financial Monitoring Report for its expenditures, which will be signed by the Head of the NPIU.

  - Consolidated FMR of Project: NPIU will further prepare one consolidated quarterly Financial Monitoring Report of the project (including all States / CFIs / NPIU) and send it to World Bank within 45 days of completion of each quarter.

(b) Financial Management Indicators (FMIs):

Financial Management Indicators (FMIs) is a set of parameters which have been developed to monitor whether Financial arrangements are working satisfactory or not in **implementing agencies like CFI/SPFU/Project Institutes**. NPIU will submit consolidated Financial Management Indicators on a half yearly basis to World Bank to monitor Financial Management arrangements at State level, CFI level such as: which software is used for finance and accounting, number of persons in finance department, Financial Management training, submission of reports in a timely manner, etc.

- **With regard to State Institutes / SPFU:**

  - FMIs of Institute: The institutions will update their Financial Management Indicators on six monthly basis and send it to SPFU within 15 days of completion of every six months. (Refer to **Format of FMI in Annex–XIV**)

  - FMIs of SPFU: SPFU will also update its Financial Management Indicators on six monthly basis and send it to NPIU within 30 days of completion of every six months. (Refer to **Format of FMI in Annex–XV**)

- **With regard to CFIs:**

  FMIs for CFI: Each CFI will update its Financial Management Indicators on six monthly basis and send it to NPIU within 30 days of completion of every six months. (Refer to **Format of FMI in Annex–XIV**)

- **With regard to NPIU:**

  - FMIs of NPIU: NPIU will also prepare Financial Management Indicators on six monthly basis, which will be signed by the Head of the NPIU. (The format for CFI/Other Institute may be modified suitably for this purpose)

  - Consolidated FMIs of Project: NPIU will further prepare one consolidated half yearly Financial Management Indicator of the project (including all States / CFIs / NPIU) and send it to World Bank within 45 days of completion of each six month.

(c) Audit Reports:

A. Statutory Audit Report:

NPIU will submit consolidated Audit Report for the project on an annual basis to World Bank/CAAA which will include State-wise, CFI-wise financial details/statement and statement of accounts such as Balance sheet, Income and expenditure A/c and other schedules.

- **With regard to State Institutes / SPFU:**
  Consolidated Audit Report of State: SPFUs Auditor will prepare one consolidated annual Audit Report for the State by 31st July of every project year and send it to NPIU.

- **With regard to CFIs:**
  Consolidated Audit Report of CFIs: A consolidated audit report will be prepared for CFIs by auditor appointed by NPIU. It will be signed by the Auditor / CA and will be completed by 31st July of every project year and send it to NPIU.

- **With regard to NPIU:**
  - Audit Report of NPIU: NPIU will also prepare an annual Audit Report which will be signed by the Auditor.

Consolidated Annual Audit Report of Project:

NPIU will further prepare one consolidated annual Audit report of all States / CFIs and NPIU and send it to World Bank before 30th September of every project year. **(Refer to Format of Consolidated Audit Report in Annex–XVI)**

B. Summary of Internal Audit Report and Action Taken from SPFU to NPIU:

Within 45 days of end of every six months, SPFU will submit a summary of Internal Audit report of the previous six months to NPIU. The summary will be of 2-3 pages and include systemic issues and action taken by SPFU/Project Institutions regarding the issues.

7.3 Timeline of Submission of Financial Reports :

A. Reports to be submitted by Project Institutions to SPFU

Sl. No.	Report Type	Format No.	Periodicity	Timeline
1.	FMR	Annex XIII, (Format 1, 1 A ,1 B, 1C)	Quarterly	Within 15 days of end of each quarter
2.	FM Indicators	Annex XV	Six-monthly	Within 15 days of end of each period of six-months

B. Reports to be submitted by SPFU to NPIU

Sl. No.	Report Type	Format No.	Periodicity	Timeline
1.	FMR	Annex XII, (Format 1, 1 A, 1 B, 1C, 1D, 1E, 1F)	Quarterly	Within 30 days of end of each quarter
2.	FM Indicators	Annex XV	Six-monthly	Within 30 days of end of each period of six months
3.	Audit Report	Annex XXII	Annually	31st July of every Financial Year

C. Reports to be submitted by CFIs to NPIU

Sl. No.	Report Type	Format No.	Periodicity	Timeline
1.	FMR	Annex XII (Format 1, 1 A, 1 B, 1C)	Quarterly	Within 30 days of end of each quarter
2.	FM Indicators	Annex XIV	Six-monthly	Within 30 days of end of each period of six months
3.	Audit Report	Annex XXII	Annually	31st July of every Financial Year

D. Reports to be submitted by NPIU to World Bank

Sl. No.	Report Type	Format No.	Periodicity	Timeline
1.	Consolidated FMR of project	Annex XII (Format 1, 2 and 3)	Quarterly	Within 45 days of end of each quarter
2.	Consolidated FM Indicators		Half yearly	Within 45 days of end of each period of six months
3.	Consolidated Statutory Audit Report of project	Annex XVI	Annually	30th September of every Financial Year
4.	Summary of Internal Audit Observations and Action Taken		Six-months	Within 45 days of end of each six months

Note: NPIU will prepare a consolidated annual audit report of all States / CFIs and NPIU

SECTION–8

DISBURSEMENT PROCEDURES

8.1 External Assistance and Disbursement Procedure:

- The World Bank will make quarterly disbursement based on FMRs which have to be submitted within 45 days at the close of each quarter. Disbursement will be based on expenditure for past quarter and forecast for next six months less balance. The expenditure reported in FMR will be subject to confirmation / certification as per the Annual Audit Reports submitted for the project. NPIU will be responsible for consolidation and submission of FMR to World Bank/CAAA.

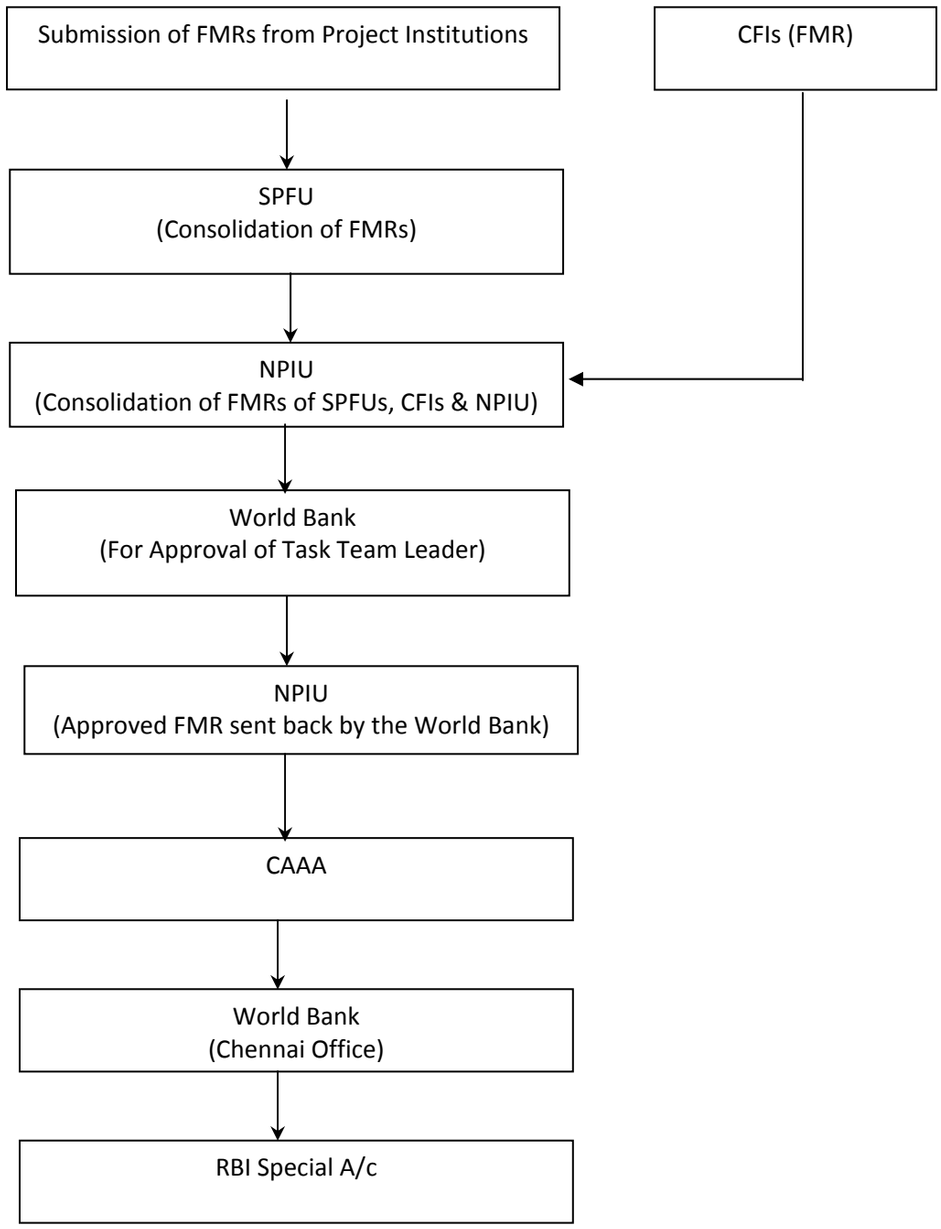
- The World Bank will make quarterly disbursements on the basis of FMR to GoI. Funds will be disbursed in a special account with the Reserve Bank of India, Central Accounts Section, Mumbai, operated by CAAA in the Department of Economic Affairs (DEA), Ministry of Finance, Government of India. The disbursement will be determined as the Forecast expenditure less Funds available. Funds available are defined as opening balances less reported expenditure.

- All the SPFUs are required to submit the consolidated audit report of the state to the NPIU by July 31st of the subsequent financial year. In case these reports are not received by the NPIU by July 31st, all further disbursement of grants under the project by MHRD to the defaulting SPFU shall be discontinued unless the acceptable audit report is received.

- Disbursement would be subject to receipt of Consolidated Report on Audit from NPIU, which is due by September 30th of each year. As per the World Bank Policies, if this report is not received by end January of the following year, further disbursements will have to be suspended till receipt of the report. GoI would however continue to submit the quarterly FMRs as per schedule.

- The disbursement by the World Bank will be limited to the 60% of the total expenditure incurred in the project, in the form of **"credit"** to the GoI.

- **Diagram depicting Disbursement Mechanism on FMR basis :**



8.2 Copy of CAAA circular dated 2nd September 2008 on report based disbursement

It has been observed that projects selected for FMR based disbursements are facing problems in compilation and reporting the expenditure to the World Bank. Therefore, revised guidelines are being issued in consultation with World Bank, which are as under:

- **New Projects:**

  At time of initiation of a new project the Task Team Leader (TTL) / Financial Management Specialist (FMS) from the World Bank may organize a meeting with CAAA including participation of the project finance staff to clarify requirements and procedure relating to FMR based disbursements. Alternatively this could also be done in case the project organizes a "Project Launch Workshop" where CAAA staff may be invited. Further, the World Bank has suggested that if CAAA can designate a specific officer as the point person for each project, then the Project Staff as well as the Task Team will be able to regularly liaise with him / her for claim submission. In this regard a list of officers will be provided to the World Bank.

- **Approval of FMRs:**

  It is advised that the project send a copy of the FMR in advance to World Bank TTL before submitting to CAAA for review and comments. This procedure may be followed at least for the First 2 – 3 quarters in case of new projects. In this regard as suggested by World Bank, CAAA obtain a confirmation from projects that the Reports have already been sent to the Task Team Leader in the Bank and their comments incorporated / approval obtained before submission to the CAAA.

- **Advance:**

  If the World Bank and the project are in disagreement on a FMR (e.g. amount of forecast for the two quarters) then World Bank should try its best to disburse what it considers as appropriate; rejection of the entire Withdrawal Application should be the last resort. The World Bank agreed that the amount of the advance considered reasonable be immediately disbursed by the Bank. However, the calculation of advance will have to be as per the terms agreed and forming part of the loan documentation.

- **Retroactive Financing:**

  In such cases, a separate, one time, FMR will be submitted by the project covering eligible expenditure; this will not include any forecast. Alternatively, the regular FMR may include a separate column for the retroactive period.

- **FMR with forecast:**

  In case a FMR based application is received with a forecast, then the same will be processed by the CAAA through two RFs; the first will liquidate earlier Special Account Advance with the reported expenditure and the second will modify the Special Account Advance based on the forecast. The exchange rate will be same in both the cases i.e. the rate on the date of debiting the special account in RBI.

- **Details in CAAA Systems:**

  CAAA will maintain details as per the various categories / components as mentioned in the Loan / Credit Agreement. Separate line items will be created in case separate disbursement percentages are mentioned against each. However, in context of the FMR formats which usually might be more detailed, the same level of details may not be maintained as part of the CAAA system and the withdrawal application.

- **Summary Sheet:**

  FMR formats are generally prepared as per the activities of the project. It may not be possible to standardize these formats. The project authority will submit this sheet along with other formats while claiming expenditure.

  All the stakeholders are requested to follow these guidelines for smooth and better functioning of the FMR based projects.

  This issue with the approval of CAA&A and Joint Secretary (FB), DEA, North Block, New Delhi.

SECTION–9

INTERNAL CONTROLS AND INTERNAL AUDIT

9.1 All the institutions to be funded under the project would be well performing institutions. Annual report containing audited accounts and audit report of all centrally funded institutions under the Programme will be laid on the table of both Houses of Parliament. Similarly, all State funded institutions will lay their accounts on the table of their respective Legislative Assembly.

9.2 In addition, **internal control mechanism at Institutional, State and National levels** would include the following:

(i) Establishment of appropriate budgeting systems.

(ii) Regular monitoring of actual financial performance with budgets and targets.

(iii) Monitoring of physical and financial progress.

(iv) Establishment of procedures and systems for ensuring standard internal controls such as checking of expenditures, appropriate documentation, levels of authorization, bifurcation of duties, joint signature of two officers on all payments, periodic bank reconciliation and physical verification.

9.3 For the purpose of proper checks and control at the **Institutional level**, the institutions will ensure the following:

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

(ii) Generation of **Trial Balance, Bank Reconciliation statements, Receipts and Payment Account, Income and Expenditure statements, Balance Sheet** etc. The formats are attached in **Annex – XVII to XXI**.

(iii) Comparison of Statement of expenditure with the annual budgetary allocations, Programme components and categories of disbursement.

(iv) Periodic checks on delay in payments of pending bills and immediate corrective action to be taken.

(v) Periodical review and /or internal audit of the Bank Reconciliation Statement and Stock Registers by ensuring the preparation of Bank Reconciliation statement and Stock Registers.

- **Bank Reconciliation Statement:**
  - Bank statement will be obtained from the bank within 5 days after the close of the month.
  - Closing balance appearing in Bank statement would be reconciled with that shown in the Cash Book by preparing the Bank Reconciliation Statement (BRS). The format of BRS is attached at **Annex – XVIII**. BRS will be checked and signed by an official authorized for this purpose.

- **Stock Register:**
  - The person in charge of Stores will maintain a Stock Register to account for stores items purchased and issued. 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.

- Head of Institute will depute an independent team for stock verification.
- There will be a physical verification of stores on yearly basis and the same will be completed within 15 days after the end of the year. Result of such verification will be noted in the stock register under dated signature of verifying officer.

9.4 A Finance Committee will be formed at the institution level for yearly physical verification of assets independently.

9.5 Internal Audit:

Internal audit system is one of the important parts of financial management to examine and verify the adequacy and effectiveness of the inherent internal control system of an organisation/project. As there are multiple institutions in the project , financial management of the project can be strengthened by establishing a system of internal audit.

- **Frequency of Internal Audit System:**
  - A six monthly internal audit will be conducted by a "C.A Firm" appointed by Centrally Funded Institution for carrying out internal audit of their institution as per the Terms of Reference mentioned in Annex No. XXII of the Financial Management Manual.
- **Scope of Internal Audit:**
  - (Refer to **ToRs of Internal Audit in Annex – XXII)**.
- **Internal Audit Reporting:**
  - The Report of Internal Auditor should be prepared and submitted according to the ToR as finalized between the Internal Auditor and the competent authority. The audit report should be prepared and forwarded within the timeframe as stipulated in the ToR to SPFU.
  - Report to Statutory Auditor: SPFU will provide a copy of six monthly internal audit report, including compliances to statutory auditor.
  - Report to NPIU: SPFU will also submit a brief summary of report (2-3 pages) to NPIU, mentioning systemic issues and action taken, within 45 days of end of every six months.

9.6 Additional Control Measures:

The following control measures can be adopted from time to time for effective and proper functioning of the project

- **Surprise check/audit:**
  - Surprise check of transactions, records and books of accounts of different accounting centers and institutions may be carried out periodically.

SECTION–10

STATUTORY AUDIT

10.1 Objective:

The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank credit were used for the purposes intended[5], that the annual project financial statements are free from material misstatement, and that the terms of the credit agreement were complied with in all material respects.

The **objective** of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, and (3) expenditures shown in the PFS are eligible for financing under the credit agreement. In addition the auditor will express a professional opinion as to whether the Financial Monitoring Reports (FMR) submitted by project management may be relied upon to support any applications for withdrawal.

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project maintained by the project implementation agency namely the National Project Implementation Unit (NPIU) at the national level, State Project Facilitation Unit at the State level and implementing institutions at national and State level.

All accounts maintained by implementing agencies (institutions/SPFU/NPIU) in respect of funds released under the project would be audited as per agreed audit procedure(s).

A firm of Chartered Accountants empanelled with the Comptroller & Auditor General of India will audit accounts of NPIU, SPFUs and CFIs.

The **Terms of Reference** (TOR) for such audit are attached at **Annex – XXIII**.

(Also refer to **Selection Criteria for Audit of Financial Statements** in **Annex – XXIV)**.

10.2 Statutory Audit at State Level:

SPFU will appoint a firm of chartered accountants for audit of SPFU and institutions.

Audit at SPFU: The audit at SPFU level will include audit of Financial Monitoring Report (FMRs), and project accounts. The SPFU will be required to maintain the records of FMRs and the project accounts separately to enable the auditor to carry out necessary checks and verification effectively.

[5] The Bank's charter [Article III Section V (b) of IBRD's Articles of Agreement and Article V Section I (g) of IDA's Articles of Agreement] specify that : "the Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economic and efficiency and without regard to political, or other non-economic influences or considerations".

Audit of Institutes: Further, the auditor will audit the project accounts of the institutions. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Each institution will put up the audit report to Board of Governors within a reasonable period of completion of audit.

Consolidated Audit Report of State: The SPFU will be required to submit a consolidated audit report for the State to the NPIU by **31st July** of every project year.

10.3 Statutory Audit at CFIs:

Centrally Funded Institutions shall appoint a firm of Chartered Accountant to audit the accounts and the audit will be completed by 30th June of every financial year. For this purpose, the institutions are required to furnish all documents / records to the auditors to facilitate timely audit. Audit of Centrally Funded Institutions will be as per the Terms of Reference mentioned in the Manual. Refer Annex-XXIII of the Financial Management Manual.

10.4 Statutory Audit at NPIU:

Annual audit of NPIU by a firm of chartered accountants will be completed by **30th June** of every financial year.

10.5 Consolidated Audit Report for Project:

NPIU will consolidate the audit reports of states, CFIs and NPIU. There will be one single audit report for the entire project which will be further submitted by NPIU to the World Bank by **30th September** of every financial year.

The audit report will be as per prescribed format. Please refer to **format of consolidated audit report** in **Annex –XVI**. However, in case of any adverse observation/remarks, the auditor may provide a qualified report with details of observations and reasons for qualifications.

10.6 Audit Observations:

Each implementing agency will monitor and ensure timely settlement of Audit Observations.

All implementing agencies (institutions/SPFUs/NPIU) will maintain and retain records of such queries and their settlement.

10.7 Ineligible expenditure incurred at Institutions, SPFUs or NPIU:

Any expenditure incurred by the institutions, SPFUs or NPIU under the project identified by NPIU/SPFU or auditors as ineligible shall not be considered as valid expenditure under the grant. To this extent, the amount of grant received by the defaulting entity shall be considered to be unspent from the grant and will have to be financed by the entities own sources. Further, the said information shall be recorded in the e-Financial Monitoring Report System of the project.

10.8 Terms of Reference of Audit:

Terms of Reference for the Audit of Financial Statement of TEQIP Phase – II Programme shall be as per **Annex – XXIII**.

(Refer to "**Instructions for Statutory Audit**" **in Annex - XXV").**

SECTION–11

DISCLOSURE OF INFORMATION

11.1 Objective:

To ensure accountability & transparency in all aspects of Financial Management during the project implementation and achievements, including fiduciary aspects.

11.2 Scope:

SPFU and NPIU will be responsible to ensure adherence to disclosure management policies.

11.3 Strategy:

SPFU and NPIU will implement the disclosure management framework under the project to ensure high level of transparency and accountability. The project progress in all areas, such as procurement, financial progress, will be made available to the public through website.

11.4 Information to be Disclosed for Financial Management by SPFU:

- Annual Audited Financial Statements.
- Financial Monitoring Reports (FMRs).
- Status of Release of Funds.

11.5 Information to be Disclosed for Financial Management by NPIU:

- Project FM guidelines, including Financial Management Manual.
- Annual Audited Financial Statements.
- Financial Monitoring Reports (FMRs).
- Status of Release of Funds.
- Specific information on key Financial Management aspects, like staffing, training etc.

ANNEXES

Annex–I

DRAFT

MEMORANDUM OF UNDERSTANDING
BETWEEN
MINISTRY OF HUMAN RESOURCE DEVELOPMENT
GOVERNMENT OF INDIA
AND
THE STATE/UT OF _____
FOR IMPLEMENTATION OF PROJECT (TEQIP-II) UNDER
TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME

THIS MEMORANDUM OF UNDERSTANDING is made on this _____ day of _____ 2014 between the President of India acting through Shri/Smt _____ Education Secretary/ Special Secretary, Ministry of Human Resource Development (MHRD), Government of India (hereinafter called the 'THE FIRST PARTY') and the Governor/Administrator of the State/UT of (name of the State/UT) acting through Shri/Smt _____, Principal Secretary/ Secretary, State/UT of _____ (hereinafter called the 'THE SECOND PARTY').

WHEREAS it has been the concern of the 'THE FIRST PARTY' to scale-up and support ongoing efforts to improve quality of Technical Education and enhance existing capacities of the institutions to become dynamic, demand-driven, quality conscious, efficient and forward looking, responsive to rapid economic and technological developments occurring both at National and International levels. Accordingly, the Government of India launched a Technical Education Quality Improvement Programme (TEQIP) as a long-term Programme of 10-12 years duration to be implemented in three phases. The first phase of the Technical Education Quality Improvement Programme (TEQIP) commenced in March 2003 and ended in March 2009. In continuation, the second phase of the TEQIP is now planned as Project TEQIP-II.

AND WHEREAS in pursuance of this concern, the Project objectives are:

- Strengthening institutions to produce high quality engineers for better employability
- Scaling-up PG education and Demand-Driven Research & Development and Innovation
- Establishing Centers of Excellence for focused applicable research
- Training of faculty for effective teaching
- Enhancing institutional and System Management effectiveness

AND WHEREAS the comprehensive description and operating conditions for the Project are contained in the document entitled the Project Implementation Plan (hereinafter called 'THE PIP').

THE PARTIES AGREE AS FOLLOWS:

SECTION A:

As conditions for participation in 'THE PROJECT', 'THE SECOND PARTY' agrees to:

- establish the State Project Facilitation Unit (hereinafter called 'THE SPFU') in the Department of State Government responsible for Technical Education/State Directorate of Technical Education, headed by Director of Technical Education or the equivalent officer responsible for Technical Education in that department. He/She will be assisted by an academician in Technical Education with adequate staff to facilitate implementation and supervision of the project activities, in the State with 4 Units, namely Academic Unit, Procurement Unit, Financial Management Unit, and Monitoring & Evaluation Unit [States with less than 5 project institutions to establish two number of Units namely: (a) Academic and M&E Unit, and (b) Procurement and Financial Management Unit] and sustain it with continuity throughout the Project period. The SPFU will supervise the project in the State project institutions and will facilitate its supervision by 'THE FIRST PARTY' and the World Bank.

- establish State Evaluation Committee and any other relevant Committee as and when necessary.
- establish a 9-10 member State Steering Committee (SSC), with the composition as below:
  - Principal Secretary/ Secretary responsible for tertiary level Engineering Education, as the Chairperson;
  - Financial Controller of the State Department concerned with tertiary level Engineering Education in the State/UT or his/her nominee;
  - Director, Department of Higher Education, MHRD or his/her nominee
  - Two industry members, nominated by major industry Associations;
  - Three members having recognized expertise and interest in engineering education, nominated by the State Government;
  - One nominee of the State Private Sector Advisory Group (S-PSAG)[1];
  - Commissioner/Director for Technical Education in the State [being Head of the State Project Facilitation Unit (SPFU)], as the Member-Secretary.
- follow the Project guidelines and procedures prescribed in the Project Implementation Plan (PIP) and as may be prescribed from time to time by the Government of India for implementation of the Project in pursuance of the obligations set forth or referred to in the Financing Agreement dated July 14, 2010 between IDA and Government of India.
- follow the procedures for Procurement of all Goods, Works and Services in accordance with the World Bank Guidelines: Procurement under IBRD Loans and IDA Credits May 2004 and revised October 2006 (Procurement Guidelines); and Guidelines: Selection and Employment of Consultants by World Bank Borrowers May 2004 and revised October 2006 (Consultancy Guidelines) and the agreed procedures and limits described in the Financing Agreement.
- establish a State Private Sector Advisory Group in the State (optional).
- comply with the following:
  - to issue orders to project institutions to seek and obtain autonomous status as per the UGC norms and procedures.
  - to continue funding to project institutions beyond the second year of the Project subject to their obtaining the autonomous status (applicable to institutions participating in Sub-component 1.1).
  - to adopt a Block Grant pattern for fund releases of at least the non-salary non-Plan component of grants to the project institutions.
  - to permit project institutions to retain and utilize the revenue generated, including 100% of tuition and other fee and charges from students without adjusting the revenue retained in their non-Plan grants.
  - to direct the project institutions to establish Four Funds each in a separate Bank account, namely the Corpus Fund, Faculty Development Fund, Equipment Replacement Fund and Maintenance Fund (for maintenance of buildings and equipment).
  - to direct each project institution to build these funds with annual contribution into each fund equal to at least 0.5% (total 2%) of annual recurring expenditure of the institution.
  - to direct each institution to additionally contribute the amount of annual savings into the Corpus Fund; and to issue guidelines for proper management of these funds after closure of this Project.
  - to authorize each project institution to fill up the faculty vacancies (over and above the benchmark value) to 100% on 11 month or longer contracts till such time that these vacancies are filled-up on a regular basis.
  - to constitute Board of Governors at each project institution and ensure that the Board of Governors meets at least 4 times in a year.
  - to ensure implementation of both academic and non-academic reforms by all project institutions.

[1] Formation of S-PSAG is optional for a State. If the S-PSAG is constituted for a State, then only the nomination from S-PSAG will be there in the SSC.

- to ensure that project institutions secure pedagogical training for their faculty.
- to extend the benefit of pedagogical training to faculty from non-project institutions.
- to sponsor and support private unaided institutions.
- to seek allocation of funds under Innovation Fund and Pedagogical Training as per the provisions made.
- to support and participate in the support systems developed for the Project like MIS, PMSS, etc.
- to follow the guidelines as per the various manuals developed for the Project like Procurement Manual, Civil Works Manual, Financial Management Manual, etc.

- sign MoUs with the Government funded, Government aided and private unaided institutions in the formats suggested in PIP.
- implement the Disclosure Management Framework under the Project to ensure high level of transparency and accountability.
- comply with the terms and conditions for the release of first and subsequent Grant by 'THE FIRST PARTY' as described at Section C and release its matching share of Grant accordingly.
- submit to 'THE FIRST PARTY' all reports and documents relating to progress of the Project, Accounts, Audit, Procurement, Disbursement and Annual Work Plan, as specified in the PIP and at such frequency as may be required by 'THE FIRST PARTY'.
- maintain a separate account and record of the Project Grant received from 'THE FIRST PARTY' through the State Treasury and render annual accounts and Utilization Certificates.
- furnish to 'THE FIRST PARTY' quarterly the Financial Monitoring Reports (FMRs) in the prescribed format in accordance with the procedures as mentioned in the Financial Management Manual.
- get the accounts of the SPFU at (Name of the project State) and the project institutions audited as indicated in the PIP. The audited accounts along with a copy of the audit report shall be furnished to 'THE FIRST PARTY' every year as per the schedule indicated in the PIP.
- submit necessary Utilization Certificates to 'THE FIRST PARTY for release of subsequent Grant.
- meet all necessary and incidental expenses for the performance of responsibilities like expenses for meetings, travel, professional fees, cost for pre-project activities, etc. which will not be the liability of the 'THE FIRST PARTY', unless specifically mentioned under this MoU or otherwise agreed in writing.

SECTION B:

'THE FIRST PARTY' agrees to:

- release the Grant as described at Section C.
- render or arrange to render such technical assistance and guidance as may be needed by 'THE SECOND PARTY', from time to time for an effective and efficient implementation of the Project.
- take corrective actions with regard to the non-performing institutions in States/UTs.
- review the findings of audits and maintain the policy reforms and conduct evaluation studies.

SECTION C:

- 'THE FIRST PARTY' and 'THE SECOND PARTY' will jointly share expenditure as approved by the National Steering Committee for 'THE PROJECT'. 'THE FIRST PARTY' in each project year will release the share of Grant for funding Government funded/ Government aided institutions towards the approved project cost of 'THE SECOND PARTY', in the ratio of 75:25 between 'THE FIRST PARTY and 'THE SECOND PARTY for all States except in the Special Category States, for which the ratio will be 90:10.
- For private unaided institutions the project cost will be shared in the ratio of 20:20:60 i.e. 20% funding from institutions, 20% funding as Grant from 'THE SECOND PARTY and 60% funding as Grant from 'THE FIRST PARTY' for all States except in the Special Category States, the ratio will be 90:10.
- 'THE FIRST PARTY' will release the Grant as described above to 'THE SECOND PARTY' in four instalments during each project year in a timely manner for the anticipated expenditures of 'THE SECOND PARTY' for implementation of eligible activities, provided 'THE SECOND PARTY' releases its

matching share as required to be provided by 'THE SECOND PARTY' as the case may be under intimation to 'THE FIRST PARTY'. Disbursement of Grant to 'THE SECOND PARTY' will be based on Quarterly Financial Monitoring Reports (FMRs).

- 'THE SECOND PARTY' will make 100 percent provision in their budget and will certify that this has been done when making a request for release of each instalment of Central share.
- 'THE SECOND PARTY' will be responsible for release of Grant to the respective institutions as per the agreement between the State and the institution and will certify that this has been done when making a request for the release of each instalment of Central share.
- 'THE FIRST PARTY' and 'THE SECOND PARTY' agree to accept the following Key Performance Indicators (KPIs):
  - Percentage of UG and PG programmes that are accredited
  - Percentage of institutions with academic autonomy
  - Percentage of faculty with a Masters or a PhD degree
  - Number of Masters and PhD students enrolled
  - Percentage revenue from externally funded R&D projects and consultancies in total revenue
  - Increase in the number of publications in refereed journals
  - Transition rate for students from disadvantaged background and by gender

SECTION D:

- 'THE FIRST PARTY' will provide all necessary support to 'THE SECOND PARTY' in particular, through a National Project Implementation Unit (hereinafter called 'THE NPIU'). The functions of 'THE NPIU' are indicated in Section-5 of 'THE PIP'.
- 'THE SECOND PARTY' will mainly be responsible for implementing and monitoring the Project in the State/UT of _____ with the assistance of 'THE SPFU'. The functions of 'THE SPFU' are indicated in Section-5 of 'THE PIP'.

SECTION E:

The Project implementation schedule:

- The Project became effective on August 6, 2010.
- The Project is expected to proceed at uniform rate over four years commenced on August 6, 2010, and expected to be completed in December 2014.

SECTION F:

- If, as a result of slow implementation by 'THE SECOND PARTY', 'THE FIRST PARTY' incurs commitment charges in respect of the Financing Agreement, 'THE FIRST PARTY' shall seek compensation from 'THE SECOND PARTY' for these charges.

SECTION G:

- By this Memorandum of Understanding both parties affirm their commitment to carry out the activities and achieve the objectives mutually agreed upon.
- Any dispute between the parties shall always be resolved by mutual consultation without any resort to arbitration or other form of legal remedy including resort to Court of Law.
- This Memorandum of Understanding will continue to be effective up to the closure of the Project.
- Adherence to the implementation of the MoU will be monitored bi-annually.
- Amendment to this MoU, if required, shall be carried out in writing duly authenticated and executed by both the parties.

Signed at New Delhi on this _____ day of _____ 2014.

FOR AND ON BEHALF OF
The Governor/Administrator
State/UT Government of
_____

(Shri/Smt _____)
Principal Secretary/Secretary
(Name of the Project State
_____)

FOR AND ON BEHALF OF
The President of India

(Shri/Smt _____)
Education Secretary/Special Secretary
Department of Higher Education,
Ministry of Human Resource Development
Government of India

Witness 1_____

Witness 2_____

Annex–II

DRAFT

MEMORANDUM OF UNDERSTANDING

BETWEEN

…… (*Name of the Centrally Funded Institution*)

AND

MINISTRY OF HUMAN RESOURCE DEVELOPMENT (MHRD)

GOVERNMENT OF INDIA

FOR IMPLEMENTATION OF TEQIP PHASE-II UNDER

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME

THIS MEMORANDUM OF UNDERSTANDING is made on this _____ (day) of _____ (month) of 2014 between the President of India acting through Shri _____ Education Secretary/ Special Secretary, Ministry of Human Resource Development (MHRD), Government of India (hereinafter called the 'THE FIRST PARTY') and _____(name of the Centrally Funded Institution) through Prof _____, the Director _____(name of the Centrally Funded Institution) (hereinafter called the 'THE SECOND PARTY').

WHEREAS it has been the concern of the 'THE FIRST PARTY' to scale-up and support ongoing efforts to improve quality of Technical Education and enhance existing capacities of the institution to become dynamic, demand-driven, quality conscious, efficient and forward looking, responsive to rapid economic and technological developments occurring both at National and International levels. Accordingly, the Government of India launched a Technical Education Quality Improvement Programme (TEQIP) as a long-term Programme of 10-12 years duration to be implemented in three phases. The first phase of the Technical Education Quality Improvement Programme (TEQIP) commenced in March 2003 and ended in March 2009. In continuation, the second phase of the TEQIP is now planned as TEQIP-II (hereinafter called 'The Project').

AND WHEREAS in pursuance of this concern, the Project objectives are:

- Strengthening institutions to produce high quality Engineers for better employability
- Scaling-up PG education and Demand-Driven Research & Development and Innovation
- Establishing Centers of Excellence for focused applicable research
- Training of faculty for effective teaching
- Enhancing institutional and System Management effectiveness

AND WHEREAS the comprehensive description and operating conditions for the Project are contained in the Document entitled the Project Implementation Plan (hereinafter called 'THE PIP').

THE PARTIES AGREE AS FOLLOWS:

SECTION A:

As conditions for participation in 'THE PROJECT', 'THE SECOND PARTY' agrees to:

- follow the Project guidelines and procedures prescribed in the PIP and as may be prescribed from time to time by the Government of India for implementation of the Project in pursuance of the obligations set forth or referred to in the Financing Agreement dated July 14, 2010 between Government of India and IDA.
- follow the procedures for Procurement of all Goods, Works and Services in accordance with the World Bank *'Guidelines: Procurement under IBRD Loans and IDA Credits'* May 2004, revised October 2006; and *'Guidelines: Selection and Employment of Consultants by the World Bank Borrowers'* May 2004, revised October 2006 and the agreed procedures and limits described in the Financing Agreement.

- achieve targets given in the Institutional Development Plan (IDP).
- implement all academic and non-academic reforms as committed under the Project and contained in Project Implementation Plan, 'THE PIP'.
- comply with Environment Management Framework (EMF).
- adhere to Equity Action Plan (EAP).
- constitute an Institutional TEQIP Unit with senior faculty experienced in their respective functional areas and sustain it with continuity throughout Project life.
- implement the Disclosure Management Framework under the Project to ensure high level of transparency and accountability.
- secure pedagogical training for all the institution's faculty.
- comply with the terms and conditions for the release of first and subsequent Grants by 'THE FIRST PARTY' as described at Section C.
- to seek allocation of funds under Innovation Fund and Pedagogical Training as per the provisions made.
- to support and participate in the support systems developed for the Project like MIS, PMSS etc.
- to follow the Guidelines as per the various manuals developed for the Project like Procurement Manual, Civil Works Manual, Financial Management Manual, etc.
- submit to THE FIRST PARTY all reports and documents relating to progress of the Project, Accounts, Audit, Procurement, Disbursement and Annual Work Plan, as specified in the PIP and at such frequency as may be required by 'THE FIRST PARTY'.
- maintain a separate Account and record of the Project Grant received from 'THE FIRST PARTY' and render annual Accounts and Utilization Certificates.
- furnish to 'THE FIRST PARTY' the quarterly Financial Monitoring Reports (FMRs) in the prescribed format in accordance with the procedures as mentioned in the Financial Management Manual.
- get the Accounts of 'THE SECOND PARTY' audited as indicated in the PIP. The audited accounts along with a copy of the Audit Report shall be furnished to 'THE FIRST PARTY' every year as per the schedule indicated in the PIP.
- submit necessary Utilization Certificates to 'THE FIRST PARTY' for release of subsequent Grants.
- meet all necessary and incidental expenses for the performance of responsibilities like expenses for meetings, travel, professional fees and other costs for pre-project activities, and these will not be the liability of 'THE FIRST PARTY', unless specifically mentioned under this MoU or otherwise agreed in writing.

SECTION B:

'THE FIRST PARTY' agrees to:

- release the Grant as described at Section C.
- render or arrange to render such technical assistance and guidance as may be needed by 'THE SECOND PARTY', from time to time for an effective and efficient implementation of the Project.
- supervise the implementation of the Project in the SECOND PARTY's institution.
- take corrective actions with regard to the non-performance in implementation of the Project by the SECOND PARTY.
- review the findings of performance audits and maintain the policy reforms and conduct evaluation studies.

SECTION C:

- 'THE FIRST PARTY' will release funds towards the approved project cost to the SECOND PARTY's institution in four instalments during each Project year in a timely manner for the anticipated expenditures for implementation of eligible activities. Disbursement of Grant to the 'SECOND PARTY' will be based on Quarterly Financial Monitoring Reports (FMRs).
-

- 'THE FIRST PARTY' and 'THE SECOND PARTY' agree to accept the following Key Performance Indicators (KPIs):
  - Percentage of UG and PG programmes that are accredited,
  - Percentage of faculty with a Masters and PhD degree,
  - Number of Masters and PhD students enrolled,
  - Filling vacant positions in faculty and staff,
  - Percentage revenue from externally funded R&D projects and consultancies in total revenue,
  - Increase in the number of publications in refereed journals, and
  - Transition rate for all students including those with disadvantaged background and by gender.

SECTION D:

- 'THE FIRST PARTY' will provide all necessary support to 'THE SECOND PARTY' in particular, through a National Project Implementation Unit (hereinafter called 'THE NPIU'). The functions of 'THE NPIU' are indicated in Section-5 of 'THE PIP'.

SECTION E:

The Project implementation schedule:

- The Project became effective on 6th August 2010.
- The Project is expected to proceed at uniform rate over four years commenced on 6th August 2010 and is expected to be completed in 2014.

SECTION F:

- By this Memorandum of Understanding both parties affirm their commitment to carry out the activities and achieve the objectives mutually agreed upon.
- Any dispute between the parties shall always be resolved by mutual consultation without any resort to arbitration or other form of legal remedy including resort to Court of Law.
- This Memorandum of Understanding will continue to be effective up to the closure of the Project.
- Adherence to the implementation of the MoU will be monitored bi-annually.
- Amendment to this MoU, if required, shall be carried out in writing duly authenticated and executed by both the parties.

Signed at New Delhi on this ____ day of _____ (month) 2014.

FOR AND ON BEHALF OF
Chairman, Board of Governors

…….
(Name of the Centrally Funded Institution)

(Prof _____)

Director

…….
(Name of the Centrally Funded Institution)

FOR AND ON BEHALF OF
The President of India

(Shri/Smt _____)
Additional Secretary
Department of Higher Education
Ministry of Human Resource Development
Government of India

Witness 1 _____

Witness 2 _____

Annex–III

DRAFT

MEMORANDUM OF UNDERSTANDING BETWEEN
THE STATE/UT OF _____
AND

(NAME OF THE GOVERNMENT FUNDED/ GOVERNMENT AIDED INSTITUTION UNDER SUB-COMPONENT 1.1 OR 1.2/ PRIVATE UNAIDED INSTITUTION UNDER SUB-COMPONENT 1.2) FOR IMPLEMENTATION OF PROJECT TEQIP-II UNDER
TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP) Phase-II

THIS MEMORANDUM OF UNDERSTANDING is made on this _____ day of _____ 2014 between the Governor/ Administrator of the State/UT of (name of the State) through Shri _____, Secretary, State of _____ (hereinafter called the 'THE FIRST PARTY') and (name of institution) through Prof _____, the Director _____ (hereinafter called the 'THE SECOND PARTY') owned and supervised by (name of society/trust) _____ under Act (if any) _____, name of the place _____, registration number of society/trust _____.

WHEREAS it has been the concern of the Government of India to scale-up and support ongoing efforts to improve quality of Technical Education and enhance existing capacities of the institutions to become dynamic, demand-driven, quality conscious, efficient and forward looking, responsive to rapid economic and technological developments occurring both at National and International levels. Accordingly, the Government of India launched a Technical Education Quality Improvement Programme (TEQIP) as a long-term Programme of 10-12 years duration to be implemented in three phases. The first phase of the Technical Education Quality Improvement Programme (TEQIP) commenced in March 2003 and ended in March 2009. In continuation, the second phase of the TEQIP is now planned as Project TEQIP-II.

AND WHEREAS in pursuance of this concern, the Project objectives are:

- Strengthening institutions to produce high quality Engineers for better employability
- Scaling-up PG Education and Demand-Driven Research & Development and Innovation
- Establishing Centers of Excellence for focused applicable research
- Training of faculty for effective Teaching
- Enhancing institutional and System Management effectiveness

AND WHEREAS the comprehensive description and operating conditions for the Project are contained in the Document entitled the "Project Implementation Plan" (hereinafter called 'THE PIP').

THE PARTIES AGREE AS FOLLOWS:

SECTION A:

As conditions for participation in 'THE PROJECT', 'THE SECOND PARTY' agrees to:

- follow the Project guidelines and procedures prescribed in the PIP and as may be prescribed from time to time by the Government of India for implementation of the Project in pursuance of the obligations set forth or referred to in the Financing Agreement dated July 14, 2010 between IDA and Government of India.
- follow the procedures for Procurement of all Goods, Works and Services in accordance with the World Bank Guidelines: Procurement under IBRD Loans and IDA Credits May 2004 and revised October 2006 (Procurement Guidelines); and Guidelines: Selection and Employment of Consultants by World Bank Borrowers May 2004 and revised October 2006 (Consultancy Guidelines) and the agreed procedures and limits described in the Financing Agreement.

- obtain Autonomous institution status within a period of two years from the start of the Project (applicable for institutions selected under Sub-component 1.1).
- achieve targets given in the Institutional Development Plan (IDP).
- implement all academic and non-academic reforms as committed under the Project and contained in Project Implementation Plan, 'THE PIP'.
- comply with Environment Management Framework (EMF).
- adhere to Equity Action Plan (EAP).
- constitute an Institutional Project Unit with senior faculty experienced in their respective functional areas and sustain it with continuity throughout the period of the Project.
- implement the Disclosure Management Framework under the Project to ensure high level of transparency and accountability.
- secure pedagogical training for all the institution's faculty.
- comply with the terms and conditions for the release of first and subsequent Grants by 'THE FIRST PARTY' as described at Section C.
- to seek allocation of funds under Innovation Fund and Pedagogical Training as per the provisions made.
- to support and participate in the support systems developed for the Project like MIS, PMSS, etc.
- to follow the Guidelines as per the various manuals developed for the Project like Procurement Manual, Civil Works Manual, Financial Management Manual, etc.
- submit to 'THE FIRST PARTY' all reports and documents relating to progress of the Project, Accounts, Audit, Procurement, Disbursement and Annual Work Plan, as specified in the PIP and at such frequency as may be required by 'THE FIRST PARTY'.
- maintain a separate Account and record of the Project Grant received from 'THE FIRST PARTY' through State Treasury and render Annual Accounts and Utilization Certificates.
- furnish to 'THE FIRST PARTY' quarterly the Financial Monitoring Reports (FMRs) in the prescribed format in accordance with the procedures as mentioned in the Financial Management Manual.
- get the accounts of the _____(Name of the project institution) audited as indicated in the PIP. The audited accounts along with a copy of the Audit Report shall be furnished to 'THE FIRST PARTY' every year as per the schedule indicated in the PIP.
- submit necessary Utilization Certificates to SPFU-name of State/State for release of subsequent Grants.
- meet all necessary and incidental expenses for the performance of responsibilities like expenses for meetings, travel, professional fees, cost for pre-project activities etc. which will not be the liability of 'THE FIRST PARTY', unless specifically mentioned under this MoU or otherwise agreed in writing.

SECTION B:

'THE FIRST PARTY' agrees to:

- release the Grant as described at Section C.
- render or arrange to render such technical assistance and guidance as may be needed by 'THE SECOND PARTY', from time to time for an effective and efficient implementation of the Project.
- take corrective actions with regard to the non-performing institutions.
- review the findings of audits and maintain the policy reforms and conduct evaluation studies.

SECTION C:

- The MHRD will release the Grant to 'THE FIRST PARTY' in four instalments based on Quarterly Financial Monitoring Reports (FMRs) during each project year in a timely manner for the anticipated expenditures of 'THE FIRST PARTY' for implementation of eligible activities, provided 'THE FIRST PARTY' releases its matching share as required to be provided by 'THE FIRST PARTY' as the case may be under intimation to the MHRD. 'THE FIRST PARTY' in each project year will release funds to 'THE SECOND PARTY' towards the approved project cost of 'THE SECOND PARTY' in four instalments, in the ratio of 75:25 between MHRD and 'THE FIRST PARTY'.

- 'THE FIRST PARTY' and 'THE SECOND PARTY' agree to accept the following Key Performance Indicators (KPIs):
  - Percentage of UG and PG programmes that are accredited
  - Percentage of faculty with a Masters or a PhD degree
  - Number of Masters and PhD students enrolled
  - Percentage revenue from externally funded R&D projects and consultancies in total revenue
  - Increase in the number of publications in refereed journals
  - Transition rate for students from disadvantaged background and by gender

- Institutions found to be charging capitation fee or indulging in any other malpractice will face punitive action amounting to either their exclusion from the Project and recovery of Central and State funds provided to them till the date of their exclusion or curtailment of Project funding.

SECTION D:

- 'THE FIRST PARTY' will provide all necessary support to 'THE SECOND PARTY' in particular, through a State Project Facilitation Unit-name of State/UT (hereinafter called 'THE SPFU'). The functions of 'THE SPFU' are indicated in Section-5 of 'THE PIP'.

SECTION E:

The Project implementation schedule:

- The Project became effective on 6th August 2010.
- The Project is expected to proceed at uniform rate over four years commenced on 6th August 2010 and is expected to be completed in 2014.

SECTION F:

- By this Memorandum of Understanding both parties affirm their commitment to carry out the activities and achieve the objectives mutually agreed upon.
- Any dispute between the parties shall always be resolved by mutual consultation without any resort to arbitration or other form of legal remedy including resort to Court of Law.
- This Memorandum of Understanding will continue to be effective up to the closure of the Project.
- Adherence to the implementation of the MoU will be monitored bi-annually.
- Amendment to this MoU, if required, shall be carried out in writing duly authenticated and executed by both the parties.

Signed at ---------- on ------ this day of ---------- 2014.

FOR AND ON BEHALF OF
Chairman, Board of Governors

_____
(Name of the Institution)

Prof _____
Director

_____
(Name of the Institution)

_____
(Name of the project State/UT)

FOR AND ON BEHALF OF
Governor, State/UT of

_____

Shri ----------
Principal Secretary/Secretary
Name of the project State/UT

_____

Witness 1_____

Witness 2_____

Annex–IV
DRAFT

MEMORANDUM OF UNDERSTANDING
BETWEEN
(THE STATE/UT OF _____)
AND
_____

(NAME OF THE PRIVATE UNAIDED INSTITUTION UNDER SUB-COMPONENT 1.1)
FOR IMPLEMENTATION OF PROJECT (TEQIP-II) UNDER
TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP) Phase-II

THIS MEMORANDUM OF UNDERSTANDING is made on this _____ day of _____ 2014 between the Governor/ Administrator of the State/UT of (name of the State) through Shri _____, Secretary, State/UT of _____ (hereinafter called the 'THE FIRST PARTY') and (name of institution) through Prof _____, the Director_____ (hereinafter called the 'THE SECOND PARTY') owned and supervised by (Name of Society/Trust _____ under Act_____ Name of the place, Registration Number of society/trust _____.

WHEREAS it has been the concern of the Government of India to scale-up and support ongoing efforts to improve quality of Technical Education and enhance existing capacities of the institutions to become dynamic, demand-driven, quality conscious, efficient and forward looking, responsive to rapid economic and technological developments occurring both at National and International levels. Accordingly, the Government of India launched a Technical Education Quality Improvement Programme (TEQIP) as a long-term Programme of 10-12 years duration to be implemented in three phases. The first phase of the Technical Education Quality Improvement Programme (TEQIP) commenced in March 2003 and ended in March 2009. In continuation, the second phase of the TEQIP is now planned as Project TEQIP-II.

AND WHEREAS in pursuance of this concern, the Project objectives are:

- Strengthening institutions to produce high quality Engineers for better employability
- Scaling-up PG education and Demand-Driven Research & Development and Innovation
- Establishing Centers of Excellence for focused applicable research
- Training of faculty for effective teaching
- Enhancing institutional and System Management effectiveness

AND WHEREAS the comprehensive description and operating conditions for the Project are contained in the Document entitled the "Project Implementation Plan" (hereinafter called 'THE PIP').

THE PARTIES AGREE AS FOLLOWS:

SECTION A:

As conditions for participation in 'THE PROJECT', 'THE SECOND PARTY' agrees to:

- follow the Project guidelines and procedures prescribed in the PIP and as may be prescribed from time to time by the Government of India for implementation of the Project in pursuance of the obligations set forth or referred to in the Financing Agreement dated July 14, 2010 between IDA and Government of India.
- follow the procedures for procurement of all Goods, Works and Services in accordance with the World Bank Guidelines: Procurement under IBRD Loans and IDA Credits May 2004 and revised October 2006 (Procurement Guidelines); and Guidelines: Selection and Employment of Consultants by the World Bank Borrowers May 2004 and revised October 2006 (Consultancy Guidelines) and the agreed procedures and limits described in the Financing Agreement.
- obtain autonomous institutional status within a period of two years from the start of the Project.
- achieve targets given in Institutional Development Plan (IDP).
- implement all academic and non-academic reforms as committed under the Project and contained in Project Implementation Plan, 'THE PIP'.

- comply with Environment Management Framework (EMF).
- adhere to Equity Action Plan (EAP).
- constitute an Institutional Project Unit with senior faculty experienced in their respective functional areas and sustain it with continuity throughout the period of the Project.
- contribute 20% of the project cost for the implementation of project activities as per Project Implementation Plan (PIP).
- implement the Disclosure Management Framework under the Project to ensure high level of transparency and accountability.
- secure pedagogical training for all the institution's faculty.
- comply with the terms and conditions for the release of first and subsequent Grants by 'THE FIRST PARTY' as described at Section C.
- to seek allocation of funds under Pedagogical Training as per the provisions made.
- to support and participate in the support systems developed for the Project like MIS, PMSS, etc.
- to follow the guidelines as per the various manuals developed for the Project like Procurement Manual, Civil Works Manual, Financial Management Manual, etc.
- submit to 'THE FIRST PARTY' all reports and documents relating to progress of the Project, Accounts, Audit, Procurement, Disbursement and Annual Work Plan, as specified in the PIP and at such frequency as may be required by 'THE FIRST PARTY'.
- maintain a separate Account and record of the Project Grant received from 'THE FIRST PARTY' through State Treasury and render annual accounts and Utilization Certificates.
- furnish to 'THE FIRST PARTY' quarterly the Financial Monitoring Reports (FMRs) in the prescribed format in accordance with the procedures as mentioned in the Financial Management Manual.
- get the Accounts of the _____ (Name of the project institution) audited as indicated in the PIP. The audited Accounts along with a copy of the Audit Report shall be furnished to 'THE FIRST PARTY' every year as per the schedule indicated in the PIP.
- submit necessary Utilization Certificates to SPFU/State for release of subsequent Grants.
- meet all necessary and incidental expenses for the performance of responsibilities like expenses for meetings, travel, professional fees, cost for pre-project activities etc. which will not be the liability of 'THE FIRST PARTY', unless specifically mentioned under this MoU or otherwise agreed in writing.

SECTION B:

'THE FIRST PARTY' agrees to:

- release the Grant as described at Section C.
- render or arrange to render such technical assistance and guidance as may be needed by 'THE SECOND PARTY', from time to time for an effective and efficient implementation of the Project.
- take corrective actions with regard to the non-performing institutions.
- review the findings of audits and maintain the policy reforms and conduct evaluation studies.

SECTION C:

- The MHRD will release the Grant to 'THE FIRST PARTY' in four instalments based on Quarterly Financial Monitoring Reports (FMRs) during each project year in a timely manner for the anticipated expenditures of 'THE FIRST PARTY' for implementation of eligible activities, provided 'THE FIRST PARTY' releases its matching share as required to be provided by 'THE FIRST PARTY' under intimation to the MHRD. 'THE FIRST PARTY' in each project year will release funds to 'THE SECOND PARTY' towards the approved project cost of 'THE SECOND PARTY' in four instalments in the ratio of 20:20:60 i.e. 20% funding from 'THE SECOND PARTY', 20% funding as Grant from 'THE FIRST PARTY and 60% funding as Grant from the MHRD.

The private unaided institutions selected under sub-component 1.1 will be funded for carrying out the following activities:

- Procurement of Learning Resources
- Starting new PG programmes
- Curricular reforms
- Faculty and Staff Development for improved competence including pedagogical training of faculty
- Enhanced interaction with industry
- Institutional management capacity enhancement
- Implementation of institutional reforms
- Academic support for weak students

- 'THE FIRST PARTY' and 'THE SECOND PARTY' agree to accept the following Key Performance Indicators (KPIs):
  - Percentage of UG and PG programmes that are accredited
  - Percentage of faculty with a Masters or a PhD degree
  - Number of Masters and PhD students enrolled
  - Percentage revenue from externally funded R&D projects and consultancies in total revenue
  - Increase in the number of publications in refereed journals
  - Transition rate for students from disadvantaged background and by gender
- Institutions found to be charging capitation fee or indulging in any other malpractice will face punitive action amounting to either their exclusion from the Project and recovery of Central and State funds provided to them till the date of their exclusion or curtailment of project funding.

SECTION D:

- 'THE FIRST PARTY' will provide all necessary support to 'THE SECOND PARTY' in particular, through a State Project Facilitation Unit (hereinafter called 'THE SPFU'). The functions of 'THE SPFU' are indicated in Section-5 of 'THE PIP'.

SECTION E:

The Project implementation schedule:

- The Project became effective on 6th August 2010.
- The Project is expected to proceed at uniform rate over four years commenced on 6th August 2010 and is expected to be completed in 2014.

SECTION F:

- By this Memorandum of Understanding both parties affirm their commitment to carry out the activities and achieve the objectives mutually agreed upon.
- Any dispute between the parties shall always be resolved by mutual consultation without any resort to arbitration or other form of legal remedy including resort to Court of Law.
- This Memorandum of Understanding will continue to be effective up to the closure of the Project.
- Adherence to the implementation of the MoU will be monitored bi-annually.
- Amendment to this MoU, if required, shall be carried out in writing duly authenticated and executed by both the parties.

Signed at New Delhi on ------ this day of -------- 2014.

FOR AND ON BEHALF OF
Chairman, Board of Governors

_____
(Name of the Institution)

Prof ---------
Director

_____
(Name of the Institution)

_____
(Name of the project State/UT)

FOR AND ON BEHALF OF
Governor of State/UT

Shri ----------
Principal Secretary/Secretary

_____
(Name of the project State/UT)

Witness 1_____

Witness 2_____

Annex – V

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

TERMS OF REFERENCE FOR CONSULTANT (FINANCE) AT NPIU

Finance cell of NPIU will be headed by a qualified Finance Professional as Consultant (Finance). His duties and responsibilities inter-alia shall be as follows:

a) He will be looking after the functions of the Finance Wing of NPIU.

b) He will ensure proper accounting at NPIU level.

c) He will ensure getting timely reports from States/Project Institutions/CFIs

   (i) FMRs

   (ii) JRM documentation

   (iii) All other disbursement related procedures

d) He will ensure submission of reports to World Bank / MHRD / CAAA on timely basis.

e) He will coordinate with World Bank, MHRD and other agencies.

f) He will undertake visits to the States / Institutions for sorting out their problems.

g) He will ensure that NPIU fulfils Financial Management requirement of Disclosure Management Framework of Project.

h) Attend JRMs and provide adequate guidance/ clarifications to States/CFIs.

Annex – VI

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

TERMS OF REFERENCE FOR HEAD OF THE FINANCE WING OF SPFU

Finance cell of SPFU will be headed by a qualified Finance Professional. His duties and responsibilities inter-alia shall be as follows:

a) He should be responsible for maintenance of accounts related to the project.

b) He should be responsible for timely submission of reports to NPIU.

c) He should be responsible for getting audit conducted as per the guidelines and hiring of auditor at State level (Statutory and Internal auditor).

d) He should ensure timely submission of Audit Report for the financial year within the timely limit prescribed by NPIU.

e) He should take timely action about the audit objections / disallowances if any.

f) He should also attend the training programme which will be conducted by NPIU from time to time.

g) He should also ensure giving proper training to accounts personnel at all project Institutions.

h) He should have proper liaison with NPIU / Project Institutions.

i) He should follow the guidelines in the Financial Management Manual.

Annex - VII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

TERMS OF REFERENCE FOR HEAD OF THE FINANCE WING OF THE PROJECT AT INSTITUTION (STATE LEVEL OR CFI)

Finance cell of the Institution will be headed by a qualified Finance Professional. His duties and responsibilities inter-alia shall be as follows:

a) He should follow the guidelines in the Financial Management Manual.

b) He should be responsible for maintenance of accounts related to the project.

c) He should be responsible for timely submission of the reports to SPFU/NPIU.

d) He should be responsible for facilitating timely audit.

e) He should ensure timely submission of compliance of Audit Report for the financial year within the time limit prescribed by SPFU.

f) He should take timely action about the audit objections / disallowances, if any.

g) He should also attend the training programme which will be conducted by SPFU / NPIU from time to time.

h) He should have proper liaison with SPFU/NPIU.

Annex – VIII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

ANNUAL BUDGET PLAN

Category No.	Component / Category	Rs. In Million
Component 1.1 : Strengthening Institutions to improve learning outcomes and employability of graduates (Govt. and Govt. Aided Institutions)		
1	Improvements in teaching, training and learning facilities	
(a)	Equipment	
(b)	Furniture	
(c)	Books & LRs & Software	
(d)	Minor Items	
(e)	Refurbishment (Minor Civil Works)	
(f)	Consultant Services	
2	Providing Assistantships for increased enrolment in existing and new PG Programmes in Engineering disciplines	
3	Enhancement of Research and Development and Institutional Consultancy activities	
4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)	
5	Enhanced interaction with industry	
6	Institutional management capacity enhancement	
7	Implementation of institutional reforms	
8	Academic support for weak students	
9	Incremental Operating Cost	
(a)	Salaries	
(b)	Consumables	
(c)	Operation & Maintenance	
Total		
Component 1.2 : Scaling-up Post Graduate Education and Demand Driven Research & Development and Innovation (Govt. and Govt. Aided Institutions)		
1	Improvement in teaching, training and learning facilities	
(a)	Equipment	
(b)	Furniture	
(c)	Books & LRs & Software	
(d)	Minor Items	
(e)	Refurbishment (Minor Civil Works)	
(f)	Consultants Services	

2	Providing Assistantships of significantly increasing enrolment in existing and new Master's and Doctoral Programmes in Engineering disciplines	
3	Enhancement of Research and Development and Institutional Consultancy activities	
4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)	
5	Enhanced interaction with industry	
6	Institutional management capacity enhancement	
7	Implementation of Institutional reforms	
8	Academic support for weak students	
9	Incremental Operating Cost	
(a)	Salaries	
(b)	Consumables	
(c)	Operation & Maintenance	
Total		
Component 1.1 : Strengthening Institutions to improve learning outcomes and employability of graduates (Private Unaided Institutions)		
1	Aquiring text books, e-journals and software[4]	
2	Providing Teaching and Research Assistantships for significantly increasing enrolment in existing and new Masters and Doctoral programmes in Engineering & applied sciences disciplines	
3	Enhancement of R&D and Institutional consultancy activities	
4	Faculty and Staff development for improved competence	
5	Enhanced interaction with Industry	
6	Institutional Management Capacity enhancement	
7	Implementation of Institutional reforms	
8	Support to student needs	
9	Incremental Operating Cost	
Total		
Component 1.2 : Scaling-up Post Graduate Education and Demand Driven Research & Development and Innovation (Private Unaided Institutions)		
1	Acquiring text books, e-journals and software2	
2	Providing Teaching and Research Assistantships for significantly increasing enrolment in existing and new Masters and Doctoral programmes in Engineering & applied sciences disciplines	
3	Enhancement of R&D and Institutional consultancy activities	
4	Faculty and Staff development for improved competence	
5	Enhanced interaction with Industry	
6	Institutional Management Capacity enhancement	
7	Implementation of Institutional reforms	
8	Support to student needs	
9	Incremental Operating Cost	
Total		

[2] Updated as per Minutes of Review Meeting held on 19 June 2013.

Annex – IX

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

CHART OF ACCOUNTS

Chart of Accounts			Applicability of account heads			
			NPIU	SPFUs	PIs	CFIs
S.No.	**Liabilities**	**Remarks**				
1	General Fund	-	Y	Y	Y	Y
2	Income & Expenditure Account	To be added/deducted from General Fund at year end	Y	Y	Y	Y
3	TDS / Works Contract Tax Deducted / Service Tax Deducted	Separate account to be opened for each type of tax	Y	Y	Y	Y
4	Security Deposit retained / EMD / Retention money	Separate account to be opened for each type of retention	Y	Y	Y	Y
5	Grant released by MHRD to SPFUs	One consolidated account	Y	N	N	N
6	Grant released by MHRD to CFIs	One consolidated account	Y	N	N	N
S.No.	**Assets**	**Remarks**				
1	Cash	-	Y	Y	Y	Y
2	Bank	-	Y	Y	Y	Y
3	Advances to employees	Separate account to be opened for each staff	Y	Y	Y	Y
4	Advances for goods - supplier's name	Separate account to be opened for each supplier	Y	Y	Y	Y
5	Advances for services - service provider's name	Separate account to be opened for each service provide	Y	Y	Y	Y
6	Advances for works – package/contractor's name	Separate account to be opened for each contractor/package	Y	Y	Y	Y
7	Stale Cheques	One consolidated account	Y	Y	Y	Y
8	SPFUs	Individual Account to be opened for each SPFU	Y	N	N	N
9	CFIs	Individual Account to be opened for each CFI	Y	N	N	N
9	Project Institutions	Individual Account to be opened for each Project Institution	N	Y	N	N
S.No.	**Income**	**Remarks**				
1	Grant received from MHRD	Transferred to Income and Expenditure Account at year end	Y	Y	N	Y
2	Grant received from State Government	Transferred to Income and Expenditure Account at year end	N	Y	N	N
3	Grant received from SPFU	Transferred to Income and Expenditure Account at year end	N	N	Y	N
4	Interest earned	Transferred to Income and Expenditure Account at year end	Y	Y	Y	Y
5	Other income	Transferred to Income and Expenditure Account at year end	Y	Y	Y	Y

S.No.	Expenditure	Remarks				
1.1	**Sub-Component 1.1 (Strengthening Institutions to improve learning outcomes and employability of graduates)**					
1.1.1	**Improvement in teaching, training and learning facilities**	**Transferred to Income and Expenditure Account at year end**	**N**	**N**	**Y**	**Y**
1.1.1A	Equipment	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.1B	Furniture	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.1C	Books & LRs & Software	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.1D	Minor Items	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.1E	Refurbishment (Minor Civil Works)	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.1F	Consultant Services	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.2	Providing Assistantships for increased enrolment in existing and new PG Programmes in Engineering disciplines	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.3	Enhancement of Research and Development and Institutional Consultancy activities	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.4	Faculty and Staff development for improved competence based on Training Needs Ananlysis (TNA)	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.5	Enhanced interaction with industry	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.6	Institutional Management Capacity enhancement	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.7	Implementation of Institutional reforms	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.8	Academic support for weak students	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.9	**Incremental Operating Cost**	**Transferred to Income and Expenditure Account at year end**	**N**	**N**	**Y**	**Y**
1.1.9A	Salaries	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.9B	Consumables	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.1.9C	Operation & Maintenance	Transferred to Income and Expenditure Account at year end	N	N	Y	Y

1.2	**Sub-Component 1.2 (Scaling-up post graduate education and demand-driven R&D&I)**					
1.2.1	**Improvement in teaching, training and learning facilities**	**Transferred to Income and Expenditure Account at year end**	**N**	**N**	**Y**	**Y**
1.2.1A	Equipment	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1B	Furniture	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1C	Books & LRs & Software	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1D	Minor Items	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1E	Refurbishment (Minor Civil Works)	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1F	Consultany Services	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.2	Providing Assistantships for significantly increasing enrolment in existing and new Master's and Doctoral Programmes in Engineering disciplines	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.3	Enhancement of Research and Development and Institutional Consultancy activities	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.4	Faculty and Staff development for improved competence based on Training Needs Ananlysis (TNA)	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.5	Enhanced interaction with industry	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.6	Institutional Management Capacity enhancement	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.7	Implementatatiom of Institutional reforms	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.8	Academic support for weak students	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.9	**Incremental Operating Cost**	**Transferred to Income and Expenditure Account at year end**	**N**	**N**	**Y**	**Y**
1.2.9A	Salaries	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.9B	Consumables	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.9C	Operation & Maintenance	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1	**Sub-Component 1.2.1 (Establishing Centres of Excellence)**					
1.2.1.1	**Infrastructure Improvement for applicable thematic research and development**	**Transferred to Income and Expenditure Account at year end**	**N**	**N**	**Y**	**Y**
1.2.1.1A	Equipment	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.1B	Furniture	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.1C	Books & LRs & Software	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.1D	Refurbishment (Minor Civil Works)	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.1E	Consultant Services	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.2	Providing additional Assistantships for enrolment in Master's and Doctoral Programmes in topics linked to economic or societal needs in the thematic areas	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.3	National/International collaboration for Research and Development activities with Academic and R & D organizations	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.4	Faculty training for enhancing research competence in thematic areas, both within India and abroad	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.5	Collaboration with Industry for applicable research and product development	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.6	**Incremental Operating Cost**	**Transferred to Income and Expenditure Account at year end**	**N**	**N**	**Y**	**Y**
1.2.1.6A	Salaries	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.6B	Consumables	Transferred to Income and Expenditure Account at year end	N	N	Y	Y
1.2.1.6C	Operation & Maintenance	Transferred to Income and Expenditure Account at year end	N	N	Y	Y

1.3	**Sub-Component 1.3 (Faculty Development for Effective Teaching - Pedagogical Training)**					
1.3.1	Pedagogical Training	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
1.3.1A	Training Fee	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
1.3.1B	Travel Cost	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
1.3.1C	Boarding & Lodging Expenses	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
1.3.1D	Course Material Cost	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1	**Sub-Component 2.1 (Building Capacity to Strengthen Management of Technical Education)**	**Transferred to Income and Expenditure Account at year end**	**Y**	**Y**	**N**	**N**
2.1.1	System Management Capacity Enhancement	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1A	Study Tours	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1B	Professional Training Programmes	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1C	Establishment of Quality assurance Practices	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1D	Establishing a Task Force for strategic planning for Technical Education	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1E	Spreading best practicies to non-project institution	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1F	Industry-Institute-Partnesrship-Promotion	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1G	Worshops for sharing best academic and governance practicies	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1H	establishment of Curriculum Development Cells in Universities affiliating project institutions	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.1.1I	Others	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2	**Sub-Component 2.2 (Project management, monitoring & evaluation at NPIU & SPFU)**	**Transferred to Income and Expenditure Account at year end**	**Y**	**Y**	**N**	**N**
2.2.1	Civil Works	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.2	Equipment	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.3	Furniture	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.4	Vehicle	Transferred to Income and Expenditure Account at year end	Y	N	N	N
2.2.5	Books & LRs & Software	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.6	Consultant Services	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committes, Workshops, State Private Sector advisory Group, System Management Capacity Enhancement, Technical Assistance	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.8	**Incremental Operating Cost**	**Transferred to Income and Expenditure Account at year end**	**Y**	**Y**	**N**	**N**
2.2.8A	Salaries	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.8B	Consumables	Transferred to Income and Expenditure Account at year end	Y	Y	N	N
2.2.8C	Operation & Maintenance	Transferred to Income and Expenditure Account at year end	Y	Y	N	N

Annex - X

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

MAPPING OF EXPENDITURE



S. No.	Activity/Category of Expenditure as per PIP Section - VII : PERMISSIBLE AND NON-PERMISSIBLE EXPENDITURE	Account Code	Accounting & Reporting Head
Table 1 - 1.1 : Strengthening of Institutions to Improve Learning Outcomes and Employability of Graduates Private Unaided Institutions Participating in Sub-Component 1.1			
1	Acquiring text books, e-journals and software	1.1.1	Books & LRs & Software
2	Providing Teaching and Research Assistantships to increase enrolment in existing and new PG programmes in Engineering & applied Sciences disciplines	1.1.2	Providing Assistanatships for increased enrolment inexisting and new PG Programmes in Engineering & applied sciences disciplines
3	Enhancement of R & D and Institutional consultancy activities	1.1.2A	R&D and Consultancy Services
4	Faculty Qualification Upgradation as planned through TNA	1.1.4	Faculty and staff development for improved competence based on Training Needs Analysis (TNA)
5	Subject knowledge and research competence upgradation of Faculty from engineering disciplines and supporting departments as planned through TNA	1.1.4	Faculty and staff development for improved competence based on Training Needs Analysis (TNA)
6	Training of technical support staff	1.1.4	Faculty and staff development for improved competence based on Training Needs Analysis (TNA)
7	Industry-Institute Interaction	1.1.5	Enhanced interaction with industry
8	Reforms	1.1.7	Implementation of Institutional reforms
	Curricular Reforms	1.1.7	Implementation of Institutional reforms
	Accreditation	1.1.7	Implementation of Institutional reforms
9	Support to students need	1.1.8	Support to students need
10	Institutional Management Capacity Enhancement	1.1.6	Institutional Management Capacity Enhancement
11	Organizing subject area training programs, workshops, seminars and conferences	1.1.9	Incremental Operating Cost
12	Technical Assistance	1.1.1F	Consultant Services
13	Salaries	1.1.9A	Salaries
14	Maintenance of furniture and equipment including computers	1.1.9B, 1.1.9C	Operation & Maintenance/ Consumables
15	Incremental Operating Costs	1.1.9A, 1.1.9B, 1.1.9C	Salaries/Consumables/Operation & Maintenance

Table 3 - 1.2 : Scaling-up Post Graduate Education and Demand Driven Research & Development & Innovation Government Funded and Aided in Sub-Component 1.2			
1	Improvements in teaching, training and learning facilities for PG programs	1.2.1	Improvements in teaching, training and learning facilities for PG programs
	Civil Works	1.2.1E	Refurbishment (Minor Civil Works)
	New equipment and furniture	1.2.1A, 1.2.1B, 1.2.1D	Equipment/Furniture/Minor Items
	Course-Specific Software	1.2.1C	Books & LRs & Software
	Modernisation and Strengthening of Libraries	1.2.1C	Books & LRs & Software
2	Providing Teaching and Research Assistanships for significantly increasing enrolment in existing and New Masters and Doctoral programmes in Engineering & applied sciences Disciplines	1.2.2	Providing Assistantships for significantly increasing enrolment in existing and new Master's and Doctoral Programmes in Engineering & applied sciences disciplines
3	Enhancing faculty research and consultancy	1.2.3	Enhancement of Research and Development and Institutional Consultancy activities
4	Developing research interest among UG students	1.2.3	Enhancement of Research and Development and Institutional Consultancy activities
5	Resource sharing through collaborative arrangements	1.2.5	Enhanced interaction with industry
6	Faculty Qualification Upgradation as planned through TNA	1.2.4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)
7	Subject knowledge and research competence upgradation of Faculty from engineering disciplines and supporting departments as planned through TNA	1.2.4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)
8	Training of technical support staff	1.2.4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)
9	Industry-Institute Interaction	1.2.5	Enhanced interaction with industry
10	Institutional Reforms	1.2.7	Inmplementation of Institutional reforms
	Curricular Reforms	1.2.7	Inmplementation of Institutional reforms
	Incentives to Faculty for Continuing Education Programs, Consultancy and R&D	1.2.7	Inmplementation of Institutional reforms
	Accreditation	1.2.7	Inmplementation of Institutional reforms
11	Support to students need	1.2.8	Support to students need
12	Institutional Management Capacity Enhancement	1.2.6	Institutional Management Capacity Enhancement
13	Organizing subject area training programs, workshops, seminars and conferences	1.2.9	Incremental Operating Costs
14	Technical Assistance	1.2.1F	Consultant Services
15	Salaries	1.2.9A	Salaries
16	Maintenance of equipment including computers	1.2.9B, 1.2.9C	Consumables/ Operation & Maintenance
17	Incremental Operating Costs	1.2.9A, 1.2.9B, 1.2.9C	Salaries/Consumables/Operation & Maintenance

Table 1 - 1.2 : Scaling-up Post Graduate Education and Demand Driven Research & Development & Innovation Private Unaided Institutions Participating in Sub-Component 1.2			
1	Acquiring text books, e-journals and software	1.2.1	Books & LRs & Software
2	Providing Teaching and Research Assistantships to increase enrolment in existing and new PG programmes in Engineering & applied Sciences disciplines	1.2.2	Providing Assistanatships for increased enrolment inexisting and new PG Programmes in Engineering & applied sciences disciplines
3	Enhancement of R & D and Institutional consultancy activities	1.2.2A	R&D and Consultancy Services
4	Faculty Qualification Upgradation as planned through TNA	1.2.4	Faculty and staff development for improved competence based on Training Needs Analysis (TNA)
5	Subject knowledge and research competence upgradation of Faculty from engineering disciplines and supporting departments as planned through TNA	1.2.4	Faculty and staff development for improved competence based on Training Needs Analysis (TNA)
6	Training of technical support staff	1.2.4	Faculty and staff development for improved competence based on Training Needs Analysis (TNA)
7	Industry-Institute Interaction	1.2.5	Enhanced interaction with industry
8	Institutional Reforms	1.2.7	Implementation of Institutional reforms
	Curricular Reforms	1.2.7	Implementation of Institutional reforms
	Accreditation	1.2.7	Implementation of Institutional reforms
9	Support to students need	1.2.8	Academic support for weak students
10	Institutional Management Capacity Enhancement	1.2.6	Institutional Management Capacity Enhancement
11	Organizing subject area training programs, workshops, seminars and conferences	1.2.9	Incremental Operating Cost
12	Technical Assistance	1.2.1F	Consultant Services
13	Salaries	1.2.9A	Salaries
14	Maintenance of furniture and equipment including computers	1.2.9B, 1.2.9C	Operation & Maintenance/ Consumables
15	Incremental Operating Costs	1.2.9A, 1.2.9B, 1.2.9C	Salaries/Consumables/Operation & Maintenance

Table 4 - 1.2.1 : Establishing Centres of Excellence Government Funded and Aided Institutions Participating in Sub-Component 1.2.1			
1	Improvements in teaching, training and learning facilities	1.2.1.1	Infrastructure Improvement for applicable thematic research and development
	Civil Works	1.2.1.1D	Refurbishment (Minor Civil Works)
	New equipment and furniture	1.2.1.1A, 1.2.1.1B	Equipment/Furniture
	Establishment of a knowledge resource centre (library)	1.2.1.1C	Books & LRs & Software
2	Providing additional Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas	1.2.1.2	Providing additional Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas
3	National/International collaboration for Research and Development activities with Academic and R&D organizations	1.2.1.3	National/International collaboration for Research and Development activities with Academic and R&D organizations
4	Collaboration with Industry for applicable research and product development	1.2.1.5	Collaboration with Industry for applicable research and product development
5	Faculty training for enhancing research competence in thematic areas, both within India and abroad	1.2.1.4	Faculty training for enhancing research competence in thematic areas, both within India and abroad
6	Training of technical support staff	1.2.1.4	Faculty training for enhancing research competence in thematic areas, both within India and abroad
7	Organizing thematic area training programmes, workshops, seminars and conferences	1.2.1.6	Incremental Operating Cost
8	Salaries	1.2.1.6A	Salaries
9	Maintenance of equipment including computers	1.2.1.6B, 1.2.1.6C	Consumables/Opeartion & Maintenance
10	Incremental Operating Cost	1.2.1.6A, 1.2.1.6B, 1.2.1.6C	Salaries/Consumables/Opeartion & Maintenance

Table 4 - 1.2.1 : Establishing Centers of Excellence Private Unaided Institutions Participating in Sub-Component 1.2.1			
1	Acquiring text books, e-journals and software	1.2.1.1	Books & LRs & Software
2	Providing additional Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas	1.2.1.2	Providing additional Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas
3	National/International collaboration for Research and Development activities with Academic and R&D organizations	1.2.1.3	National/International collaboration for Research and Development activities with Academic and R&D organizations
4	Collaboration with Industry for applicable research and product development	1.2.1.5	Collaboration with Industry for applicable research and product development
5	Faculty training for enhancing research competence in thematic areas, both within India and abroad	1.2.1.4	Faculty training for enhancing research competence in thematic areas, both within India and abroad
6	Training of technical support staff	1.2.1.4	Faculty training for enhancing research competence in thematic areas, both within India and abroad
7	Organizing thematic area training programmes, workshops, seminars and conferences	1.2.1.6	Incremental Operating Cost
8	Salaries	1.2.1.6A	Salaries
9	Maintenance of equipment including computers	1.2.1.6B, 1.2.1.6C	Consumables/Opeartion & Maintenance
10	Incremental Operating Cost	1.2.1.6A, 1.2.1.6B, 1.2.1.6C	Salaries/Consumables/Opeartion & Maintenance

Table 5 - 2.2 : Project Monitoring, Evaluation and Management **National Project Implementation Unit Participating in Sub-Component 2.1**			
1	Civil Work	2.2.1	Refurbishment (Minor Civil Works)
2	Equipment and Furniture	2.2.2, 2.2.3, 2.2.4, 2.2.5	Equipment/Furniture/Vehicle/Books & LRs & Software
3	Training of senior and support staff of NPIU in functional areas	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
4	Meeting of various committees (NSC, NEC, Pedagogy curriculum development, working groups etc.)	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
5	National Private Sector Advisory Group	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
6	Organising regional workshops each year for sharing good academic and governance pratices and innovations	2.2.8	Incremental Opearting Cost
7	System Management Capacity Enhancement (to be financed solely through the Innovation Fund)	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
8	Technical Assistance	2.2.6	Consultant Services
9	Salaries	2.2.8A	Salaries
10	Maintenance of office space, furniture and equipment including computers and buildings	2.2.9B, 2.2.9C	Consumables/Opeartion & Maintenance
11	Incremental Operating Cost	2.2.9A, 2.2.9B, 2.2.9C	Salaries/Consumables/Operation & Maintenance
12	Pedagogical Training of Faculty from Engineering disciplines and supporting departments of CFIs under Sub-Component 1.1 & 1.2	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance

Table 6 - 2.2 : Project Monitoring, Evaluation and Management **State Project Facilitation Unit Participating in Sub-Component 2.1**			
1	Civil Works	2.2.1	Refurbishment (Minor Civil Works)
2	Equipment and Furniture	2.2.2, 2.2.3, 2.2.4, 2.2.5	Equipment/Furniture/Books & LRs & Software
3	Training of senior and support staff of SPFU in functional areas	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
4	Meeting of State Steering Committee	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
5	State Private Sector Advisory Group	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
6	System Management Capacity Enhancement (to be financed solely through the Innovation Fund)	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
7	Technical Assistance	2.2.6	Consultant Services
8	Salaries	2.2.8A	Salaries
9	Maintenance of office space, furniture and equipment including computers and buildings	2.2.8B, 2.2.8C	Consumables/Operation & Maintenance
10	Incremental Operating Cost	2.2.8A, 2.2.8B, 2.2.8C	Salaries/Consumables/Opeartion & Maintenance
11	Pedagogical Training of Faculty from engineering disciplines and supporting departments of Project Government funded and aided Institutions under Sub- Component 1.1 & 1.2	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
12	Pedagogical Training of faculty from Engineering disciplines and supporting departments of Project Private unaided Institutions under Sub-Component 1.1	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance
13	Pedagogical Training of faculty from Engineering disciplines and supporting departments of non-project Government funded and aided, private unaided institutions	2.2.7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops, State Private Sector Advisory Group, System Management Capacity Enhancement, Technical Assistance

Annex – XI

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

REGISTER OF CONTRACTS FOR CONSULTANCY SERVICES

S. No.	Contract No.	Consultant's Name and Address	Brief description of the consultancy service	Date of contract	Date of scheduled Completion	Amount of contract with stages if any	Date of actual completion	Remarks

Annex – XII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

FORMATS OF FINANCIAL MONITORING REPORTS (FMRs)

Technical Education Quality Improvement Programme [TEQIP] Phase-II	
List of e-FMRs	
FMR Number	**FMR Description**
1	Consolidated Sources & Uses of Project Funds and Forecast for next Six Months
1 A	Details of Expenditure of Sub-Component 1.1 (Govt. & Govt. Aided, CFIs)
1 A	Details of Expenditure of Sub-Component 1.1 (Private Unaided Institutions)
1 B	Details of Expenditure of Sub-Component 1.2 (Govt. & Govt. Aided, CFIs)
1 B	Details of Expenditure of Sub-Component 1.2 (Private Unaided Institutions)
1 C	Details of Expenditure of Sub-sub-Component 1.2.1 (Govt. & Govt. Aided, CFIs)
1 C	Details of Expenditure of Sub-sub-Component 1.2.1 (Private Unaided Institutions)
1 D	Details of Expenditure of Sub-Component 1.3
1 E	Details of Expenditure of Sub-Component 2.1
1F	Details of Expenditure of Sub-Component 2.2
2	Expenditure against Budget for States/CFIs/NPIU
3	Disbursement Required from World Bank

FMR 1

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Sources & Uses of Funds and Forecast for next Six Months

Report for the Period …….to…….

(Amount in lacs Rupees)

S. No.	Particulars	For the Period	Financial Year to Date	Cumulative to Date	Forecast for next Six Months (……to…….)
		1	2	3	4
	SOURCES OF FUNDS				
A	**Opening Balance (A)**				
B	**Receipts**				
	Government of India (Actual Release)				
	State Government (Actual Release)				
	Other (Private Unaided Institutions)				
	Total Receipts [(i) + (ii)= (iii)]				
C	**Total SOURCES OF FUNDS (C = A + B)**				
	Net Transfer (SPFU to Institutions)				
	USES				
D	**Expenditure by Components**				
1	**Improving Quality of Education in Selected Institutions**				
1.1	Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates (FMR 1A)				
1.2	Scale-up Post-graduate Education and Demand Driven Research, Development and Innovation (FMR 1B)				
1.2.1	Establishing Centers of Excellence (FMR 1C)				
1.3	Faculty Development for Effective Teaching– Pedagogical Training (FMR 1D)				
	Total Expenditure Component 1				
2	**Improving System Management**				
2.1	Building Capacity to Strengthen Management of Technical Education (FMR 1E)				
2.2	Project Monitoring, Evaluation and Management (FMR 1F)				
	Total Expenditure Component 2				
	Total Expenditure (D = 1+2)				
E	**Advances to Suppliers & Others (E)**				
F	**Less Recovery/Adjustment of advances (F)**				
G	**Net Advances (G=E-F)**				
H	**Total USES (H = D + G)**				
I	**Closing Balance (I = C - H)**				

** In case of private institutions, contribution by the institute will be mentioned in this line & Interest earned*

Certified that:
The information mentioned above is as per books of accounts of implementing entities/project Institutions.

Signature (Head of NPIU/SPFU/Institute):

Date:

Note: Format FMR 1 will be applicable to NPIU / SPFU / Project Institution / CFI

FMR 1 A

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 1.1
Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates

Report for the Period …….to…….

Govt. and Govt. Aided Institutions

(Amount in Lacs Rupees)

S. No.	Activities/Category of Expenditure	Expenditure for the Period	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Improvement in teaching, training and learning facilities			
(a)	Equipment			
(b)	Furniture			
(c)	Books & LRs & Software			
(d)	Minor Items			
(e)	Refurbishment (Minor Civil Works)			
(f)	Consultant Services			
2	Providing Assistantships for increased enrolment in existing and new PG Programmes in Engineering & applied Sciences disciplines			
3	Enhancement of Research and Development and Institutional Consultancy activities			
4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)			
5	Enhanced Interaction with Industry			
6	Institutional Management Capacity Enhancement			
7	Implementation of Institutional reforms			
8	Support to student needs			
9	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
	Total			

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of Institute):

Date:

Note: Format FMR 1A will be applicable to Project Institution / CFI

FMR 1 A

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 1.1
Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates

Report for the Period …….to…….

Private Unaided Institutions

(Amount in Lacs Rupees)

S. No.	Activities/Category of Expenditure	Expenditure for the Period	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Acquiring text books, e-journals and software			
2	Providing Assistantships for increased enrolment in existing and new PG Programmes in Engineering & applied Sciences disciplines			
3	Enhancement of Research and Development and Institutional Consultancy activities			
4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)			
5	Enhanced Interaction with Industry			
6	Institutional Management Capacity Enhancement			
7	Implementation of Institutional reforms			
8	Support to student needs			
9	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
	Total			

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of Institute):

Date:

FMR 1 B

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 1.2
Scaling-up Postgraduate Education and Demand-driven R&D&I

Report for the Period …….to…….

Govt. and Govt. Aided Institutions

(Amount in lacs Rupees)

S. No.	Activities	Expenditure for the Period	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Improvement in teaching, training and learning facilities			
(a)	Equipment			
(b)	Furniture			
(c)	Books & LRs & Software			
(d)	Minor Items			
(e)	Refurbishment (Minor Civil Works)			
(f)	Consultant Services			
2	Providing Assistantships for significantly increasing enrolment in existing and new Master's and Doctoral Programmes in Engineering & applied sciences disciplines			
3	Enhancement of Research and Development and Institutional Consultancy activities			
4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)			
5	Enhanced interaction with Industry			
6	Institutional Management Capacity enhancement			
7	Implementation of Institutional reforms			
8	Support to student needs			
9	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
	Total			

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of Institute):

Date:

Note: Format FMR 1B will be applicable to Project Institution / CFI

FMR 1 B

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 1.2
Scaling-up Postgraduate Education and Demand-driven R&D&I

Report for the Period …….to…….

Private Uaided Institutions

(Amount in lacs Rupees)

S. No.	Activities	Expenditure for the Period	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Acquiring text books, e-journals and software			
2	Providing Assistantships for significantly increasing enrolment in existing and new Master's and Doctoral Programmes in Engineering & applied sciences disciplines			
3	Enhancement of Research and Development and Institutional Consultancy activities			
4	Faculty and Staff development for improved competence based on Training Needs Analysis (TNA)			
5	Enhanced interaction with Industry			
6	Institutional Management Capacity enhancement			
7	Implementation of Institutional reforms			
8	Support to student needs			
9	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
	Total			

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of Institute):

Date:

FMR 1 C

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-sub-Component 1.2.1
Establishing Centres of Excellence
(Centrally Funded/Government Funded and Government Aided Institutions)

Report for the Period …….to…….

Name of the Institute :
Name of CoE :

(Amount in lacs Rupees)

S. No.	Activities	Expenditure for the Quarter	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Infrastructure Improvement for applicable thematic research and development			
(a)	Establishment of new laboratories for applicable thematic research			
(b)	Establishment of knowledge resource centre (Library) in the thematic area			
(c)	Procurement of Furniture			
(d)	Minor Civil Works			
2	Providing Teaching and Research Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas			
3	Collaboration with Industry for applicable research and product development			
4	National/International collaboration for Research and Development activities with academic institutions and R&D organizations			
5	Enhancing research competence of faculty and knowledge sharing in thematic areas, both within India and abroad			
6	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
(d)	Others			
	Total			

Certified that The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of Institute):

Date:

FMR 1 C

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-sub-Component 1.2.1
Establishing Centres of Excellence
(Private Unaided Institutions)

Report for the Period …….to…….

Name of the Institute :
Name of CoE :

(Amount in lacs Rupees)

S. No.	Activities	Expenditure for the Quarter	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Acquiring tex books, e-journals and software			
2	Providing Teaching and Research Assistantships for enrolment in Masters and Doctoral programmes in topics linked to economic or societal needs in the thematic areas			
3	Collaboration with Industry for applicable research and product development			
4	National/International collaboration for Research and Development activities with academic institutions and R&D organizations			
5	Enhancing research competence of faculty and knowledge sharing in thematic areas, both within India and abroad			
6	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
(d)	Others			
	Total			

Certified that The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of Institute):

Date:

FMR ID

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP) PHASE-II

FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 1.3 "Faculty Development for Effective Teaching"

for the period from…….. to …….

Name of the IIT :

(Rs. in Lakh)

S. No.	Activities	No. of Programmes/ Activity Planned	Estimated Expenditure	No. of Programmes/ Activity actualy carried out	Expenditure for the Period from …… to ….	Expenditure Financial year to date	Cumulative Expenditure to Date
					a	b	c
(a)	Training fee						
(b)	Travel Cost of Resource Person both National & International						
(c)	Boarding and Lodging Expenses						
(d)	Conference, Seminars & Workshops						
(e)	Course Material Cost including Teaching & Learning Materials and processes including ICT enabled learning. Video conferencing facilities/corresponding ICT resources needed etc.						
(f)	Management Cost:						
	(i) Salary						
	(ii) Honorarium						
	(iii) Computational charges and office equipment						
	(iv) Contingency						
	(v) Overheads@20%						
	Total						

This is to certify that the expenditure reported is as per the books of accounts of _____. Further, the expenditure has been booked on the basis of cash based accounting.

Programme Coordinator Finance Officer Signature (Head of IIT):
Date :

FMR IE

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP) PHASE-II

FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 2.1 "Capacity Building to Strengthen Management"

for the period from…….. to …….

Name of the IIM :

(Rs. in Lakh)

S. No.	Activities	No. of Programmes/ Activity Planned	Estimated Expenditure	No. of Programmes/ Activity actualy carried out	Expenditure for the Period from …… to ….	Expenditure Financial year to date	Cumulative Expenditure to Date
					a	b	c
(a)	Training fee						
(b)	Travel Cost of Resource Person both National & International						
(c)	Boarding and Lodging Expenses						
(d)	Conference, Seminars & Workshops						
(e)	Course Material Cost including Teaching & Learning Materials and processes including ICT enabled learning. Video conferencing facilities/corresponding ICT resources needed etc.						
(f)	Management Cost:						
	(i) Salary						
	(ii) Honorarium						
	(iii) Computational charges and office equipment						
	(iv) Contingency						
	(v) Overheads@20%						
	Total						

This is to certify that the expenditure reported is as per the books of accounts of _____. Further, the expenditure has been booked on the basis of cash based accounting.

Programme Coordinator Finance Officer Signature (Head of IIM):
Date :

FMR 1 F

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Details of Expenditure of Sub-Component 2.2
Project Monitoring, Evaluation and Management

Report for the Quarter …….to…….

(Amount in lacs Rupees)

S. No.	Activities	Expenditure for the Quarter	Expenditure Financial Year to Date	Cumulative Expenditure to Date
		a	b	c
1	Civil Works			
2	Equipment			
3	Furniture			
4	Vehicle			
5	Books & LRs & Software			
6	Consultant Services			
7	Training of Senior and Support Staff in functional area, Meeting of various Committees, Workshops,State Private Sector advisory Group, System Management Capacity Enhancement, Technical Assistance			
8	Incremental Operating Cost			
(a)	Salaries			
(b)	Consumables			
(c)	Operation & Maintenance			
	Total			

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of NPIU/SPFU):

Date:

Note: Format FMR 1F will be applicable to NPIU / SPFU

FMR 2

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II
QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Summary of Expenditure against Budget for States/CFIs/NPIU

Report for the Quarter …….to…….

(Amount in lacs Rupees)

S. No.	State/CFI/NPIU	Annual Budget	Expenditure for the Quarter	Expenditure Financial Year to Date	Cumulative Expenditure to Date	Financial Year to Date as % of Annual Budget
						%
		a	b	c	d	e= c/a
A.	**States**					
	State					
	State					
	State					
	State					
	State					
	State					
	State					
Sub- Total States (A)						
B.	**Centrally Funded Institutes (CFIs)**					
	CFI 1					
	CFI 2					
	CFI 3					
	CFI 4					
Sub- Total CFIs (B)						
C.	**NPIU**					
Sub- Total NPIU (C)						
GRAND TOTAL (A + B + C)						

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of NPIU):

Date:

Note: Format FMR 2 will be applicable to NPIU

FMR 3

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE - II

QUARTERLY FINANCIAL MONITORING REPORT (FMR)

Disbursement Required from World Bank

Report for the Quarter …….to…….

(Amount in lacs Rupees)

S.No.	Particulars	Percentage		Amount
A.	Total Expenditure for Quarter	I		'D' of Column 1 of FMR 1
	World Bank Share 60 % of above	II =60 % of I		
B.	World Bank Funds Received till date	III		
	Total Project Uses till date	IV		'H' of Column 3 of FMR 1
	World Bank Share 60 % of above	V = 60 % of IV		
	World Bank Funds Unutilized	VI = III - V		
C.	Forecast for Project Payments for the next 6 months	VII		'D' of Column 4 of FMR 1
	World Bank Share 60 % of above	VIII = 60 % of VII		
	Less: World Bank Funds Untilized	IX = VI		
	Net Funds Required from the World Bank	X = VIII - IX		

Certified that:
The information mentioned above is as per books of accounts of implementing entities.

Signature (Head of NPIU):

Date:

Note: Format FMR 3 will be applicable to NPIU

Annex – XIII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

GUIDELINES FOR THE PREPARATION OF FINANCIAL MONITORING REPORTS (FMRs)

The Financial Management Reports have 3 formats:

1) FMR-1 (including 1A, 1B, 1C, 1D, 1E & 1F)
2) FMR-2
3) FMR-3

The information required for the preparation of quarterly Financial Monitoring Reports is described below:

1) Guidelines for incorporating information in FMR-1 Format:

a) Sources and Uses of Funds: It will contain information on Sources of funds and Uses of Funds. This information will be provided for the current quarter, financial year to date and cumulative to date.

b) Expenditure: It shall contain information on expenditure on various programme components/sub-components. This information will be provided for the current quarter, financial year to date and cumulative to date.

c) Forecast: It will include forecast for next six months by components/sub-component wise.

Please note that format FMR-1 will be applicable to NPIU/SPFU/Project Institution/CFI.

Format for sub-component 1.1: Strengthening Institutions to Improve Learning Outcomes and Employability of Graduates (FMR 1A):

It includes:

- Category-wise Expenditure for the quarter, financial year to date and cumulative to date.

Format for sub-component 1.2: Scaling-up Postgraduate Education and Demand-Driven Research & Development and Innovation (FMR 1B):

It includes:

- Category-wise Expenditure for the quarter, financial year to date and cumulative to date.

Format for sub-component 1.2.1: Establishing Centres of Excellence (FMR 1C):

It includes:

- Category-wise Expenditure for the quarter, financial year to date and cumulative to date.

Please note that format FMR 1A, FMR 1B & FMR 1C will be applicable only to Project Institution/CFI.

Format for sub-component 1.3: Faculty Development for Effective Teaching (FMR 1D):

It includes:

- Category-wise Expenditure for the quarter, financial year to date and cumulative to date.

Format for sub-component 2.1: Capacity Building to Strengthen Management of Technical Education (FMR 1E):

It includes:

- Category-wise Expenditure for the quarter, financial year to date and cumulative to date.

Format for sub-component 2.2: Project Monitoring, Evaluation and Management (FMR 1F):

It includes:

- Category-wise Expenditure for the quarter, financial year to date and cumulative to date.

Please note that format FMR 1D, FMR 1E & FMR 1F will be applicable to NPIU and SPFU.

2) Guidelines for incorporating information in FMR 2 Format:

a) It shall contain information by State-wise/CFI-wise/NPIU about:

- Annual Budget.
- Expenditure for the quarter, financial year to date and cumulative to date.
- % of Expenditure Financial Year to date Expenditure % to Annual Budget.

3) Guidelines for incorporating information in FMR-3 Format:

a) Expenditure for the Quarter: It shall contain total project expenditure for the quarter and World Bank share in % of the same.

b) World Bank Funds to Date: information about World Bank funds received to date, World Bank share in % of Total Project Uses to date and Unutilized World Bank funds.

c) Forecast and Funds Required from World Bank: Information about Forecast for project payments for the next 6 months and Net Funds Required from the World Bank for this period.

Please note that format FMR 2 & FMR 3 will be applicable only to NPIU for preparing Consolidated FMR for the Project.

Annex – XIV

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

FINANCIAL MANAGEMENT INDICATORS – CFIs / Project Institutions

To be sent twice in a year along with (Financial Management Report) FMR for six months ending 30th September and 31st March.

Name of Centrally Funded Institution/Project Institution_____

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/Institution 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/Institution 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/SPFU, 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		

Signature of Head of CFI/Institution: ***Date:***

Name of Head of CFI/Institution:

Annex – XV

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

FINANCIAL MANAGEMENT INDICATORS – SPFUs

To be sent twice in a year along with (Financial Management Report) FMR for six month ending 30th September and 31st March.

Name of the State_____

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

SPFU/Institution	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
SPFU						
Name of Institution						
1.						
2.						
3.						

A.2. Training of Finance personnel completed:

S. No.		**YES** (pl. tick) and Mention dates on which training was conducted	**NO** (pl. tick)	If **'NO'**, pl. specify by when training is expected to take place
1.	SPFU/ CFI level finance and accounts staff trained			
2.	Programme Institution 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 Institutions along with monetary limits.

SPFU/Institution	Delegation of Financial Powers
SPFU	
Name of Institution	
1.	
2.	
3.	

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

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

B.3. Accounting Software:

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

C.1. Financial Management Report:

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

	Date of Submission of FMR to NPIU	**Institutions covered in FMR** Mention number	**Institutions Omitted in FMR** Mention number and names
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)
At SPFU		
At Institution Level		
1.		
2.		
3.		

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
At SPFU		i) Saving/ Current ii) Fixed Deposit		
At Institution Level				
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:

Annex – XVI

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

CONSOLIDATED REPORT ON ANNUAL STATUTORY AUDIT

Expenditure Incurred by Implementing Entities (States/CFIs/NPIU)*

Audit Report for Financial Year ended on _____

(Rs. Lakhs)

S. No.	**Name of State/CFIs/NPIU** **(** in alphabetical order**)**	**Expenditure**		
		Reported[3] **(A)**	**Disallowed**[4] **(B)**	**Net (C = A – B)**
	Grand Total			

* *Note* : Consolidated Audit Report for the Project will be prepared on the basis of the following individual audit reports: audit report for each State, audit report for NPIU and consolidated audit report for CFIs.

[3] As reported in the Interim Un-audited Financial Reports of the State/CFI/NPIU.
[4] Amount either (a) disallowed by the Auditor or (b) considered ineligible by NPIU for any reason.

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

CONSOLIDATED REPORT ON AUDIT

Date of Audit Report

Audit Report for Financial Year ended on _____

S.No.	**Name of State/CFIs/NPIU** (in alphabetical order)	**Date**[5]

[5] Date as per the Audit Report and Certificate issued by the Auditor.

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

KEY OBSERVATIONS OF AUDITOR

Audit Report for Financial Year ended on _____

<**List name of Implementing Entity** and **Key Observations** relating to the Project>

Annex – XVII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

TRIAL BALANCE

AS ON _____

S. No.	L.F. No.	HEAD OF ACCOUNT		DEBIT Rs.	CREDIT Rs.
		Account Code *	Description		
TOTAL					

* with respect to chart of account

Annex – XVIII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

BANK RECONCILIATION STATEMENT

Month :

Bank's Name :

Sl. No.	**Particulars**	**Amount Rs.**	**Amount Rs.**
A	Balance as per Bank Statement		
B	ADD: (i) Amount Deposited but not Credited by Bank (ii) Amount debited but not taken to Cash Book		
C	SUB TOTAL (A+B)		
D	LESS: (i) Cheques issued but not presented in the bank (ii) Amount credited by bank but not taken to Cash Book		
E	Balance as per Cash book (C-D)		

List of Cheques not presented in the Bank as per D (i)	**Amount Rs.**	**Date of Encashment**
Cheque No.		
TOTAL		

Prepared by Checked by Approved By

(Cashier) (Accounts Incharge) (Appropriate Authority)

Annex – XIX

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

RECEIPT AND PAYMENT ACCOUNT

FOR THE MONTH OF/ QUARTER OF _____

(From _____ to _____)

RECEIPTS				**PAYMENTS**			
Sl. No.	Particulars	For the month Amount Rs.	Cumulative Amount Rs.	Sl. No	Particulars	For the month Amount Rs.	Cumulative Amount Rs.
1	Opening Balance a) Cash b) Bank			1	Release to		
2	Received from			2	Payment to Consultants, Seminars & Workshops		
3	Other Receipts, if any			3	Procurement of Assets		
				4	Administration Expenditure		
				5	Closing balance a) Cash b) Bank		
TOTAL				**TOTAL**			

Annex – XX

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED _____

EXPENDITURE			
Previous Year	Particulars	Amount Rs.	Amount Rs.
1			

	INCOME		
Previous Year	Particulars	Amount Rs.	Amount Rs.

Annex – XXI

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

BALANCE SHEET

AS AT _____

S. No.	PARTICULARS	SCHEDULE NO.	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A	SOURCE OF FUNDS 1) Amount received from: 2) Contribution from: 3) Excess of income over Expenditure			
TOTAL				
B	APPLICATION OF FUNDS 1) Fixed Assets 2) Work in progress –Scheme work under implementation 3) A. Current Assets, Loans and advances a. Cash Balance b. Bank balance c. Advance for Capital goods d. Loans and Advances B. Less: Current Liabilities Net Current Assets (A-B)			
TOTAL				

Annex – XXII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

TERMS OF REFERENCE FOR INTERNAL AUDITOR

Position : **Internal Auditor**
Organization : .....
Duty Station : .....
Duration : Initially for 1 year (further extension for 2 years based on performance)

BACKGROUND:

TEQIP II will be a Centrally Sponsored Scheme (CSS) of the Ministry of Human Resources Development (MHRD) and is expected to cover around 20 States and 200 institutions. The Central Government will finance 75% of the costs and the State Government the remaining 25%, unless the State is a Special Category State, in which case it finances 90% of the costs.

PROJECT COMPONENTS:

The Second Phase of the Technical Education Quality Improvement Programme is composed of the following components and sub-components:

Component 1 : Improving Quality of Education in Selected Institutions

- Sub-Component 1.1 : Strengthening Institutions to improve learning outcomes and employability of graduates
- Sub-Component 1.2 : Scaling-up Post Graduate education and Demand-Driven Research & Development and Innovation
- Sub-Sub Component 1.2.1 : Establishing Centres of Excellence
- Sub-Component 1.3 : Faculty Development for Effective Teaching (Pedagogical Training)

Component 2 : Improving System Management

- Sub-Component 2.1 : Capacity Building to Strengthen Management
- Sub-Component 2.2 : Project Management, Monitoring and Evaluation

IMPLEMENTATION ARRANGEMENTS:

I. Institutional and implementation Arrangements

Central Level

Overall responsibility for the project will lie with the Department of Higher Education of the Ministry of Human Resource Development (MHRD). MHRD will constitute a National Steering Committee assisted by a small National Project Directorate headed by the National Project Director (Secretary or Joint Secretary in charge of higher/technical education). MHRD will delegate day-to-day implementation to National Project Implementation Unit (NPIU). MHRD will enter into a Memorandum of Understanding (MoU) with each State Government.

State Level

State Governments will oversee and facilitate implementation in the institutions in their State through the State Project Facilitation Unit (SPFU) under the department responsible for technical education. The Secretary in-charge of technical education is overall responsible for project implementation in that State, assisted by the Director of Technical Education and the team in the SPFUs. Each State will enter into an MoU with each participating institution.

Institutional Level

At the institutional level, the Board of Governors (BOG) is the body responsible for institutional project design, reform and project implementation. The day-to-day implementation is coordinated by a TEQIP unit headed by the institutional Director and assisted by a senior faculty member as the TEQIP Nodal Officer.

There will be around 200 participating Project institutions sponsored by State Governments, including around 30 Centrally Funded Institutions (CFIs). These will be financed exclusively by the Central Government and will enter into an MoU directly with the MHRD under the supervision and facilitation of the NPIU.

II. Financial Management Arrangements

Budgeting: for project activities will be carried out as follows: (a) at the National Level, MHRD will be responsible for preparation of the budget for its own expenditure, releases to States as well as expenditure to be incurred at the Centrally Funded Institutions; and (b) at the State Level, the project budget will be prepared by the Department of Technical Education and submitted to the Finance Department for approval and inclusion in the overall budget for the State. This will be for total expenditure in the State, including GoI share. The share of GoI funds will be released by MHRD to States through GoI channels to the State Treasury, which will further release the funds to the Institutions.

Books of accounts for the project are maintained using double-entry bookkeeping principles. Standard books of accounts are maintained at the State and institutions. Most States/ institutions use an 'off-the-shelf' accounting software for recording/ compilation of information.

The Finance Function in NPIU will be headed by a Consultant Finance who will be assisted in his/her functions by an Associate Consultant and at least two Accounts Assistants. At the State level each SPFU is expected to have a full time person responsible for oversight of the FM function.

Disbursements from the World Bank will be made against quarterly Financial Monitoring Reports (FMRs), to be submitted within 45 days of close of each quarter. Expenditure as reported in the IUFRs will be subject to certification as per the Annual Audit Reports submitted for each State/ NPIU/CFIs.

Audits of States will be conducted by firms of Chartered Accountants appointed by SPFU. The Audit will cover Project Financial Statements from all institutions and SPFUs. Audits will be carried out in accordance with TORs acceptable to the Bank. The MHRD will provide the Bank with a Consolidated Report on Audit of the Project, including a consolidation of project expenditure and key observations forming part of the State audit reports, audit report for CFIs and NPIU.

OBJECTIVE OF INTERNAL AUDIT:

The objectives of internal audit are as follows:

- To evaluate adequacy of internal control system
- To ensure compliance of laid down policies and procedures as documented in Financial Management Manual of the project.

Internal audit provides project management with timely information and recommendations on financial management aspects to enable the management to take corrective actions, wherever necessary, in due time.

NEED FOR INTERNAL AUDIT:

As laid down in Annex-7 of Project Appraisal Document (PAD), the SPFU has to appoint internal auditors for the project to perform audit on semi-annual basis at the institutions. Further, the Centrally Funded Institution will appoint internal auditors for carrying out internal audit of their institution on semi-annual basis.

SCOPE OF AUDIT:

The overall scope of Internal Audit in TEQIP II project will include:

(i) enable the auditor to confirm compliance with Financial Management Guidelines laid dowm for the project.

(ii) provide SPFU with timely and real time information on financial management aspects of the project, including internal controls, compliance with financing agreements and Institutions/areas in need for improvement and to enable follow-up action. This will involve regular and frequent visits to Institutions to check adherence with internal control requirements like bank reconciliations, timely maintenance of books/accounting software and accuracy of reporting.

COVERAGE OF AUDIT:

The audit would cover the entire project i.e., covering all sources and application of funds for the project, as considered necessary for the audit. The audit would also cover all consultancies or other contracts that may be entered into by the implementing agencies.

Specific areas of coverage of audit will include the following:

FINANCIAL TRANSACTIONS:

Internal audit of each implementing agency (IA) should be conducted on a semi-annual basis. It should be carried out in accordance with the Internal Auditing Standards of Institution of Chartered Accountants of India, and will include such substantive and control tests as the Internal Auditor considers necessary under the circumstances.

The internal auditor will conduct an assessment of the adequacy of the project Financial Management system, including internal controls. This would include aspects such as:-

a) Whether appropriate controls as specified by the Financial Management Manual (FMM), Project Appraisal Document (PAD), General Financial Rules (GFRs), Project Implementation Plan (PIP) and other relevant Central/State Government notifications are operating satisfactorily. The auditor should suggest methods for improving weak controls or creating them where these controls do not exist.

b) That proper books of account/operation of accounting software as laid down in the Financial Management Manual and adequate documentation is being maintained for timely and accurate reporting for project activities.

c) An assessment of compliance with provisions of the financing agreements (Grant Agreement; Project Agreements, Memorandum of Understanding (MoU) between Institution and SPFU and State and NPIU.

d) Efficiency and timeliness of funds flow mechanism at the level of State and institutions for project activities.

e) That an adequate system is in place to ensure that goods, works and services are being procured in accordance with the procurement procedures prescribed for the project. The audit should report by exception any such cases found where these guidelines are not followed.

f) That an appropriate system of accounting and financial reporting exists, on the basis of which claims are prepared and submitted for reimbursement.

g) Adequate records are maintained regarding assets created and assets acquired by the project, including details of cost, identification and location of assets.

h) Checking adherence to FM aspects of Disclosure Management requirement of the project by implementing agencies.

i) Verifying compliance with the recommendation of the internal audit report of the previous period (s) and provide comments thereon.

TIMING AND COVERAGE:

Internal audit will be carried out on a semi-annual basis and will include institutions. The Internal Audit firm will submit an Audit Schedule in advance to SPFU/CFIs and agree the schedule with the SPFU/CFIs.

REPORTING:

In addition to detailed internal audit report, the auditor should provide an **Executive Summary** highlighting critical issues which require the attention of the Head of SPFU and Board of Governor (BOG) of Institution and the status of action on the previous recommendations.

S. No	Period	No. of Institutions	Audit to be conducted in	Submission of Audit Report
1	1st April – 30th September		October	15th November
2	1st October – 31st March		April	15th May

PERIOD OF APPOINTMENT:

The auditor would be appointed for a period of 1 year beginning …….. and cover the Financial Year ending on March 31st……. The contract may be extended to another two years on the basis of performance of the auditor.

GENERAL:

The auditor should be given access to all legal documents, correspondence, Books of Accounts, Finance Management Manual of the project, Project Implementation Plan (PIP), Project Appraisal Document (PAD), Development Credit Agreement, Memorandum of Understanding (MOU) between the State and the Institution, Government Orders and Office Orders and any other information associated with the Project and as deemed necessary by the Auditor.

Annexure to ToR

SUGGESTED FORMAT OF INTERNAL AUDIT REPORT

Part A: Brief details of the Auditee and Audit:

a. Name and address of the Auditee :
b. Names of Office bearers :
c. Name/s of Audit Team Members :
d. Days of audit :
e. Period covered in the previous audit :
f. Period covered in the current audit :

Part B: Executive Summary:

The Executive Summary should normally cover the following items:

a) Objectives of audit
b) Methodology of audit
c) Status of implementation of the financial management system
d) Status of compliance of previous audit reports, including major audit observations pending compliance
e) Key areas of weaknesses that need improvement, classified into the following areas:
    i. Disallowance of expenditure as per the World Bank rules
    ii. Procedural Lapse
    iii. Accounting Lapse
    iv. Accounting books & records not maintained.
f) Recommendations for improvements

Executive Summary to include the following format:-

Para No.	Observations	Implications with risks involved	Recommendations for improvement	Auditee's Comments/ Agreed Action	Agreed Timeline for compliance

Part C: Compliance to previous Audit Reports

In this part, provide status of compliance with previous reports and detail pending audit observations. The views of the auditee should also be mentioned. In case there is any difficulty or problem in resolution of audit findings, these should be clearly highlighted.

Part D: Serious Observations:

In this part, provide details of serious audit observations, such as ineligible expenses, major lapses in internal controls, systemic weaknesses, procurement procedures not followed, incorrect information submitted for reimbursements, difference between cash drawn and expenditure reported, procedural lapse, accounting lapse, accounting books & records not maintained etc.

Part E: Other Observations:

Observations that are not serious in nature, but nonetheless require the attention of the Project should be detailed in this part.

Part F: Executive Summary and Suggestions/Recommendations:

Provide an Executive Summary of the observations mentioned in Part C and D along with suggestions/recommendations. Provide specific recommendations on internal control and systemic weaknesses. In addition to audit reports, the auditor will provide a report to Project Management highlighting findings during the period under review. This will be in the form of a **consolidated Management Letter**,which will inter-alia include:

a) Comments and observations on the financial management records, systems and controls that were examined during the course of the review.
b) Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement.
c) Compliance with covenants in the financing agreement and comments, if any, on internal and external matters affecting such compliance.
d) Matters that have come to attention during the review and might have a significant impact on the implementation of the Project.
e) Any special review procedures required of a compliance nature (for example, compliance of procurement procedures and procedure for selection of consultants etc. recommended by the World Bank).
f) Any other matters that the auditor considers pertinent.

Annex - XXIII

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

TERMS OF REFERENCE FOR AUDIT OF FINANCIAL STATEMENTS

BACKGROUND:

TEQIP-II will be a Centrally Sponsored Scheme (CSS) of the Ministry of Human Resources Development (MHRD) and is expected to cover around 20 States and 200 institutions. The Central Government will finance 75% of the costs and the State Government the remaining 25%, unless the State is a Special Category State, in which case it finances 90% of the costs.

PROJECT COMPONENTS:

The Second Phase of the Technical Education Quality Improvement Programme is composed of the following components and sub-components:

Component 1 : Improving Quality of Education in Selected Institutions

- Sub-Component 1.1 : Strengthening Institutions to improve learning outcomes and employability of graduates
- Sub-Component 1.2 : Scaling-up Post Graduate education and Demand-Driven Research & Development and Innovation
- Sub-Sub Component 1.2.1 : Establishing Centres of Excellence
- Sub-Component 1.3 : Faculty Development for Effective Teaching (Pedagogical Training)

Component 2 : Improving System Management

- Sub-Component 2.1 : Capacity Building to Strengthen Management
- Sub-Component 2.2 : Project Management, Monitoring and Evaluation

IMPLEMENTATION ARRANGEMENTS:

I. Institutional and implementation Arrangements

Central Level

Overall responsibility for the project will lie with the Department of Higher Education of the Ministry of Human Resource Development (MHRD). MHRD will constitute a National Steering Committee assisted by a small National Project Directorate headed by the National Project Director (Additional Secretary or Joint Secretary in charge of higher/technical education). MHRD will delegate day-to-day implementation to National Project Implementation Unit (NPIU). MHRD will enter into a Memorandum of Understanding (MoU) with each State Government.

State Level

State Governments will oversee and facilitate implementation in the institutions in their State through the State Project Facilitation Unit (SPFU) under the department responsible for technical education. The Secretary in-charge of technical education is overall responsible for project implementation in that State, assisted by the Director of Technical Education and the team in the SPFUs. Each State will enter into an MoU with each participating institution.

Institutional Level

At the institutional level, the Board of Governors (BOG) is the body responsible for institutional project design, reform and project implementation. The day-to-day implementation is coordinated by a TEQIP unit headed by the institutional Director and assisted by a senior faculty member as the TEQIP Nodal Officer.

There will be around 200 participating Project institutions sponsored by State Governments, including around 30 Centrally Funded Institutions (CFIs). These will be financed exclusively by the Central Government and will enter into an MoU directly with the MHRD under the supervision and facilitation of the NPIU.

II. Financial Management Arrangements

Budgeting: for project activities will be carried out as follows: (a) at the National Level, MHRD will be responsible for preparation of the budget for its own expenditure, releases to States as well as expenditure to be incurred at the Centrally Funded Institutions; and (b) at the State Level, the project budget will be prepared by the Department of Technical Education and submitted to the Finance Department for approval and inclusion in the overall budget for the State. This will be for total expenditure in the State, including GoI share. The share of GoI funds will be released by MHRD to States through GoI channels to the State Treasury, which will further release the funds to the Institutions.

Books of accounts for the project are maintained using double-entry bookkeeping principles. Standard books of accounts are maintained at the State and institutions. Most States/ institutions use an off-the-shelf accounting software for recording/ compilation of information.

The Finance Function in NPIU will be headed by a Consultant Finance who will be assisted in his/her functions by an Associate Consultant and at least two Accounts Assistants. At the State level each SPFU is expected to have a full time person responsible for oversight of the FM function.

Disbursements from the World Bank will be made against quarterly Interim Unaudited Financial Reports (IUFRs), to be submitted within 45 days of close of each quarter. Expenditure as reported in the IUFRs will be subject to certification as per the Annual Audit Reports submitted for each State/ NPIU/CFIs.

OBJECTIVE:

The essence of the World Bank audit policy is to ensure that the Bank receives adequate independent, professional audit assurance that the proceeds of World Bank credit were used for the purposes intended[6], that the annual project financial statements are free from material misstatement, and that the terms of the credit agreement were complied with in all material respects.

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion as to whether (1) the PFS present fairly, in all material respects, the sources and applications of project funds for the period under audit examination, (2) the funds were utilized for the purposes for which they were provided, and (3) expenditures shown in the PFS are eligible for financing under the credit agreement. In addition the auditor will express a professional opinion as to whether the Financial Monitoring Reports (FMR) submitted by project management may be relied upon to support any applications for withdrawal.

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by the project implementation agency namely the National Project Implementation Unit (NPIU) at the national level, State Project Facilitation Unit at the State level and implementing institutions at national and State level.

STANDARDS:

The audit will be carried out in accordance with the Engagement and Quality Control Standards promulgated by the Institution of Chartered Accountants of India (ICAI)**.** The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the project financial statements.

SCOPE:

In conducting the audit, special attention should be paid to the following:

(a) All external funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided. Relevant legal agreements include the Credit Agreement, the Project Appraisal Document, the Minutes of Negotiations and the Memorandum of Understanding;

(b) Counterpart funds have been provided and used in accordance with the legal agreements and only for the purposes for which they were provided;

(c) All necessary supporting documents, records, and accounts have been kept in respect of all project transactions including expenditures reported via FMRs. Clear linkages should exist between the books of account and FMRs presented to the Bank;

(d) The project accounts have been prepared in accordance with consistently applied Accounting Standards issued by the ICAI and present fairly, in all material respects, the

[6] The Bank's charter [Article III Section V(b) of IBRD's Articles of Agreement and Article V Section 1(g) of IDA's Articles of Agreement] specify that: "The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations."

financial situation of the project at the year end and of resources and expenditures for the year ended on that date;

(e) Goods and services financed have been procured in accordance with the relevant credit agreement; and

(f) Review of outstanding previous years audit observations and their compliance.

PROJECT FINANCIAL STATEMENTS:

The Project Financial Statements should include-

(a) Statement of Sources and Applications of Funds: An example is shown at Annex – XXIV (a).

(b) Reconciliation of Claims to Total Applications of Funds. The PFS includes reconciliation between expenditure reported as per the Statement of Sources and Applications of Funds and expenditure claimed from the World Bank through FMR based method of reimbursement. An example is shown at Annex – XXIV (b).

(c) Other Statements or Schedules such as:

- A statement showing appropriate major heads of expenditure by Project Component/Sub-components
- A summary of cumulative expenditures

(d) Management Assertion: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements. An example of a Management Assertion Letter is shown at Annex – XXIV (c).

FINANCIAL MONITORING REPORTS:

In addition to the audit of the PFS, the auditor is required to audit all FMRs for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the credit agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor. For the fourth quarter disbursement against FMR auditors should review the expenditure position before making the claim and provide reconciliation between the expenditure as per FMRs and as per the PFS for the period under audit examination.

AUDIT REPORT:

An audit report on the project financial statements should be prepared in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those standards require a clear written expression of opinion on the financial statements taken as a whole. An unqualified opinion indicates the auditor's satisfaction in all material respects with the matters laid down under the relevant agreement. When a qualified opinion, adverse opinion or disclaimer of opinion is to be given or reservation of opinion on any matter is to be made, the audit report should State the reasons thereof. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion, (a) with respect to FMRs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to the audit report, expenditures are eligible for financing under the Credit Agreement. A sample audit report wording for an unqualified audit opinion is shown at Annex – XXIV (d).

The project financial statements and the audit report should be received by the Bank not later than 6 months after the end of the fiscal year. The auditor should also submit two copies of the audited accounts and audit report to the Implementing Agency.

MANAGEMENT LETTER:

In addition to the audit report on the project financial statements, the auditor will also prepare a management letter highlighting findings during the audit, which will inter alia include:

i) Comments and observations on the financial management records, systems and controls that were examined during the course of the review;
ii) Deficiencies and areas of weakness in systems and controls and recommendation for their improvement;
iii) Matters that have come to attention during the audit that might have a significant impact on the implementation of the project; and
iv) Any other matters that the auditor considers pertinent to report in relation to the financial management of the project.

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 should be given access to any information relevant for the purposes of conducting the audit. This would normally include all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. The information made available to the auditor should include, but not be limited to, copies of the Bank's Project Appraisal Document, the relevant Legal Agreements and a copy of Aide Memoires. It is highly desirable that the auditor become familiar with other Bank policy documents, such as OP/BP 10.02, the Bank's internal guidelines on Financial Management that include financial reporting and auditing requirements for projects financed by the World Bank. The auditor should also be familiar with the Bank's Disbursement Manual. Both documents will be provided by the Project staff to the auditor.

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 Annex – XXIV (e).

Annex – XXIII (a)

EXAMPLE OF A STATEMENT OF SOURCES AND APPLICATION OF FUNDS

Name of the Project
Credit/ No.
Statement of Sources and Applications of Funds
Report for the year ended _____

In Rs. Lakhs

Particulars	Current Year	Previous Year	Project to date
Opening Balance (A)			
Receipts			
Funds from Government through Budget (These will include external assistance received by Government for the project.)			
Funds received directly by Project Implementing authority through external assistance			
Cost share by Private Unaided Institutions for Component 1			
Total Receipts (B)			
Total Sources (C = A + B)			
Expenditures by Component			
A.			
B.			
C.			
Total Expenditures (D)			
Closing Balance, (C-D)			

Notes:

1. The above figures will be based on accounts prepared by the accounts compiling officers, duly reconciled, with details of un-reconciled amounts to be furnished.
2. Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
3. Any other specific Note.

Annex – XXIII (b)

SAMPLE RECONCILIATION OF CLAIMS TO TOTAL APPLICATIONS OF FUNDS

Name of the Project
Credit No.
Reconciliation of Claims to Total Applications of Funds
Report for the year ended _____

	Schedules	Amt (Rs. Lakhs)		
		Current Year	Previous Year	Project to date
Bank Funds claimed during the year (A)	**I**			
Total Expenditure made during the year (B)				
Less: Outstanding bills (C)	**II**			
Ineligible expenditures (D)	**III**			
Expenditures not claimed (E)	**IV**			
Total Eligible Expenditures Claimed (F)=(B)-(C)-(D)-(E)				
World Bank Share @ x% of (F) above (G)				

CFAO

Project Director

Date

Date

Notes:

1. Total expenditure made during the year (B above) must be the same as the Total Expenditures shown on the Statement of Sources and Applications of Funds (D on the Statement of Sources and Applications of Funds)
2. Expenditures not claimed (E above) may reflect timing differences for eligible expenditures incurred during the year but claimed after the year end.
3. Amounts A and G above must be equal.

Annex – XXIII (c)

EXAMPLE OF A MANAGEMENT ASSERTION LETTER[7]

(Project Letterhead)

(To Auditor) (Date)

This assertion letter is provided in connection with your audit of the financial statements of the _____ Project for the year ended _____. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Project, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relating to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Credit Agreement, , the Project Appraisal Document, the Minutes of Negotiations, the Borrower's Project Implementation Plan, and Memorandum of Understanding

_____
(Senior Executive Officer)

_____
(Senior Financial Officer)

[7] This sample management assertion letter is based on ISA 580, "Management Representations", *Handbook of International Auditing, Assurance and Ethics Pronouncements*, International Federation of Accountants, 2007.

Annex – XXIII (d)

SAMPLE AUDIT REPORT—UNQUALIFIED OPINION

Auditor's Report :

Addressee[8]

Report on the Project Financial Statements:

We have audited the accompanying financial statements of the _____ Project financed under World Bank Credit No._____, which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds[9] for the year ended _____.These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of _____ Project for the year ended _____ in accordance with accounting principles generally accepted in India.

In addition, in our opinion, (a) with respect to FMRs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Credit Agreement. During the course of the audit, FMRs (period and amount to be indicated) and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement.

[Auditor's Signature]
[Auditor's Address][Date[10]]

---

[8] The auditor's report should be addressed to the person stipulated in the underlying loan agreement as responsible for providing audited project financial statements.

[9] Insert titles of other required statements and schedules included in or annexed to the project financial statements, if any.

[10] The report should be dated as of the date to which the auditor has become aware of and considered the effects of events and transactions. This is generally the final date of fieldwork, as opposed to the date of signing the audit report.

Annex – XXIII (e)

UTILIZATION CERTIFICATE

a) Opening Balance as on 1st April Rs _____

b) Funds received from
Vide letter No_____dated_____ Rs _____

c) Interest earned on grant available for TEQIP
only during the year (31st 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 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 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 Chartered Accountants Firm)

Seal of Chartered Accountants Firm

Signature

Date:_____

Place:_____

Annex – XXIV

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP] PHASE – II

SELECTION CRITERIA FOR AUDIT OF FINANCIAL STATEMENTS

1. Appointment of Auditors

The auditors will be appointed in accordance with the guidelines for procurement of consultants as contained in the Procurement Manual of the Project. The process of appointment should be completed before the commencement of the FY for which the audit is to be done. The auditors may be appointed initially for a period of two year and then for another year, subject to annual performance review. This will ensure continuity and the auditors will be able to assess the progress over time. However, in case of re-appointment of the same auditor –

- ensure compliance with the Procurement Guidelines of the Manual; and
- re-confirm that the audit firm continues to satisfy the eligibility criteria as prescribed in the ToR.

2. Eligibility Criteria:

I. The firm must be empanelled with C & AG, without which the application of the firm would not be considered.

II. Firms must qualify following minimum criteria:

Sl. No.	Particulars*	Minimum Criteria
1.	Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAI as on 1.1.2009)	4
2.	Turnover of the firm (Average annual in last three financial yrs.)	Minimum Rs.25 Lakhs
3.	No. of Years of Firm Existence	5 Yrs.
4.	No. of assignments of Statutory Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than Rs 25 crores in the last 3 years.	4
5.	No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects (other than Audit of Charitable Institutions & NGOs) in the last 3 years	4

a) Any firm not qualifying these minimum criteria need not apply as their proposal shall be summarily rejected.

b) **Supporting Documents for Eligibility Criterions:** Following supporting documents must be submitted by the firm along with the technical proposal:

i. For S. No. 1 above, the firm must submit an attested copy of Certificate of ICAI as on 1.1.2009.
ii. For S. No. 2, the firm must submit, a copy of the balance sheet for the last three years.
iii. For S. No. 4 & 5, the firm must submit a copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.

III. The firm or any partners of the firm should not be black listed by any PSUs or Govt. Co. or any other organization in respect of any assignment or behavior. [Self attested affidavit on Rs.100/- stamp paper to be given in this regard by the authorised person of the firm].

EVALUATION CRITERIA FOR SELECTION OF AUDITOR

Evaluation Criteria: Expression of Interest (EOI)

The Evaluation Criteria for selecting the auditor are mentioned below:

S.No.	*Evaluation Criteria*	*Maximum Marks*
1	Number of Partners (2 marks up to 3 partners,1 for each additional partner)	10
2	Presence of the Firm in Project State	10
3	Number of Professionally Qualified Staff Between 10-25 staff-(5 marks) More than 25 Staff-(10 marks)	10
4	Turnover for the last five years More than 50 lacs and up to 75 Lacs-2 marks for each year More than 75 Lacs-4 marks for each year	20
5	Number of Audit and similar assignments undertaken during last 5 years (5 marks for each assignment, maximum three)	15
6	Number of World Bank Project Audits** undertaken during the last 5 years (5 marks for each assignment, maximum seven assignments)	35
	Total Marks	**100**

* The audit firms must be empanelled with the C&AG and eligible for major audits

** World Bank audits means any audit conducted by the firm for World Bank clients, and includes both external audit and internal audit.

Criteria for Selection of Auditors – Request for Proposal (RFP)

The Evaluation Criteria for selecting the auditor are mentioned below:

S. No.	***Evaluation Criteria***	***Maximum Marks***
1	Number of External Audit / similar assignments undertaken during last 5 years (5 marks for each assignment, maximum of 4 assignment)	20
2	Number of World Bank project Audits*** undertaken during the last 5 years (5 marks for each assignment, maximum six assignments)	30
3	Based On Team proposed	
	> Partner	15
	> Audit Manager	15
	> Audit Staff	20
	Total Marks	**100**
	The individuals shall be rated on the following sub-criteria, as relevant to the task:	
	General qualifications: general education and training, length of experience, positions held, time with the firm as staff, experience in developing countries, and so forth;	20%
	Adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and	50%
	Experience of working on World Bank projects	15%
	Experience of working with Government departments/similar projects	15%

* The audit firms must be empanelled with the C&AG and eligible for major audits.

Annex – XXV

TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME [TEQIP]
PHASE – II

SPECIFIC INSTRUCTIONS FOR STATUTORY AUDIT OF FINANCIAL STATEMENTS

1. Coverage by Auditors

To ensure timely completion of audit, auditors should visit each project implementing agency (Institution/SPFU/NPIU) twice a year and, in total, review at least 50% of transactions by value.

2. Audit Observations

a. Classification of audit observations: For each of the audit observations, the auditor should classify it either as a Major or a Minor observation. To arrive at the classification, both the amount (quantity) and nature (quality) of misstatements need to be considered.

b. Quantification of audit observations: To the best extent possible, the auditor should quantify the impact of the misstatement, so that implication of the findings can be assessed.

c. Observations should be as **specific** as possible.

d. Management Response: Management must submit a response to the audit observations listed in the audit report.

3. Presentation of Financial Statements

a. Expenditure in Project Financial Statements may be grouped as per reporting heads in the Financial Monitoring Reports (to the extent feasible). This will facilitate reconciliation with the FMRs.

b. Accounting Policies should clearly indicate, inter alia, the basis of recognition of expenditure for various activities i.e. basis and timing of expenditure recognition and nature of documents received to liquidate the advance and record expenditure e.g., Utilization Certificate, Statement of Expenditures or actual vouchers/bills etc.

c. The audit report shall contain an audited FMR for the last quarter (quarter ending March 200…. ,showing cumulative and head wise expenditure for the complete financial year) along with the Audited Statement of Accounts. Further, it should include a reconciliation between these two statements.

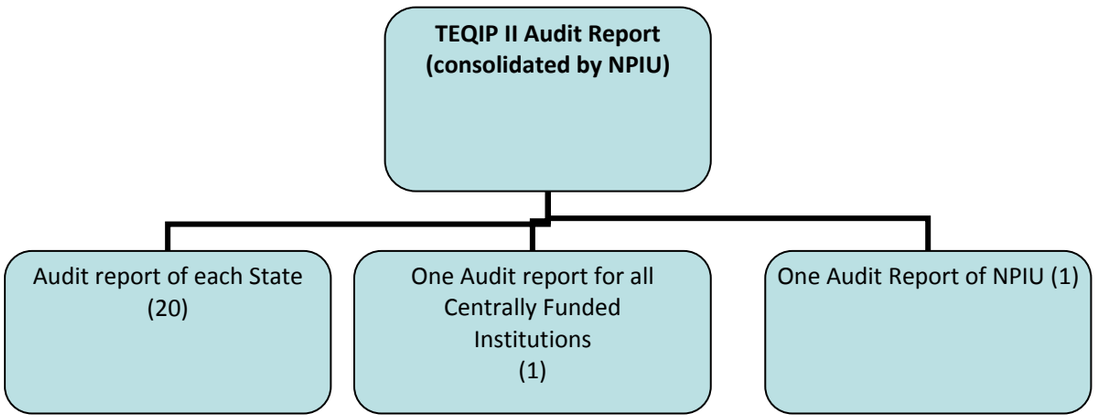
4. Consolidation of Annual Audit Report

a. *States:* Each institution in a State will be audited annually by a chartered accountant hired by State Project Facilitation Unit (SPFU). The consolidated audit report for each State will be submitted by the SPFU to National Project Implementation Unit (NPIU).

b. *Centrally Funded Institutions (CFIs):* There will be one audit report for Centrally Funded Institutions, for which one firm of Chartered Accountants will be appointed by NPIU.

c. *NPIU:* There will be one audit report for NPIU's own expenditure.

d. *Consolidated Audit Report for Project:* The MHRD (through the NPIU) will provide the Bank with a Consolidated Report on Audit of the Project. This report will consolidate Project Expenditure and key observations forming part of the State audit reports, CFI audit report & NPIU audit report. Based on the key observations, the Bank may request GOI to provide copies of audit reports of specific states/CFI.



5. Period of Appointment

Auditors will be hired for one year and their assignment may be extended to another two years based on satisfactory performance.