

Vocational Training Improvement Project

Guidance for preparing

Interim Unaudited Financial Reports (IUFs)

GUIDANCE FOR PREPARING IUFs

- a) **Purpose of IUFs:** IUFs are required for regular financial reporting for the project and as the basis of disbursement of funds by The World Bank to Government of India.

National Project Implementation Unit (NPIU) is required to submit a consolidated IUF for the project for each quarter to The World Bank. within 45 days of end of each quarter. The consolidated IUF for the project is prepared by the NPIU by aggregating quarterly IUFs submitted for all states, CFIs and NPIU. This consolidated IUF provides summary of expenditure for the quarter, for financial year to date and cumulative expenditure date for the project as a whole. The report also provides summary of status of advances.

All implementing agencies of the project (states, CFIs and NPIU) need to ensure that the IUFs are prepared accurately and submitted timely.

IUFs to be prepared taking due care, so that the sum of all the IUFs should match with the expenditure to be audited for that financial year.

- b) **Frequency of IUF:** Four Quarterly IUFs are to be issued in each financial year for the period:
- April to June
 - July to September
 - October to December
 - January to March
- c) **Deadline for Submission of Quarterly IUF by States and CFIs to NPIU, DGE&T:**
No later than within 15 days of the close of previous quarter.

Quarter	Deadline of submission of IUFR by states/CFIs to NPIU, DGE&T
April to June	15 July
July to September	15 October
October to December	15 January
January to March	15 April

In case there is no change in information from previous quarter, the IUFR still needs to be submitted e.g., if for a quarter (say April-June 2009), there was no expenditure, and no further advances were given or adjusted, during April-June, 'NIL' will be mentioned in the column 'for the quarter'. The column 'Year to date' and 'cumulative to date' will have the same information which was in the IUFR for the previous quarter (October to December 2008).

- d) **Name of State/UT/CFI:** name of state/UT/CFI along with telephone number of the office, fax number and address of website should be mentioned clearly on the first page of the IUFR.
- e) **Format of IUFR:**
1. *Report Format-* I given on page 13-14 of Financial Management Manual is to be used. In order to avoid confusion and maintain uniformity across the country, no deviation is expected from this format.
 2. *NIL Information:* No column of pro forma should be left blank. In case the information is 'NIL', 'NIL' amount may be shown in the relevant place.
 3. *Figures in Thousands:* All the figures should be shown in thousands ('000), in stead of mentioning full amount in rupees, lakhs or crores e.g., 48,24,000 should be mentioned as 4824.00, and not 48,24,000 or 48.24 lakhs or 4.824 crores.
 4. *Consolidated Information:* The format should mention consolidated information of expenditure for the state (state office plus ITIs), and not mention individual expenditure of ITIs.
 5. IUFR is divided into two main parts:
 - (A) Sources of Funds and
 - (F) Uses of Funds

6. *Sources of Funds:* Information is to be provided on amount of funds received for the project from two sources: (i) State Government; and (ii) Government of India.

7. *Uses of Funds:* This includes information on Expenditure (against row B) plus Net Advances (against row E) in the format.

8. *Expenditure by Components:*
 - a. The basis of reporting expenditure is actual expenditure and not releases (GoI to state or CFI and state to ITI).
 - b. Advances given for civil work and equipment and other items are not considered as expenditure.¹
 - c. Please note that as per agreement with The Bank, advances should not be claimed as expenditure. However, advances are to be reported separately in the IUFR as mentioned in point 9.
 - d. Information on actual expenditure should be mentioned against the relevant component and sub-component.
 - e. Total Expenditure (row 'B') for the quarter is the amount of expenditure to be claimed in the IUFR.

9. *Advances to Construction Agencies and Others:*
 - a. This information is required to monitor advances and settlement of the advances.
 - b. 'Total Advances': Information on advances to construction agencies/others should be provided in each IUFR in row 'C'.
 - c. 'Recovery/Adjustment of Advances': This information should be mentioned in row 'D'.
 - d. 'Net Advances': This is the difference between Total Advances and Recovery/Adjustment of Advances (row 'E').
 - e. When an advance gets adjusted, the amount of expenditure which was booked against that advance is mentioned against the relevant row in part B (Expenditure). For example, if in a quarter advance of 400 (in Rs. thousands) was given, the figure will be mentioned against 'C'. Also, if out of this advance during the quarter expenditure of 100 (in Rs. Thousands) was adjusted, 100 (in Rs. Thousands) will be part of expenditure reported against the relevant sub-component in part B, as well appear against row D (adjustment of advances). Therefore, the amount of adjustment should be shown in part B along with the other expenditure which

¹ For example, amount advanced to Public Works Department (PWD)/Central Public Works Department (CPWD) or any other agency will continue to be treated as an advance, unless the agency submits a utilization certificate (UC). Once the UC is received, the advance will be adjusted by the amount of expenditure.

has been incurred in that quarter. For example, if 'x' is expenditure in the quarter and 'y' is adjustment out of advances, total expenditure to be reported in part B will be 'x+y', and 'y' should also be mentioned in row 'D' below.

10. Columns:

- a. For the Quarter: to include information for the quarter for which IUFR is being submitted e.g., April to June.
- b. Cumulative -Year till date: This includes cumulative information for the financial year till the quarter for which IUFR is being submitted as shown in the following table:

IUFR for Quarter	Information to be included in Year to Date column for period
April to June	April to June
July to September	April to September
October to December	April to December
January to March	April to March

- c. Cumulative – Project till date: This includes cumulative information from beginning of project till end of the quarter for which IUFR is being submitted. This also includes expenditure incurred during retroactive period.

f) Consistent Information:

- 1. Please ensure that information provided in IUFR for a quarter is consistent with information provided in the IUFR of previous quarter in respect of Sources of Funds, Expenditure and Advances/Adjustment of Advances e.g., total Project to Date expenditure for April to June quarter should be equal to: (i) Project to Date expenditure reported up to the IUFR for January to March plus (ii) Expenditure for the quarter April to June.
- 2. Any inconsistency in IUFR compared to previous quarter should be clarified in the covering letter.

Adjustment of Expenditure:

- 1. Amount reported once in an IUFR cannot be revised by sending a follow-up letter. States/IUFR should make the required adjustment in the IUFR of the next quarter.
- 2. Any adjustment of figures (sources, expenditure or advances etc.) made in the current IUFR for a previous period (e.g., due to an error) should be shown clearly in the IUFR and explained in the covering letter.
- 3. The explanation should also mention the period to which the adjusted amount relates, the period of the IUFR to which this amount relates, the nature of this amount and reasons for adjustment of amounts.

- g) **Disclosure of IUFR:** Each State/CFI should display the IUFR for each quarter within 15 days of the end of the quarter on its website.
- h) **Reconciliation of IUFRs during Annual Audit by the AG:** Expenditure as reported in the IUFR will be subject to confirmation/certification as per the Annual Audit Reports submitted for each State/CFI.