

8 PROJECT FINANCIAL PROCEDURES

8.1 OVERVIEW OF FINANCIAL MONITORING

The financial procedures prescribed in this chapter should be understood in the overall context of the programme objectives, the extant program guidelines and the extant Standard Operating Procedures. It is pertinent to note here that the **DDU GKY Guidelines notified on 10.02.2015** specify the key components for financial monitoring as below:

“...the financial pass through to the beneficiaries such as: a) The food and transportation allowances, b) Post placement allowances and c) Payment to trainers, master trainers and Q team members will only be verified. This is expected to result in the audit of almost 70% of the payments to PIAs.” (First para, Section 3.2.1.7 of Programme Guidelines, Page 25)

Keeping view of the Guidelines, the Project Financial Procedures focus on monitoring of the following cost through financial transactions recorded and validated in PFMS.

- Payment of entitlements to candidates are accurate and timely
- Payment of salaries to trainers, master trainers and the Q team members are accurate and timely, as they have critical impact on the quality of training and employment as envisaged in the scheme

Other costs would be reviewed through the annual audit process by the Annual Auditor as per Auditing Standards of ICAI.

It is also pertinent to note here that the financial procedures detailed in this chapter take into account the physical outcomes/outputs that are monitored deploying the concurrent monitoring procedures outlined in the preceding chapters.

The forms used in financial monitoring are prescribed in this chapter. The forms will be suitably modified in PFMS. Wherever PFMS does not have equivalent forms, all stakeholders are required to use ones specified in this chapter and as amended from time to time.

8.2 FINANCIAL MONITORING - ROLES AND RESPONSIBILITIES OF KEY AGENCIES AND ACTORS

This section gives an overview of various agencies and processes involved in financial monitoring.

8.2.1 Overview of Roles and Responsibilities

Roles and responsibilities of each actor (as entities) involved in the process of financial monitoring of a project have been summarized in this section. Each of the key actors may have one or many functionaries. However, the accountability for adherence to the policy guidelines and procedures prescribed in SOP lies with the key actors irrespective of the performance of any act by its functionaries. Primarily, the actors are

- 1 PIA: Shall be accountable and responsible for compliance to all rules and regulations as per policies and processes defined in the SOP. The following actors will be involved in the processes constituting PIA and they have been delineated here for clarity.
 - a) PIA OP Team
 - b) PIA OP team (finance)
 - c) PIA Q Team
 - d) Auditor for conducting:
 - i. Monthly verification. Hereinafter referred as **Periodical Auditor**
 - ii. Annual audit, financial audit for project closure and financial audit for orderly closure of a project. Hereinafter referred as **Annual Auditor**

A PIA is free to appoint one auditor for d(i) and d(ii) above subject to applicable regulations of the Institute of Chartered Accountants of India(ICAI).

- 2 CTSA / SRLM: Financial team of CTSA for YPS/SRLM for an APS will undertake
 - o Verification of expenditure limited to disbursement of candidates entitlements, payment to trainers, master trainers and Q team members, in line with the guidelines.
 - o Verification and review of the remarks reported by the periodic and annual auditor, if any, and seek compliance
 - o CTSA to recommend to MoRD for release of funds based on financial verification as above. In addition to financial verification physical verification will also be taken into account for funds release as detailed in previous chapters and as per approved checklist. In the case of SRLM, such recommendation would be internal to the SRLM based on financial verification
 - o Thematic audit along with the MoRD empanelled auditor as per instructions of MoRD

PIA has to share the financial information and reports required to be submitted to SRLM and CTSA and also to any person or organization engaged by them as mentioned in the relevant sections.

- 3 MoRD will undertake the following:

- Review of expenditure limited to disbursement of candidates entitlements, payment to trainers, master trainers and Q team members
- Ensure that CTSA verifies and reviews remarks reported by the periodic and annual auditor, if any, and presents a compliance report submitted by the PIA along with its remarks.
- Conduct of thematic audit

The summary of roles and responsibilities of the actors along with their functionalities are described below:

1. PIA

a) **PIA OP team** has to perform following activities as mentioned in the table 8.2.1 under various processes constituting Financial SOP

TABLE 8.2.1

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
1	Identification of candidates not having active bank accounts	8.4.2	Opening of Bank Accounts for Candidates not having active bank account	1.	Prior to completion of selection process	-
2	Collect KYC documents for identified candidates	8.4.2	Opening of Bank Accounts for Candidates not having active bank account	2.	Prior to completion of selection process	As per the documents required by bank
3	Open bank accounts for identified candidates	8.4.2	Opening of Bank Accounts for Candidates not having active bank account	3.	At least 4 days before starting of training	As per the documents/forms required by bank

b) **PIA OP Team (Finance)** has critical role in financial management of a project which has to be closely coordinated with CTSA/SRLM.

TABLE 8.2.2

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
1	Open a dedicated bank	8.3.1.1	Opening of bank account and mapping on	1.	8 days before signing of	As per the requirement / forms of bank

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
	account for the project		PFMS		MoU	
2	Submit details of designated bank account for the project to SRLM (in case of APS) and CTSA (in case of YPS)	8.3.1.1	Opening of bank account and mapping on PFMS	2.	8 days before signing of MoU	SF 3.2 A (Accompanied by one cancelled cheque of the Project Account)
3	Open a new bank account for the project	8.3.1.2	Change of Project Account and Mapping into PFMS	1.	On requirement	As per the requirement / forms of bank
4	i) Add project account on PFMS ii) Send request for change of project account to SRLM (in case of APS) and CTSA (in case of YPS)	8.3.1.2	Change of Project Account and Mapping into PFMS	2.	1 day after opening of new bank account	SF 8.3A, SF 3.2A along with a cancelled cheque of the new Project Account

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
5	Transfer complete project fund to the newly mapped bank account and inform SRLM (in case of APS) and CTSA (in case of YPS)	8.3.1.2	Change of Project Account and Mapping into PFMS	4.	Within 3 days of notification of the change of project account by SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)	-
6	Upload bank account details in PFMS	8.4.2	Opening of Bank Accounts for Candidates not having active bank account	5.	1 days before starting of training	SF 8.4A SF 8.4B
7	1st payment: from start of training to freezing of batch	8.4.3	Payment of food and To & Fro charges	1.	5 days of batch freezing	
8	2nd payment to penultimate payment	8.4.3	Payment of food and To & Fro charges	2.	3 days of every fortnight	
9	Last payment at the completion of training for the batch and/or provide boarding and lodging facilities during OJT	8.4.3	Payment of food and To & Fro charges	3.	3 days of completion of training and/or during OJT days	-

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
10	Payment 1 st instalment of Post Placement Support (PPS) to the placed candidates	8.4.4	Payment of Post Placement Support	1.	Within 3 days of joining the job	-
11	Advance payment of remaining instalments of Post Placement Support (PPS) to the placed candidates	8.4.4	Payment of Post Placement Support	2.	Monthly basis on or before 10 th of the month	-
12	Provide travel assistance to the candidates as per instructions	8.4.5	One Time Travel Cost	1.	Continuous process after selection of candidates and before joining of the candidates in their respective jobs	-
13	Account for the expenditure towards one time travel cost	8.4.5	One Time Travel Cost	2.	Within 7 days of incurring of expenditure	-
14	Booking of expenditure towards boarding & lodging facilities to the candidates as per the instructions	8.4.6	Accounting for expenditure on boarding and lodging facilities to the candidates	1.	Continuous process	-

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
15	Payment of salaries to trainers, master trainers and Q team members and book the expenditure	8.5	Payment of salaries to trainers, master Trainers and Q team members	1.	Continuous process	-
16	Appoint Periodical Auditor as per the rules & regulations prescribed by the Institute of Chartered Accountants of India (ICAI)	8.9.1	Appointment of Periodical Auditor	1.	Within 10 days of uploading of sanction order (I ₂ +10)	-
17	Upload Periodical Auditor information in ASDMS	8.9.1	Appointment of Periodical Auditor	2.	Within 10 days of uploading of sanction order (I ₂ +10)	-
18	In case of change in periodical/annual auditor, update details of periodical/annual auditor in ASDMS and obtain joint declaration	8.9.1	Appointment of Periodical/Annual Auditor	4	Within 3 days of appointment of new periodical auditor/Annual auditor	SF 8.9A
19	Appoint Annual Auditor as per the rules & regulations prescribed	8.9.1	Appointment of Annual Auditor	1.	Within 10 days of uploading of sanction order (I ₂ +10)	-

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
	by The Institute of Chartered Accountants of India (ICAI).					
20	Upload Annual Auditor information in ASDMS	8.9.1	Appointment of Annual Auditor	2.	Within 10 days of uploading of sanction order (I ₂ +10)	-
21	Finalize and share the documents with Periodical Auditor for conducting Audit	8.10.1	First month financial audit certificate - Joint appraisal for compliance to SOP	1.	By 5 th of 2 nd calendar month after release of 1 st instalment	SF 8.10B
22	Finalize Financial Audit Certificate and share the documents with Annual Auditor for conducting audit Submission of 1 st month audit report to SRLM/CTSA as the case may be	8.10.1	First month financial audit certificate - Joint appraisal for compliance to SOP	3.	10 th of 2 nd calendar month after release of 1 st instalment 26 th of 2 nd calendar month after release of 1 st instalment	SF 8.10A SF 8.10J
23	Submission of revised audit report if required based on the observations of SRLM/CTSA	8.10.1	First month financial audit certificate - Joint appraisal for compliance to SOP	5.	30 th of 2 nd calendar month after release of 1 st instalment	

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
24	Finalize and share the documents with Periodical Auditor for conducting Audit	8.10.2	Monthly verification	1.	5th of every month (verification of previous month)	
25	Submit Monthly Verification Certificate issued by Periodical Auditor to SRLM/CTSA , as the case may be	8.10.2	Monthly verification	3.	16th of every month (verification of previous month)	SF 8.10B
26	Comply with the Monthly Verification Report of SRLM/CTSA report and submit a Compliance Report	8.10.2	Monthly verification	5.	26 th of every month (verification of previous month)	SF 8.10D
27	Finalize books of account in accordance with the applicable standards and share with Annual Auditor for audit	8.10.3	Annual Financial Audit	1.	31st July (for previous year)	SF 8.10F SF 8.10J

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
28	Submit annual audited financial statements ¹ , annual audit certificate and annual utilization certificates in prescribed formats to SRLM (in case of APS) and CTSA (in case of YPS)	8.10.3	Annual Financial Audit	4.	30 th September (for previous year)	Annual Audited Financial Statements as per the standards, SF 8.10F SF 8.10J
29	Comply with the Annual Verification Report of SRLM/CTSA and submit a Compliance Report	8.10.3	Annual Financial Audit	7	25 th October (for previous year)	SF 8.10H

¹ Financial Statements shall include the following: Utilisation Certificate in the format prescribed under SF 8.10J, Income and Expenditure account, Receipts and Payments accounts, Balance Sheet, Assets schedule, Notes of accounts, Auditor's Report/Certificate, and Management Response to the adverse comments, if any, made by the Auditor in the Audited Statements. Further, the Management Response needs to be duly signed by Authorized signatory (or a person authorized by him; If any other person is authorised an authorization letter should accompany the management response). All the above should be duly attested by the Chartered Accountant, as per the norms prescribed by ICAI.

Note: Financial Statements wherever mentioned in this document shall be read as mentioned above. The documents shall have to be presented whenever sought for.

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
30	Finalize and share utilization certificate	8.10.4	Utilization Certificate for Release of 2 nd and 3 rd instalment	1.	Any time after end of the calendar month in which they utilized the prescribed % of fund and achieve the required physical target.	SF 8.10K
31	Payment to the candidates and prepare a payment report	8.10.4	Release of fund on account of delay in release of 2 nd and 3 rd instalment	4.	3 rd of the 2 nd month from the month for which payment is to be made	SF 8.10B
32	Finalize books of account in accordance with the applicable standards and share along with other documents as required, with the Annual Auditor and Periodical Auditor for audit	8.11.1	Closure Financial Audit	1.	Within 10 months of completion of placement of candidates	SF 8.11A SF 8.11E
33	Submit Closure Audit Certificate and Utilisation Certificate along with Closure Audited	8.11.1	Closure Financial Audit	5.	Within 5 days of submission of Closure Audit Certificate and Closure Utilisation Certificate by Annual	SF 8.11A SF 8.11E

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
	Financial Statements to SRLM (in case of APS) and CTSA (in case of YPS)				Auditor	
34	Comply with the Closure Verification Report of SRLM/CTSA and submit a Compliance Report	8.11.1	Closure Financial Audit	8	Within 5 days of issue of Closure Verification Report by SRLM/CTSA as the case may be	SF 8.11C
35	Comply with the Thematic Verification Report of SRLM/CTSA and submit a Compliance Report with a copy to MoRD	8.12	Thematic verification	3.	5 days of issue of Thematic Verification Report to PIA	SF 8.12B

a) **PIA Q Team** has limited role in financial management processes.

TABLE 8.2.3

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
1	Verify and provide advice to PIA OP Team (Finance) in case of any deviation	8.4.2	Opening of Bank Accounts for Candidates	4.	2 days before starting of training	-

- 1) **Periodical Auditor** plays a critical role in not only ensuring adherence to policy guidelines and procedures prescribed in SOP but also acts as mentor to the PIA OP Team (finance) at different stages and time frames during implementation of the project. Performance of Periodical Auditor directly affects the quality and integrity of the financial management of a project by the PIA. In addition to adherence to the guidelines and the SOP, the Periodical Auditor is expected to bring the best of auditing practices to ensure the objectives of the program.

TABLE 8.2.4

Sr No	Activities	Process No	Process Name	Step No in the process	Time for completion	Formats for presenting the results
1	Conduct verification of prescribed heads of expenditure and other mandatory heads – First month financial audit	8.10.1	First month financial audit certificate – Joint appraisal for compliance to SOP	3.	By 15 th of 2 nd calendar month after release of 1 st instalment	SF 8.10B
2	Conduct verification of prescribed heads of expenditure and other mandatory heads – Monthly verification	8.10.2	Monthly verification	2.	15 th of every month (verification of previous month)	SF 8.10B

- 1) **Annual Auditor** is responsible for preparation and presentation of annual/closure audit reports and financial statements by verification of books of account and other reports and certificates produced by PIA OP Team (Finance). If the project has a separate Periodical Auditor, then annual auditor will also verify the reports and certificates issued by the Periodical Auditor before publishing the audit reports. He is also responsible for preparation and presentation of final accounts and financial statements. The annual auditor shall conduct the audit in accordance with the standards of ICAI.

TABLE 8.2.5

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
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Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
1	Conduct Annual financial audit of books of account based on the sampling technique as per the applicable auditing standards with the sample size mentioned under SI 8.10G as minimum	8.10.3	Annual Financial Audit	2.	25th September (for previous year)	SF 8.10F SF 8.10J
2	Issue annual audit certificate and annual audited financial statements	8.10.3	Annual Financial Audit	3.	25th September (for previous year)	SF 8.10F and SF 8.10J
3	Conduct Closure audit of books of account of unaudited period based on the sampling technique as per the applicable auditing standards with the sample size mentioned under SI 8.10G as minimum.	8.11.1	Closure Financial Audit	2.	Within 1 month of sharing of books of account and other documents by PIA with Annual Auditor	
4	Issue closure audit certificate based on the annual audits conducted during the entire project period and audit for unaudited periods	8.11.1	Closure Financial Audit	3.	Within 1 month of sharing of books of account and other documents by PIA with Annual Auditor	SF 8.11A
5	Issue closure utilization certificate with audited financial statements	8.11.1	Closure Financial Audit	3.	Within 1 month of sharing of books of account and other documents by PIA with Annual Auditor	SF 8.11E

2. SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)

2.a. SRLM finance team (in case of APS) and CTSA finance team (in case of YPS) play a critical role in ensuring that PIAs follow sound financial management practices

in compliance with policy guidelines and the SOP. The roles detailed in Table 8.2.6 are intended to be undertaken by the SRLM finance team or CTSA finance team in their individual capacity. The roles detailed in the Table 8.2.7 are envisaged to be undertaken together with the empanelled auditor of MoRD.

TABLE 8.2.6

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
1	Register the PIA (if not registered already) and map the project account on http://pfms.nic.in	8.3.1.1	Opening of Project dedicated bank account and mapping on PFMS	3.	3 days after signing of MoU	
2	Map new project account on http://pfms.nic.in and notify the change of project account*	8.3.1.2	Change of Project Account and Mapping into PFMS	3.	Within 3 days of request by PIA for change of project account	SF 8.3B
3	Send request to MoRD for delinking of previous project account from PFMS	8.3.1.2	Change of Project Account and Mapping into PFMS	5.	Within 1 day of receipt of information from PIA about completion of transfer of complete project fund to the newly mapped bank account	SF 8.3C
4	Send request to MoRD for delinking of the Project Account from PFMS	8.3.1.3	Delinking of Project Account from PFMS on Project Closure	1.	Within 5 days of Issue of Project Closure Order	SF 8.3C
5	Collect the joint declaration of the PIA and the Periodical Auditor	8.9.1	Appointment of Periodical/Annual Auditor	3.	At least 5 days prior to the execution of MoU	SF 8.9A

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
9	<p>Visit the project finance office of PIA and conduct meeting with PIA finance team and Periodical Auditor to verify the report submitted and make corrections, if required.</p> <p>(If any member is absent on the day of meeting then the meeting will be cancelled. In such case all members shall meet at a place as decided by SRLM/CTSA, as the case may be, within a week's time to complete the process.)</p>	8.10.1	First month financial audit certificate – Joint appraisal for compliance to SOP	6.	By 30 th of 2 nd calendar month after release of 1 st instalment	
10	Cross verify the Monthly Verification Certificate and assess the deviations reported by Periodical Auditor and issue a Monthly Verification Report directing the PIA to rectify deviations and report compliance.	8.10.2	Monthly verification	5.	23 rd of every month (verification of previous month)	SF 8.10C

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
11	Review the Compliance Report submitted by PIA and issue Final Monthly Verification report. Generate notice, in case of deviations not addressed.	8.10.2	Monthly verification	7.	Prior to the end of every month (verification of previous month) If the Final Monthly Verification Report is not sent by SRLM/CTSA as the case may be then it is deemed that PIA's compliance report is accepted.	SF 8.10E
12	Reconcile the amount of expenditure for prescribed heads, assess deviations reported in annual audit certificate	8.10.3	Annual Financial Audit	5.	15th October (for previous year)	
13	Issue an annual verification report directing the PIA to rectify deviations and report compliance.	8.10.3	Annual Financial Audit	6.	20 th October (for previous year)	SF 8.10G
14	Review the Compliance Report submitted by PIA and issue final Annual Verification Report. Generate notice, in case of deviations not addressed.	8.10.3	Annual Financial Audit	8	10 th November (for previous year). If the Final Annual Verification Report is not sent by SRLM/CTSA as the case may be then it is deemed that PIA's	SF 8.10I

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
					compliance report is accepted	
15	Reconcile the amount of expenditure for the prescribed heads, submit to MoRD/SRLM with recommendation for release of 2 nd or 3 rd instalment	8.10.4	Utilization Certificate for Release of 2 nd and 3 rd instalment	5.	15 days of submission of utilization certificate by PIA	
16	Release fund to be reimbursed based on monthly verification report and adjust on-account payment with corresponding instalment release as per the process of chapter 3	8.10.4.1	Release of fund on account of delay in release of 2 nd and 3 rd instalment	1	10 th of the next month of the month in which due date for release of 2 nd and 3 rd instalment falls Or 10 th of the 2 nd month from the month for which payment is being released (in case payment for the month comes in the same or subsequent month)	SF 8.10E SF 8.10L
17	Reconcile the amount of expenditure for prescribed heads, assess deviations reported in closure audit certificate	8.11.1	Closure Financial Audit	5	Within 15 days of submission of Closure Audit Certificate and Utilisation Certificate by PIA	

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
18	Issue a Closure Verification Report directing the PIA to rectify deviations and report compliance	8.11.1	Closure Financial Audit	6	Within 15 days of submission of Closure Audit Certificate and Utilisation Certificate by PIA	SF 8.11B
19	Review the Compliance Report submitted by PIA and issue Final Closure Verification Report. Generate notice, in case of deviations not addressed.	8.11.1	Closure Financial Audit	8	Within 15 days of submission of Compliance Report by PIA. If the Final Closure Verification Report is not sent by SRLM/CTSA as the case may be then it is deemed that PIA's compliance report is accepted	SF 8.11D

2.b. SRLM finance team (in case of APS) and CTSA finance team (in case of YPS) together with empanelled auditors of MoRD are assigned the role of thematic audit of projects.

TABLE 8.2.7

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
1	Conduct verification of records and books as per the instruction from MoRD	8.12	Thematic verification	1.	25 days of instruction	

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
2	Issue Thematic Verification Report with a copy to MoRD, directing PIA to address deviations, if any observed	8.12	Thematic verification	2.	25 days of instruction	SF 8.12A
3	Review the Compliance Report submitted by PIA and issue Final Thematic Verification Report with a copy to MoRD. Generate notice, in case of deviations not addressed.	8.12	Thematic verification	4	15 days of submission of Compliance Report by PIA. If Final Closure Thematic Verification Report is not sent by SRLM/CTSA as the case may be then it is deemed that PIA's compliance report is accepted	SF 8.12C

3. MoRD

TABLE 8.2.8

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
1	Send Delinking request of the previous project account from PFMS as per the request of SRLM / CTSA to the	8.3.1.2	Change of Project Account and Mapping into PFMS	6.	Within 3 days of request by SRLM/CTSA for delinking of previous project	

Sr No	Activities	Process No	Process Name	Step No	Time for completion	Formats for presenting the results
	Office of CGA and get the delinking process completed.				account	
2	Send Delinking request of the project account from PFMS as per the request of SRLM / CTSA to the Office of CGA and get the delinking process completed.	8.3.1.3	Delinking of Project Account from PFMS on Project Closure	2.	Within 3 days of request by SRLM/CTSA for delinking of Project Account	

8.2.2 Overview of Standard instructions and Standard Forms used in Financial Monitoring

The summary of standard instructions which are to be followed and standard forms that shall be used under different processes in financial monitoring are detailed in the Table 8.2.9 mentioned below.

Table 8.2.9 – Summary of Standard instructions and forms required under processes

Sr No	Process Number	Process Name	Standard Instructions	Standard forms
1	8.3.1.1	Opening of Project dedicated bank account and mapping on PFMS	SI 8.3A, B, C, D	As per the requirement / forms of bank; SF 3.2 A (Accompanied by one cancelled cheque of the Project Account);
2	8.3.1.2	Change of Project Account and Mapping into PFMS	SI 8.3A, B, C, D	As per the requirement / forms of bank; SF 3.2 A (Accompanied by one cancelled cheque of the Project Account); SF 8.3 A SF 8.3 B SF 8.3 C
3	8.3.1.3	Delinking of Project Account from PFMS on Project Closure		SF 8.3C
4	8.4.2	Opening of Bank Accounts for		As per the documents/forms required by bank

Sr No	Process Number	Process Name	Standard Instructions	Standard forms
		Candidates		SF 8.4A, B
5	8.4.3	Payment of food and To & Fro Expenses	SI 8.4A, A1, SI 8.4B, F	
6	8.4.4	Payment of Post Placement Support	SI 8.4A, SI 8.4C, F	
7	8.4.5	One Time Travel Cost	SI 8.4A, SI 8.4D	
8	8.4.6	Accounting for expenditure on boarding and lodging facilities to the candidates	SI 8.4A, A1, E	
9	8.4.7	Booking of expenditure on uniform	SI 8.4A, SI 8.4A1	
10	8.5	Payment of salaries to trainers, Master Trainers and Q team members.	SI 8.4A, SI 8.5A, B	
11	8.9.1	Appointment of Periodic/Annual Auditor		SF 8.9A
12	8.10.1	First month financial audit certificate – Joint appraisal for compliance to SOP	SI 8.4A, SI 8.4B, SI 8.4C, SI 8.4D, SI 8.4E, SI 8.5A SI 8.10A, C	SF 8.10A, B, J
13	8.10.2	Monthly verification	SI 8.4A, SI 8.4B, SI 8.4C, SI 8.5D, SI 8.4E, SI 8.5A, SI 8.10D	SF 8.6A SF 8.10B SF 8.10C SF 8.10D SF 8.10E
14	8.10.3	Annual Financial Audit	SI 8.4A, SI 8.4B, SI 8.4C, SI 8.4D, SI 8.4E, SI 8.5A, SI 8.10E, SI 8.10G	Annual Audited Financial Statements as per the standards, SF 8.10F SF 8.10G SF 8.10H, I, J
15	8.10.4	Utilization Certificate for Release of 2 nd and	SI 8.4A, SI 8.4B,	SF 8.10C, E, K

Sr No	Process Number	Process Name	Standard Instructions	Standard forms
		3 rd instalment	SI 8.4C, SI 8.4D, SI 8.4E, SI 8.5A,	
16	8.10.4.1	Release of fund on account of delay in release of 2 nd and 3 rd instalment	SI 8.10H	SF 8.10B, E SF 8.10L
17	8.11.1	Financial Audit for Project Closure	SI 8.4A, SI 8.4B, SI 8.4C, SI 8.4D, SI 8.4E, SI 8.5A,	SF 8.11A SF 8.11B SF 8.11C SF 8.11D SF 8.11E
18	8.11.2	Financial Audit for orderly closure of a Project		
19	8.12	Thematic verification		SF 8.12A SF 8.12B SF 8.12C

8.3 PROJECT FUND MANAGEMENT

All the project funds should flow into and flow from a single dedicated designated bank account referred as the **project account**. Project account will be the repository of all financial transactions by all the stakeholders in respect of the project. PIA should use the money exclusively for the project purposes and should not be diverted elsewhere including term deposits.

8.3.1 Operation of project account

8.3.1.1 Opening of bank account and mapping on PFMS

Overview

Item	Description
Purpose	To release funds to PIA and tracking utilization of funds
Reference Guidelines	Section v, para 3.2.1.7, page 24 Section vi, para 4.7, page 50 Para 5.6, page 55 Para 5.10, page 57 Para 6.5.7, page 60
Prerequisite/s	Sanction of the project

Item	Description
Time for completion	To be completed within 15 days of signing of MoU
Instructions	SI 8.3A: Instruction for opening of bank account, SI 8.3B: Procedure first-time registration of PIA in PFMS, SI 8.3C: Procedure for adding Project Accounts for PIAs already registered on PFMS and SI 8.3D: Mapping project details on PFMS
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

S No.	Activities	Actor	Time completion for	Formats presenting for the results
1.	Open a dedicated bank account for the project	PIA OP Team (Finance)	8 days before signing of MoU	As per the requirement / forms of bank
2.	Submit details of designated bank account for the project to SRLM (in case of APS) and CTSA (in case of YPS)	PIA OP Team (Finance)	8 days before signing of MoU	SF 3.2 A (Accompanied by one cancelled cheque of the Project Account)
3.	Forward the project account and PIA details to the nodal CTSA for PFMS registration	SRLM finance team (in case of APS) and CTSA finance team (in case of APS)	3 days after signing of MoU	PRN registration form, SF 3.2A, Cancelled cheque
4.	Register the PIA (if not registered already) and map the project account on http://pfms.nic.in	Designated nodal CTSA for PFMS registration	10 days after signing of MoU	
5.	Map the project details on PFMS	SRLM finance team (in case of APS) and CTSA finance team (in case of APS)	15 days after signing of MoU	

8.3.1.2 Change of Project Account and Mapping into PFMS

In certain circumstances the PIA may need to change the Project Account that has already been established and mapped with PFMS. While such change should not be treated as a routine activity, the need for the same is recognised and the following process describes it.

Overview

Item	Description
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Item	Description
Purpose	<ul style="list-style-type: none"> To change the Project Account if required To ensure that the new account is mapped to PFMS, To ensure that project funds are correctly transferred from the previous project account to the new project account. To ensure that previous Project Account is delinked from the Project and PFMS
Reference to Guidelines	NA
Prerequisite/s	Release of 1 st instalment
Time for completion	As per the activity table below
Instructions	SI 8.3A: Instruction for opening of bank account, SI 8.3B: Procedure first-time registration of PIA in PFMS, SI 8.3C: Procedure for adding Project Accounts for PIAs already registered on PFMS and SI 8.3D: Mapping project details on PFMS
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time completion	Formats for presenting the results
1.	Open a new bank account for the project	PIA OP Team (Finance)	On requirement	As per the requirement / forms of bank
2.	i) Add project account on PFMS ² ii) Send request for change of project account to SRLM (in case of APS) and CTSA (in case of YPS)	PIA OP Team (Finance)	1 day after opening of new bank account	SF 8.3 A, SF 3.2A along with a cancelled cheque of the new Project Account
3.	i) Approve new project account on http://pfms.nic.in ii) Notify the change of project account	SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)	Within 3 days of request by PIA for change of project account	SF 8.3 B
4.	Transfer complete project fund to the newly mapped bank account and inform SRLM (in case of APS) and CTSA	PIA OP Team (Finance)	Within 3 days of notification of the change of project account	

² For adding new Project Account in PFMS, follow the procedure described in 8.3.1.1.2

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
	(in case of YPS)		by SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)	
5.	Send request to MoRD for delinking of previous project account from PFMS	SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)	Within 1 day of receipt of information from PIA about completion of transfer of complete project fund to the newly mapped bank account	SF 8.3 C
6.	Send Delinking request of the previous project account from PFMS as per the request of SRLM / CTSA to the Office of CGA and get the delinking process completed	MoRD	Within 3 days of request by SRLM/CTSA for delinking of previous project account	

8.3.1.3 Delinking of Project Account from PFMS on Project Closure

Overview

Item	Description
Purpose	To delink the project account from PFMS upon project closure
Reference to Guidelines	NA
Prerequisite/s	Issue of Project Closure Order
Time for completion	As per the activity table below
Instructions	-
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
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Step No.	Activities	Actor	Time for completion	Formats for presenting results
1.	Send request to MoRD for delinking of the Project Account from PFMS	SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)	Within 5 days of Issue of Project Closure Order	SF 8.3C
2.	Send Delinking request of the Project Account from PFMS as per the request of SRLM / CTSA to the Office of CGA and get the delinking process completed.	MoRD	Within 3 days of request by SRLM/CTSA for delinking of previous project account	

8.3.2 Cash inflows to the Project Account

As stated earlier Project Account will be repository of all cash inflows utilized for the Project irrespective of the source of funds.

- All funds released by CTSA for YPS/SRLM for APS
- Interest earned from the project account, if permitted,
- Loans taken by PIA for the purpose of project –PIA is permitted to bring funds, from its own sources or through the normal banking system, into the Project Account as loan. In such a case, the PIA should only be allowed to book repayment of principal amount as allowable expenditure. Any payment of interest on such funds brought into the Project Account in form of Loan(s) shall not be eligible as allowable expenditure and a PIA shall not book any such payment of interest as expenditure in books of account under a project. This would often apply in cases where PIA has exhausted the funds and subsequent instalment is still not released.
- In respect of CSR Funds/ Funds from other sources, received for the project, it shall be necessary for the PIA to inform the same to the MoRD through the CTSA/SRLM specifying the purpose for which the funds have been received and utilized. Such funds should not lead to double counting of targets. Furthermore, the PIA should have informed all the parties about funds received from MoRD. It shall be the sole responsibility of the PIA to ensure that such funds received are not classifiable as an offence under Chapter II of Prevention of Money Laundering Act, 2002, as amended from time to time.

8.3.3 Cash Outflows from the Project Account

Outflows from the Project Account would essentially be with respect to authorized Heads of Expenditure as explained below. However, if penalties are levied under conditions of default or under any other conditions the penalties cannot be paid from the project account.

8.3.3.1 Heads of Expenditure

The heads of expenditure on which data is to be reported is given in SI 8.3E: Heads of expenditure. All expenditure in general shall be booked to the final Head of Expenditure. These heads of expenditure are to be recorded in the PFMS as transfers made to the bank account of the final recipient except for exceptions mentioned in the next section.

It may be noted that PFMS is an expenditure tracking tool and not a full-fledged accounting tool. Therefore PIAs should maintain their Project related accounts on their accounting platform.

8.3.3.2 Booking of Expenditure

All transactions directly attributed to the project shall be paid through the project account registered on PFMS. The process for booking expenditure in PFMS will be detailed in the PFMS manual notified by MoRD. The expenditure booked should be duly recorded in the accounting platform appropriately.

There could be exceptions to the specification that all project related payments should be made only from the designated project account to the final recipients only. A few examples of such exceptions are:

- A trainer working on more than one project
- A training centre where multiple projects are run simultaneously
- Shared Q team resources

In all such cases one of the following course of action can be taken

1. The proportionate cost can be booked to the dedicated project account of DDU GKY.
2. Proportionate cost can be transferred from designated Project Account to another bank account from which the full cost/ expenditure has been paid.

PIA is allowed to book expenditure from the date of issue of sanction order. To allow the expenditure under the project the following should be fulfilled:

- Open a project account as per 'SI 8.3A: Instruction for opening of bank account' before booking of expenditure.
- Incur all expenditure through the project account only
- Signing of the MoU by all the Authorised signatories.

A PIA should note that all the above three conditions are mandatory if expenditure has to be admitted in project book of accounts. Therefore, PIA may incur expenditure from the sanction order issue date at their own risk.

8.3.3.3 Imprest Management (Petty Cash Management)

As a general principle, all payments shall be made as bank transfers from the Project Account through PFMS only as per SI 8.3F: Procedure for recording and reconciling cash advances in PFMS, as an exceptional and interim measure the program allows PIA to pay in cash against expenditure not exceeding ₹. 40,000/- per month for each of these cost centres – (a) training centre, (b) residential facility and (c) project state office. To facilitate imprest management, a PIA can maintain cash imprest with a designated person at the cost centre. The exact amount of cash imprest is left to discretion of a PIA within the cap of ₹ 40,000/- for each expenditure location.

In these cases, payment to the final recipients in lieu of their services or supply of goods need not be made directly from the Project Account. Cash Imprest will be transferred to bank account of designated person from the Project Account. The imprest transfer will be treated as an advance till the final booking of expenditure.

8.4 PROTOCOL FOR DELIVERY OF CASH AND NON CASH ENTITLEMENTS

8.4.1 General procedures

The candidates are entitled to following financial assistance:

1. Cash entitlements
 - a. Food and To and Fro Charges
 - b. Post Placement Support
2. Non cash entitlements
 - a. Boarding and lodging during training
 - b. Boarding and Lodging during OJT
 - c. One Time Travel Cost

DDU-GKY places paramount importance to the timely and full payments of the entitlements due to the candidates, taking into account the socio economic background of the candidates. Accordingly, SI 8.4A: Common instructions on payment of entitlements has been prescribed and should be meticulously followed.

All the entitlements due to a candidate has to be paid to the bank account of the candidate only. The processes related to opening of the candidate bank account is detailed below.

8.4.2 Opening of Bank Accounts for Candidates not having active bank account

Overview

Item	Description
Purpose	To ensure bank accounts for all selected candidates, not having active bank accounts, are opened before starting of training
Reference to Guidelines	Not Applicable
Prerequisite/s	Completion of mobilization, aptitude test, counselling and selection of candidates
Time for completion	As per the activity table below
Instructions	None
Process owner	PIA Op Team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Identification of candidates not having active bank accounts	PIA OP Team	Not later than 2 days of a candidate joining the training programme or prior to freezing of a batch.	-
2.	Collect KYC documents for the identified candidates	PIA OP Team	Prior to freezing of the batch	As per the documents required by bank
3.	Open bank accounts for identified candidates	PIA OP Team	Not later than a day after freezing of the batch	As per the documents/forms required by bank
4.	Upload bank account details in PFMS	PIA OP Team (Finance)	Not later than two days after freezing of the batch	SF 8.4A: Candidates bank account details and SF 8.4B: Training centre wise bank account details
5.	Verify and provide advice to PIA OP team (Finance) in case of deviation	PIA Q Team	2 days before starting of training	

8.4.3 Payment of Food and To and Fro Charges

Overview

Item	Description
Purpose	<ul style="list-style-type: none"> To ensure timely and correct payment of entitlements towards food and to and fro charges to candidates To ensure boarding and lodging facilities are provided to candidates during OJT.

Item	Description
Reference to Guidelines	Section iv, para 1.3.2, page 13 Section v, para 3.2.1.7, page 24 S no. 3, table 1, para 3.2.2.4, page 32 Para 3.2.2.10, page 34 Step 4, table 4, para 4.5, page 45 Step 11, table 4, para 4.5, page 46 Section iii, para 6.5.7, page 62
Prerequisite/s	Start of Training
Time for completion	As per the activity table below
Instructions	Attendance as per SF 5.11, SI 8.4A: Common instruction on payment of entitlements, SI 8.4A1: Rates for payment of training cost, candidates entitlements and incentives, SI 8.4B: Instructions on payment of food and to & from charges payment pattern and SI 8.4F: Procedure for Payment of entitlements (Food and To and Fro Charges and Post Placement Support) through PFMS
Process owner	PIA OP Team (Finance)

Activities

S No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	1 st payment: from start of training to freezing of the batch	PIA OP Team (Finance)	5 days of batch freezing	
2.	2 nd payment to penultimate payment	PIA OP Team (Finance)	3 days of every fortnight	
3.	Last payment at the completion of training for the batch	PIA OP Team (Finance)	3 days of completion of training	
4.	Provide boarding and lodging facilities during OJT	PIA OP Team	During OJT days	

8.4.4 Payment of Post Placement Support

Overview

Item	Description
Purpose	To ensure timely and correct payment of entitlements towards Post Placement Support (PPS) to the placed candidates as per eligibility.
Reference to Guidelines	Section v, para 1.3.2, page 13 Section v, Para 3.2.1.7, page 25

Item	Description
	S no. 4, table 1, para 3.2.2.4, page 32 Para 3.2.2.7, page 33 Step 4, table 4, para 4.5, page 45 Section xix, para 4.8, page 50
Prerequisite/s	Joining of a candidate in a job
Time for completion	As per the activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4C: Instructions on post placement support (PPS) payment and SI 8.4F: Procedure for Payment of entitlements (Food and To and Fro Charges and Post Placement Support) through PFMS
Process owner	PIA OP Team (Finance)

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Payment 1 st instalment of Post Placement Support (PPS) to the placed candidates	PIA OP Team (Finance)	Within 7 days of joining the job	
2.	Advance payment of remaining instalments of Post Placement Support (PPS) to the placed candidates	PIA OP Team (Finance)	Monthly basis on or before 10 th of the month	

8.4.5 One time travel cost

Overview

Item	Description
Purpose	To ensure timely and correct payment of entitlements towards One Time Travel Cost to the candidates as per eligibility
Reference to Guidelines	Para 3.2.2.2.5, page 29 Para 3.2.2.4, page 32 Para 3.2.2.13, page 34 Para 5.9, page 57
Prerequisite/s	Start of a training batch
Time for completion	As per the activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements and SI 8.4D: Instructions on one time travel support

Item	Description
Process owner	PIA OP Team (Finance)

Activities

S No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Provide travel assistance to the candidates as per the instructions	PIA OP Team (Finance)	Continuous process after selection of candidates and before joining of the candidates in their respective jobs	
2.	Account for the expenditure towards one time travel cost	PIA OP Team (Finance)	Within 7 days of incurring of expenditure	

8.4.6 Boarding and lodging facilities to the candidates

Overview

Item	Description
Purpose	Booking of expenditure on account of boarding and lodging facilities provided to the candidates
Reference to Guidelines	S no. 2, table 1, para 3.2.2.4, page 32 Para 3.2.2.10, page 34 Para 3.2.2.13, page 34 Step 4, table 4, para 4.5, page 45
Prerequisite/s	Sanction of project
Time for completion	As per the activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4A1: Rates for payment of training cost, candidates entitlements and incentives and SI 8.4E: Instructions on accounting of boarding and lodging expenses
Process owner	PIA OP Team (Finance)

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Booking of expenditure towards boarding & lodging facilities to the candidates as per the instructions	PIA OP Team (Finance)	Continuous process	

8.4.7 Booking of expenditure incurred on uniform

PIA has to procure uniform and distributed amongst the candidates as per the procedures and SFs laid down in chapter 5 of SOP. PIA may book the expenditure incurred on uniform subject to a maximum as specified in the SI 8.4A1: Rates for payment of training cost, candidates entitlements and incentives. However, extra expenditure incurred if any, on uniform will have to be borne by the PIA.

In addition to the uniform specified for candidates under DDU-GKY project PIA may provide trade specific uniform, if any, within the budget allocated on uniform.

8.5 PAYMENT OF SALARIES TO TRAINERS, MASTER TRAINERS AND Q TEAM MEMBERS

Overview

Item	Description
Purpose	To ensure timely & correct payment of salaries to trainers, master trainers and Q team members as per the agreed terms of their employment with PIA
Reference to Guidelines	Section v, Para 3.2.1.7, page 25 Step 4, table 4, para 4.5, page 46 Step 11, table 4, para 4.5, page 46 Para 6.5.7, page 62
Prerequisite/s	Sanction of project
Time for completion	As per the activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.5A: Instructions for payment of salaries to trainers, master trainers and Q team members and SI 8.5B: Procedure for Payment of salaries of trainers, Master Trainers and Q team members through PFMS
Process owner	PIA OP Team (Finance)

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Payment of salaries to trainers, master trainers and Q team members and book the expenditure	PIA OP Team (Finance)	Continuous process	

8.6 VERIFICATION OF AMOUNT RECEIVED AS TAKE HOME SALARY IN A CANDIDATE'S BANK ACCOUNT

- Take home salary paid to a candidate will be known from one of the following:
 - Successfully completed bank transfer statement of the employer,
 - bank statement of the employer with salary payment transaction duly marked and certified by PIA
 - passbook entries with salary receipt transaction of the candidate duly marked and certified by PIA
- From the above data a PIA will prepare “SF 8.6A: Amount transferred to a candidate's bank account as take home pay” as per the monthly verification process.
- Periodic auditor will certify the statement and CTSA/SRLM will verify and freeze it as per timelines and steps given in monthly verification process.

8.7 PROTOCOL FOR ASSET MANAGEMENT

Asset purchased under the project shall be classified under asset block as specified by department of income tax. Assets purchased in a financial year under each block not exceeding ₹ 10,000 can be written off in the same year.

8.7.1 Asset permitted to be purchased under the project

A PIA can purchase the following assets without EC approval:

- a) The assets given below even if asset block value exceeds ₹ 10,000 in a financial year:
 - i. Bio metric equipment
 - ii. Fire extinguisher
 - iii. CCTV camera and recording apparatus
 - iv. Computers, printer, scanner and copier for office use
 - v. Projector
 - vi. Training centre furniture for academic and non-academic areas e.g. – chairs, table, almirah, racks
 - vii. Water dispenser
 - viii. First aid kits
- b) Any asset/s whose block value does not exceed ₹ 10,000 in a financial year

PIAs need not specify such assets in their project applications submitted to MoRD.

8.7.2 Assets requiring EC approval

All assets other than those specified above should be approved by EC of SRLM/MoRD. Assets to be purchased should preferably be included in the application and considered by EC at the time of project sanction.

For category A and B where tablet computer cost is approved by EC, it has to be procured as per procedure of chapter 4.

8.7.3 Depreciation and amortization

Depreciation and amortization shall be charged as per the rates specified by the Income Tax Act, 1961 as amended from time to time.

8.7.4 Disposal of assets

All assets, other than the Tablet computers, purchased under the project shall be taken over by the PIA on its residual value³ before the closure financial audit. The residual value, if any, will be adjusted against instalments due or through a recovery, as the case maybe. However, Tablet computers are to be disposed off through distribution among trainees (at zero cost) and as per the detailed procedures notified in "SI 8.7A: Procedures for procurement, accounting, distribution and disposal of tablet computers", in this chapter.

8.8 TRAINING COST AND INCENTIVE PAYMENT

Table 1 of Section 3.2.2.4 of the DDU-GKY Guidelines detail the unit training cost and other cost component that are applicable under the programme. The Guidelines also provide for training to range from 576-2304 hours. The SOP under SI 8.4A1: 'Rates for payment of training cost, entitlements to the candidates and incentives' details the hourly rates for the training cost and various other cost components.

The incentives as detailed in the Guidelines (retention, career progression, overseas placement, live distance programme) are also consolidated along with the rates in SI 8.4A1.

The training and support cost will be payable as per performance and not expenditure. The prescribed heads are those detailed under item C of SI 8.10B.

8.9 APPOINTMENT OF AUDITORS

A PIA is required to appoint auditors as detailed in roles and responsibilities section of this chapter of SOP. The auditors shall be independent. The independence of the Auditors may be defined as below:

³Residual value is the book value of the asset after depreciating it as per Income Tax Act.

Independence: The auditor appointed should be independent and should be free from economic, financial and other relationships with PIA (the term "PIA" includes its franchisee, subsidiaries etc., in case applicable). The following relationships, though not exhaustive, will be considered as threats to independence to auditor:-

Auditor, its partner or associate could benefit from financial interest in the project or PIA such as (i) direct financial interest or materially significant indirect financial interest (ii) loan or guarantee to or from the PIA (iii) undue dependence on PIA fees and work (iv) close business relationship with the PIA (v) potential employment with PIA (vi) contingent fees for the audit engagement

Review of any judgement or conclusion reached in a previous audit or non-audit engagement or when a member of the audit team was previously a director or senior employee of the PIA, e.g. (i) when an auditor was recently a director or senior employee of the PIA, (ii) when auditor performs services that are themselves subject matters of audit.

Auditor promotes or is perceived to promote, a client's opinion to a point where people may believe that objectivity is getting compromised, e.g. when the auditor is PIA's advocate in litigation or third party disputes

Familiarity of auditor with PIA (i) close relative of the audit team working in a senior position in PIA (ii) former partner of the audit firm being a director or senior employee with PIA, (iii) more than 5 years of association as an auditor with PIA (iv) acceptance of significant gifts or hospitality from PIA, its directors or employees.

The auditor needs to verify in accordance to his professional judgement if there is any perceived risk to his independence and must provide a written declaration on the same before appointment as auditor.

The PIA shall appoint auditor for the following roles:

1. Periodical Auditor
2. Annual Auditor

As mentioned in section 8.2.1, a PIA has option of appointing one auditor for both the roles or appointing a separate auditor for each of the role. The procedure for appointment of periodical auditor is laid down in section 8.9.1 below. PIA may follow same procedure if the PIA plans to appoint a separate annual auditor.

8.9.1 Procedure for appointment of a Periodic/Annual Auditor

Overview

Item	Description
Purpose	To perform various roles prescribed in different processes.
Reference to Guidelines	NA
Prerequisite/s	Uploading of approved EC minutes

Item	Description
Time for completion	At least 5 days prior to the execution of MoU (referred as I ₃₋₅)
Resource/s	SF 8.9A: Format of Joint Declaration by PIA and Auditor
Process owner	PIA OP Team (Finance)

Activities

Actor	Action	Time for completion	Relevant documents
PIA OP Team (Finance)	Appoint Periodical Auditor ⁴ as per the rules & regulations prescribed by The Institute of Chartered Accountants of India (ICAI).	Within 10 days of uploading of sanction order (I ₂ +10)	
PIA OP Team (Finance)	Upload Periodical Auditor information in ASDMS	Within 10 days of uploading of sanction order (I ₂ +10)	
SRLM finance team (in case of APS) and CTSA finance team (in case of YPS)	Collect the joint declaration of the PIA and the Periodical Auditor	At least 5 days prior to the execution of MoU (I ₃₋₅)	SF 8.9A: Format of Joint Declaration by PIA and Auditor
PIA OP Team (Finance)	In case of change in Periodical Auditor, update details of Periodical Auditor in ASDMS and obtain joint declaration.	Within 3 days of appointment of new Periodical Auditor	SF 8.9A

8.10 CONCURRENT FINANCIAL MONITORING PROCEDURES

As explained in the roles and responsibilities section, concurrent monitoring of project financials will involve the following actors:

- PIA OP Team (Finance): appraise and train the auditors on project financial monitoring processes and submit accounts at required time intervals for audit as per terms of SOP.
- Periodical Auditor: Audit the accounts as per terms of the SOP
- Annual Auditor: Audit the accounts as per terms of the SOP
- CTSA/ SRLM: verify and validate the reports submitted by the PIA as per terms of SOP.

⁴ Same process will be followed for appointing an Annual Auditor only the word Periodic will be replaced with Annual.

8.10.1 First month⁵ financial audit certificate - Joint appraisal for compliance to SOP

Overview

Item	Description
Purpose	To conduct a joint meeting of PIA OP Team (Finance), SRLM/CTSA, Periodical Auditor and Annual Auditor to: <ol style="list-style-type: none"> a. Develop a common understanding among PIA OP Team (Finance), SRLM/CTSA, Periodical Auditor and Annual Auditor b. Review the 1st month financial audit reports and certificates to ensure that all the processes and procedures of financial monitoring are clearly understood by PIA OP Team (Finance), Periodical Auditor and Annual Auditor.
Reference to Guidelines	NA
Prerequisite/s	Release of 1st instalment of project funds and completion of first month audit by the Periodical Auditor
Time for completion	As per the activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4B: Instructions on payment of food and to and fro charges, SI 8.4C: Instructions on post placement support (PPS) payment, SI 8.4D: Instructions on one time travel support, SI 8.4E: Instructions on accounting of boarding and lodging expenses, SI 8.5A: Instructions for payment of salaries to trainers, master trainers and Q team members, SI 8.10A: Procedure to draw sample and SI 8.10C: Items to be checked during 1st month audit
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Finalize 1 st month's Monthly Verification Certificate and share with Periodical Auditor for verification	PIA OP Team (Finance)	By 5 th of 2 nd month after release of 1 st instalment (for 1 st month)	SF 8.10B: Monthly Verification Certificate by Periodical Auditor for the Month of _____, ____ (year)
2.	Finalize Financial Audit Certificate and Utilization	PIA OP Team (Finance)	By 10 th of 2 nd calendar	SF 8.10A: Audit Certificate for the

⁵ Even if 1st instalment gets credited on last date of the month this process has to be followed.

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
	Certificate and share the documents with Annual Auditor for conducting Audit		month after release of 1 st instalment (for 1 st month)	month of _____ (1st month), 20__ and format as SF 8.10J: Annual Utilization Certificate
3.	Conduct verification for prescribed heads of expenditure as per Monthly Verification Certificate	Periodical Auditor	By 15 th of 2 nd calendar month after release of 1 st instalment (for 1 st month)	SF 8.10B
4.	Conduct financial audit for 1 st month books of account based on the sampling technique as per the applicable auditing standards with the sample size mentioned under SI 8.10G, as minimum	Annual Auditor	By 25 th of 2 nd calendar month after release of 1 st instalment (for 1 st month)	SF 8.10A and SF 8.10J
5.	Submission of 1 st month Monthly Verification Certificate authenticated by Periodical Auditor and Financial Audit Certificate, Utilization Certificate authenticated by Annual Auditor to SRLM in APS and CTSA in YPS	PIA OP Team (Finance)	26 th of 2 nd calendar month after release of 1 st instalment (for previous month)	SF 8.10A, SF 8.10B and SF 8.10J
6.	Visit the project finance office of PIA and conduct meeting with PIA OP Team (Finance), Periodical Auditor and Annual Auditor to verify the report submitted and make corrections, if required. (If any member is absent on the day of meeting then the meeting will be cancelled. In such case, all members shall meet at a place as decided by SRLM/CTSA, as the case may be, within a week's time to complete the process.)	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	By 30 th of 2 nd calendar month after release of 1 st instalment (for 1 st month)	SF 8.10A, SF 8.10B and SF 8.10J
7.	Submission of revised audit report, if required, based on the observations of SRLM/CTSA	PIA OP Team (Finance) Periodical	30 th of 2 nd calendar month after release of	SF 8.10A, SF 8.10B and SF 8.10J

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
		Auditor	1 st instalment (for 1 st month)	

8.10.2 Monthly verification

Overview

Item	Description
Purpose	To ensure timely and correct payment of entitlements mentioned under prescribed heads of expenditure under SI 8.11B and conduct verification of other mandatory checks mentioned under SI 8.11B
Reference to Guidelines	NA
Prerequisite/s	Release of 1 st instalment
Time for completion	As per activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4B: Instructions on payment of food and to and fro charges, SI 8.4C: Instructions on post placement support (PPS) payment, SI 8.4D: Instructions on one time travel support, SI 8.4E: Instructions on accounting of boarding and lodging expenses, SI 8.5A: Instructions for payment of salaries to trainers, master trainers and Q team members and SI 8.10D: Items to be verified during Monthly Verification
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
The following steps are applicable to both APS and YPS				
1.	Finalize Monthly Verification Certificate and related documents and share with Periodical Auditor for verification	PIA OP Team (Finance)	5th of every month (for previous month)	SF 8.10B: Monthly Verification Certificate by Periodical Auditor for the Month of _____, ____ (year)

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
2.	Conduct verification for prescribed heads of expenditure as per Monthly Verification Certificate	Periodical Auditor	15th of every month (for previous month)	SF 8.10B
3.	Submit Monthly Verification Certificate authenticated by Periodical Auditor to SRLM in APS and CTSA in YPS	PIA OP Team (Finance)	16th of every month (for previous month)	SF 8.10B
4.	Cross verify amount received as take home salary in a candidates bank account and hand over to SRML OP team in APS and CTSA OP team in YPS	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	18 th of every month (for previous month)	SF 8.10B and SF 8.6A: Amount transferred to a candidate's bank account as take home pay
5.	Cross verify Monthly Verification Certificate and assess the deviations reported by Periodical Auditor and issue a Monthly Verification Report directing the PIA to rectify deviations and report compliance	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	23 rd of every month (for previous month)	SF 8.10C: Interim evaluation letter of SRLM/CTSA for Monthly Financial Verification Certificate submitted by PIA
6.	Comply with the Monthly Verification Report of SRLM/CTSA report and submit a Compliance Report	PIA OP Team (Finance)	26 th of every month (verification of previous month)	SF 8.10D: Management response to be submitted by PIA to SRLM/CTSA
7.	Review the Compliance Report submitted by PIA and issue Final Monthly Verification report. Generate notice, in case deviations are not addressed.	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	Prior to the end of every month (verification of previous month) If the Final Monthly Verification Report is not sent by	SF 8.10E: Final evaluation letter of SRLM/CTSA for Monthly Financial Verification Certificate submitted by

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
			SRLM/CTSA within specified time, it is deemed that PIA's compliance report is accepted.	PIA
The following step is applicable for APS				
8.	Cross verify Monthly Verification Certificate and assess the deviations reported by Periodical Auditor and issue a Monthly Verification Report directing the PIA to rectify deviations and report compliance for a random month chosen by CTSA random basis	CTSA finance team	<p>Quarterly verification(to be done for first 4 or 5 quarters as given below).</p> <ul style="list-style-type: none"> • At the end every quarter⁶, a month will be chosen randomly by CTSA. Number of Quarters will be chosen as follows: • Projects commencing in 1st and 3rd quarter: 4 quarters • Projects commencing in 2nd and 4th quarter: 5 quarters <p>Half yearly Verification(to be taken up after quarterly verification):</p>	SF 8.10E

⁶Quarter is the period of 3 months as defined quarter in a calendar year. If the project commenced in the middle of a quarter only the corresponding months will be considered. If the projects start in 2nd (1st July to 30th September) or 4th quarter (1st January to 31st March) then quarterly checks will be done for 5 quarters. If the projects start in 1st (1st April to 30th June) or 3rd quarter (1st October to 31st December) then quarterly checks will be done for 4 quarters.

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
			<ul style="list-style-type: none"> • After the completion of above period and till PPS is disbursed for the placed candidates: At the end every half year ending March and September • A month will be chosen randomly by CTSA 	

8.10.3 Annual Financial Audit

Overview

Item	Description
Purpose	<ul style="list-style-type: none"> • To conduct annual financial audit of the books of account and records of PIA for ensuring compliance with DDU-GKY guidelines and SOP • To ensure utilization of project funds as per the terms of SOP and furnish annual utilisation certificate along with annual audited financial statements for the project funds
Reference to Guidelines	NA
Prerequisite/s	Preparation of Annual books of account
Time for completion	As per Activity Table Below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4B: Instructions on payment of food and to and fro charges, SI 8.4C: Instructions on post placement support (PPS) payment, SI 8.4D: Instructions on one time travel support, SI 8.4E: Instructions on accounting of boarding and lodging expenses, SI 8.5A: Instructions for payment of salaries to trainers, master trainers and Q team members, SF 8.10E: Final evaluation letter of SRLM/CTSA for Monthly Financial Verification Certificate submitted by PIA, SI 8.10G: Sample size for verification of transactions

Item	Description
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Finalize and share Annual Financial statement, Annual Audit Certificate, Annual Utilization Certificate and related books of account in accordance with the applicable standards and share with Annual Auditor for audit	PIA OP Team (Finance)	31 st July (for previous year)	Annual Financial Statements as per the standards, SF 8.10F: Annual financial audit certificate and SF 8.10J: Annual utilization certificate
2.	Conduct Annual financial audit of books of account based on the sampling technique as per the applicable auditing standards with the sample size mentioned under SI 8.10G, as minimum	Annual Auditor	25 th September (for previous year)	Annual Financial Statements as per the standards, SF 8.10F and SF 8.10J
3.	Authenticate Annual Financial Statement, Annual Audit Certificate and Annual Utilisation Certificate	Annual Auditor	25 th September (for previous year)	Annual Financial Statements as per the standards, SF 8.10F and SF 8.10J
4.	Submit annual audited financial statements, annual audit certificate and annual utilization certificates to SRLM in APS and CTSA in YPS	PIA OP Team (Finance)	30 th September (for previous year)	Annual Financial Statements as per the standards, SF 8.10F and SF 8.10J
5.	Reconcile the amount of expenditure for prescribed heads, assess deviations reported in annual audit certificate	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	15 th October (for previous year)	Annual Financial Statements as per the standards, SF 8.10F and SF 8.10J
6.	Issue an annual verification report directing the PIA to rectify deviations and report compliance.	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	20 th October (for previous year)	SF 8.10G: Interim evaluation letter of SRLM/CTSA for Annual Utilization Certificate submitted by PIA

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
7.	Comply with the Annual Verification Report of SRLM/CTSA and submit a Compliance Report	PIA OP Team (Finance)	25 th October (for previous year)	SF 8.10H: Management response to be submitted by PIA to SRLM/CTSA
8.	Review the Compliance Report submitted by PIA and issue final Annual Verification Report. Generate notice, in case of deviations not addressed.	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	10th November (for previous year) If the Final Annual Verification Report is not sent by SRLM/CTSA within specified time, it is deemed that PIA's compliance report is accepted	SF 8.10I: Final evaluation letter of SRLM/CTSA for Annual Utilization Certificate submitted by PIA

8.10.4 Utilization Certificate for Release of 2nd and 3rd instalment

Overview

Item	Description
Purpose	To submit utilisation certificate for release of 2 nd and 3 rd instalment.
Reference to Guidelines	No. 16, table 2, para 4.2, page 40 Step 9, table 3, para 4.3, page 42 Step 9, para 4.3, page 43 Section xx, para 4.8, page 51 Para 5.9, page 56 Para 5.11, page 58
Prerequisite/s	Utilization of required percentage of fund and achievement of required physical targets for release of next instalment.
Time for completion	As per the activity table below

Item	Description
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4B: Instructions on payment of food and to and fro charges, SI 8.4C: Instructions on post placement support (PPS) payment, SI 8.4D: Instructions on one time travel support, SI8.4E: Instructions on accounting of boarding and lodging expenses, SI 8.5A: Instructions for payment of salaries to trainers, master trainers and Q team members
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Finalize and share Utilization Certificate	PIA OP Team (Finance)	Any time after end of the calendar month in which they utilized the prescribed % of fund.	SF 8.10K: Utilization certificate as on _____ for release of _____ (2 nd and 3 rd) instalment of project funds
2.	Reconcile the amount of expenditure for the prescribed heads submit to MoRD/SRLM with recommendation for release of 2 nd and 3 rd instalment as an annexure to instalment release and closure checklist prescribed in Chapter 3	SRLM finance team (in case of APS) CTSA finance team (in case YPS)	15 days of submission of utilization certificate by PIA	SF 8.10B: Monthly Verification Certificate by Periodical Auditor for the Month of _____, _____ (year), SF 8.10E: Final evaluation letter of SRLM/CTSA for Monthly Financial Verification Certificate submitted by PIA and SF 8.10K

8.10.4.1 Release of fund on account of delay in release of 2nd and 3rd instalment

Overview

Item	Description
Purpose	To release certain expenditure in the event of delay in release of 2 nd and 3 rd instalments beyond schedules prescribed in chapter 3
Reference to Guidelines	Para 5.9, page 57
Prerequisite/s	Fulfilling all the physical and financial conditions for release of instalment and 2 nd /3 rd instalment has not been released on due date
Time for completion	<p>Payments made on Reimbursements basis:</p> <ul style="list-style-type: none"> • For months starting from the month in which request was made and till the month when instalment becomes due (excluding the month on which instalment is due): 10th of the next month of the month in which due date for release of instalment falls. • Payments for the month in which due date of instalment falls or subsequent months: 10th of the 2nd month from the month for which payment is to be made (payments for January will be made by 10th March) <p>Payments made on due basis: 26th of the next month for the month for which payment is to be made</p>
Resource/s	SI 8.10H: Fund to be released for expenditure incurred every month on event of delay in instalment payment, SF 8.10B: Monthly Verification Certificate by Periodical Auditor for the Month of_____, ____ (year), SF 8.10E: Final evaluation letter of SRLM/CTSA for Monthly Financial Verification Certificate submitted by PIA and SF 8.10L: Payment released for the month of _____ on account of delay in release of 2 nd /3 rd instalment
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Actor	Action	Time for completion	Relevant Documents
Payments made on reimbursement basis:			

Actor	Action	Time for completion	Relevant Documents
SRLM finance team for APS/CTSA finance team for YPS	Two cases arise: Case 1: Payments for months starting from the month in which request was made and till the month when instalment becomes due (excluding the month on which instalment is due): Make payment as per monthly verification certificate of corresponding months and inform different entities (SRLM to MoRD and CTSA, and CTSA to MoRD and SRLM) Case 2: Payments for the month in which due date of instalment falls or subsequent months	10 th of the next month of the month in which due date for release of instalment falls 10 th of the 2 nd month from the month for which payment is being released.	SI 8.10H: Fund to be released for expenditure incurred every month on event of delay in instalment payment, SF 8.10E: Final evaluation letter of SRLM/CTSA for Monthly Financial Verification Certificate submitted by PIA and SF 8.10L: Payment released for the month of _____ on
Payments made due basis:			
SRLM finance team for APS/CTSA finance team for YPS	Make payment as per monthly verification certificate of corresponding months and inform MoRD	26 th of the next month for the month for which payment is to be made	SI 8.10H, SF 8.10B: Monthly Verification Certificate by Periodical Auditor for the Month of _____, _____ (year) and SF 8.10L
PIA OP team (finance)	Payment to the candidates and prepare a payment report	3 rd of the 2 nd month from the month for which payment is to be made	As per SF 8.10B
Periodical Auditor	Authentic the report submitted by PIA indicating exact amount of money which is transferred to actual candidates within due dates	Every 2 nd month of which the fund is released along with the monthly verification certificate	As per SF 8.10B
SRLM finance team for APS/CTSA for YPS	Adjust the amount in the next release as per final monthly verification report by SRLM/CTSA and the report authenticated by Periodical Auditor	At the time of next release	SF 8.10B

Actor	Action	Time for completion	Relevant Documents
SRLM finance team for APS/CTSA for YPS	Adjust on-account payment with corresponding instalment release as per the process of chapter 3	As per process of chapter 3	As per process of chapter 3

8.11 CLOSURE FINANCIAL AUDIT

8.11.1 Financial Audit for Project Closure

Overview

Item	Description
Purpose	Prior to the closure of project, audit needs to be conducted for <ul style="list-style-type: none"> Closure of the project accounts. Audit the transactions relating to any unaudited period.
Reference to Guidelines	Step 9, table 3, para 4.3, page 42 Section 4.11, page 52
Prerequisite/s	Completion of placement of candidates
Time for completion	As per the activity table below
Instructions	SI 8.4A: Common instructions on payment of entitlements, SI 8.4B: Instructions on payment of food and to and fro charges, SI 8.4C: Instructions on post placement support (PPS) payment, SI 8.4D: Instructions on one time travel support, SI 8.4E: Instructions on accounting of boarding and lodging expenses, SI 8.5A: Instructions for payment of salaries to trainers, master trainers and Q team members, SI 8.10F: Items to be verified during closure audit and SI 8.10G: Sample size for verification of transactions
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Finalize and share closure financial audit certificate, Closure Utilization Certificate along with audited financial statements and books of account in accordance with the applicable standards and	PIA OP Team (Finance)	Within 10 months of completion of placement of candidates	SF 8.11A: Consolidated Financial Audit Certificate (for complete project) and

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
	share along with other documents as required with Annual Auditor for audit			SF 8.11E: Consolidate Utilization Certificate (for complete project)
2.	Conduct Closure audit of books of account of unaudited period based on the sampling technique as per the applicable auditing standards with the sample size mentioned under SI 8.10G, as minimum	Annual Auditor	Within 1 month of sharing of books of account and other documents by PIA with Annual Auditor	SF 8.11A and SF 8.11E along with annual audited financial statements
3.	Authenticate Closure Audit Certificate and Closure Utilization Certificate along with audited financial statements based on the annual audits conducted during the entire project period and audit for unaudited periods	Annual Auditor	Within 1 month of sharing of books of account and other documents by PIA with Annual Auditor	SF 8.11A and SF 8.11E along with annual audited financial statements
4.	Submit Closure Audit Certificate and Utilisation Certificate along with audited financial statements as it's annexure to SRLM (in case of APS) and CTSA (in case of YPS)	PIA OP Team (Finance)	Within 5 days of submission of Closure Audit Certificate and Closure Utilisation Certificate by Annual Auditor	SF 8.11A and SF 8.11E along with annual audited financial statements
5.	Reconcile the amount of expenditure for prescribed heads, assess deviations reported in closure audit certificate	SRLM finance team (in case of APS) CTSA finance team (in case of YPS)	Within 15 days of submission of Closure Audit Certificate and Utilisation Certificate by PIA	SF 8.11A and SF 8.11E along with annual audited financial statements
6.	Issue a Closure Verification Report directing the PIA to rectify deviations and report compliance	SRLM finance team (in case of APS) CTSA finance team (in case of YPS)	Within 15 days of submission of Closure Audit Certificate and Utilisation Certificate by PIA	SF 8.11B: Interim Evaluation letter of SRLM/CTSA for

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
				Consolidated Utilization Certificate (for complete project period) submitted by PIA
7.	Comply with the Closure Verification Report of SRLM/CTSA and submit a Compliance Report	PIA OP Team (Finance)	Within 5 days of issue of Closure Verification Report by SRLM/CTSA as the case may be	SF 8.11C: Management response to be submitted by PIA to SRLM/CTSA
8.	Review the Compliance Report submitted by PIA and issue Final Closure Verification Report. Generate notice, in case of deviations not addressed.	SRLM finance team (in case of APS) CTSA finance team (in case of YPS)	Within 15 days of submission of Compliance Report by PIA. If the Final Closure Verification Report is not sent by SRLM/CTSA as the case may be then it is deemed that PIA's compliance report is accepted	SF 8.11D: Final evaluation letter of SRLM/CTSA for Consolidated Utilization Certificate (for complete project period) submitted by PIA

8.11.2 Financial audit for orderly closure of a project

When a project cannot be executed and needs to be closed as per process 3.9 (ii) of SOP, the procedure for foreclosure will be followed.

- The order for foreclosure proceedings will specify the conditions of closure
- Closure audit will follow the all the processes prescribed for closure

Closure financial audit will be conducted as per orders given for closure of project. All the expenditure incurred till the completion would be accounted for subject to the budget limited to the achievement of the physical target. Annual auditor will follow all the procedures laid down in the process "8.11.1: Project Closure financial audit".

When a project is closed by MoRD through a closure order, expenditure incurred will be frozen after the issue of the order. The order will also specify the steps to be

taken on training activities in progress on date of issue of the order and payment of entitlements to candidates.

Activities other than those specified in the order for orderly closure will not be permitted to be initiated and any expenditure incurred on such activities. Annual auditor will follow all the procedures laid down in the process 8.11.1: Project Closure financial audit.

8.12 THEMATIC VERIFICATION

Overview

Item	Description
Purpose	Verification of books, accounts and records needs to be conducted in accordance with the directions of MoRD.
Reference to Guidelines	NA
Prerequisite/s	Instruction from MoRD
Time for completion	As per the activity table below
Resource/s	To be specified as per thematic audit
Process owner	For APS: SRLM finance team For YPS: CTSA finance team

Activities

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
1.	Conduct verification of records and books as per the instruction from MoRD	SRLM finance team (in case of APS) and CTSA finance team (in case of YPS) along with MoRD empanelled auditor	25 days of instruction	-
2.	Issue Thematic Verification Report with a copy to MoRD, directing PIA to address deviations, if any observed	SRLM finance team (in case of APS) and CTSA finance team (in case of YPS) along with MoRD empanelled auditor	25 days of instruction	SF 8.12A: Thematic verification report
3.	Comply with the Thematic Verification Report of SRLM/CTSA and submit a Compliance Report with a copy to MoRD	PIA OP Team (Finance)	5 days of issue of Thematic Verification Report to PIA	SF 8.12B: Compliance to the thematic verification

Step No.	Activities	Actor	Time for completion	Formats for presenting the results
				report to be submitted by PIA to SRLM/CTSA
4.	Review the Compliance Report submitted by PIA and issue Final Thematic Verification Report with a copy to MoRD. Generate notice, in case of deviations not addressed.	SRLM finance team (in case of APS) and CTSA finance team (in case of YPS) along with MoRD empanelled auditor	15 days of submission of Compliance Report by PIA. If Final Closure Thematic Verification Report is not sent by SRLM/CTSA, as the case may be, then it is deemed that PIA's compliance report is accepted	SF 8.12C: Final thematic verification report by SRLM/CTSA

8.13 FINANCIAL PROTOCOL FOR OUTSOURCED PARTNERS

SOP chapter 3 refers to two types of outsourcing:

- Outsourcing of training and placement as per information given at the application stage
- Other activities: Inform and share the agreement

Outsourced partners bank account where project related transactions will take place has to be registered and mapped to the dedicated project bank account under PFMS as per sub processes of 8.3. Outsourced partners for the particular activity have to comply with process 3.8.2 of SOP. Outsourced partners has to abide by the guidelines and SOP in force for the activity outsourced to them.

It is to be noted that payment of all entitlements to candidates should be from the Project Account of the PIA only. In no case, should it be routed through outsourced partners' bank account. The compliance to the requirement of direct payment of entitlement to beneficiaries from the Project Account shall be part of Periodical Auditor's monthly verification and report deviations, if any.

8.14 FINANCIAL MANAGEMENT INFORMATION SYSTEM

The Financial Management Information System will base on the following two systems:

1. Public Financial Management System (PFMS) for capturing all the project related financial transactions. PFMS will be payment and expenditure tracking tool for financial management. The system may also be used to generate analytical reports on nature of transaction in the manner required.
2. Aajeevika Skills Development Management System (ASDMS) for reporting of financial transactions, generating reports on entitlement amount due and paid to beneficiaries and other mandatory payments on the basis of physical progress parameters.

PFMS and ASDMS will be integrated to correlate financial progress physical progress of a project and generate reports for financial monitoring of a project.

Effective deployment of PFMS and ASDMS will happen over a period of time during the implementation of projects. In the interim, PIA are required to use standard accounting tools and maintain a website to report data. Procedure for reporting of project financial transactions in the interim are described in SI 8.13A: Instructions on information to be maintained by PIA.

An overview of process of PFMS are given in respective processes and the detailed PFMS manual shall be available separately to assist PIAs in transacting through PFMS.

8.15 LIST OF STANDARD INSTRUCTIONS AND STANDARD FORMS

- SI 8.3A: INSTRUCTION FOR OPENING OF BANK ACCOUNT
- SI 8.3B: PROCEDURE FIRST-TIME REGISTRATION OF PIA IN PFMS
- SI 8.3C: PROCEDURE FOR ADDING PROJECT ACCOUNTS FOR PIAs ALREADY REGISTERED ON PFMS
- SI 8.3D: MAPPING PROJECT DETAILS ON PFMS
- SI 8.3E: HEADS OF EXPENDITURE
- SI 8.3F: PROCEDURE FOR RECORDING AND RECONCILING CASH ADVANCES IN PFMS
- SI 8.4A: COMMON INSTRUCTIONS ON PAYMENT OF ENTITLEMENTS
- SI 8.4A1: RATES FOR PAYMENT OF TRAINING COST, CANDIDATES ENTITLEMENTS AND INCENTIVES
- SI 8.4B: INSTRUCTIONS ON PAYMENT OF FOOD AND TO & FRO CHARGES
- SI 8.4C: INSTRUCTIONS ON POST PLACEMENT SUPPORT (PPS) PAYMENT
- SI 8.4D: INSTRUCTIONS ON ONE TIME TRAVEL SUPPORT
- SI 8.4E: INSTRUCTIONS ON ACCOUNTING OF BOARDING AND LODGING EXPENSES
- SI 8.4F: PROCEDURE FOR PAYMENT OF ENTITLEMENTS (FOOD AND TO AND FRO CHARGES AND POST PLACEMENT SUPPORT) THROUGH PFMS
- SI 8.5A: INSTRUCTIONS FOR PAYMENT OF SALARIES TO TRAINERS, MASTER TRAINERS AND Q TEAM MEMBERS
- SI 8.5B: PROCEDURE FOR PAYMENT OF SALARIES OF TRAINERS, MASTER TRAINERS AND Q TEAM MEMBERS THROUGH PFMS
- SI 8.7A: PROCEDURES FOR PROCUREMENT, ACCOUNTING, DISTRIBUTION AND DISPOSAL OF TABLET COMPUTERS
- SI 8.10A: PROCEDURE TO DRAW SAMPLE
- SI 8.10B: PRESCRIBED HEADS OF EXPENDITURE AND OTHER MANDATORY CHECKS
- SI 8.10C: ITEMS TO BE CHECKED DURING 1ST MONTH AUDIT
- SI 8.10D: ITEMS TO BE VERIFIED DURING MONTHLY VERIFICATION
- SI 8.10E: ITEMS TO BE VERIFIED DURING ANNUAL FINANCIAL AUDIT
- SI 8.10F: ITEMS TO BE VERIFIED DURING CLOSURE AUDIT
- SI 8.10G: SAMPLE SIZE FOR VERIFICATION OF TRANSACTIONS
- SI 8.10H: FUND TO BE RELEASED FOR EXPENDITURE INCURRED EVERY MONTH IF INSTALMENT PAYMENT IS DELAYED
- SI 8.12A: INDICATIVE ITEMS TO BE VERIFIED DURING THEMATIC VERIFICATION
- SI 8.13A: INSTRUCTIONS ON INFORMATION TO BE MAINTAINED BY PIA
- SF 8.3A: REQUEST LETTER FOR CHANGE OF PROJECT ACCOUNT
- SF 8.3B: NOTIFICATION LETTER FOR CHANGE OF PROJECT ACCOUNT
- SF 8.3C: REQUEST LETTER FROM CTSA/SRLM TO MoRD FOR DELINKING OF PROJECT ACCOUNT FROM PFMS ON PROJECT CLOSURE
- SF 8.4A: CANDIDATES BANK ACCOUNT DETAILS
- SF 8.4B: TRAINING CENTRE WISE BANK ACCOUNT DETAILS
- SF 8.6A: AMOUNT TRANSFERRED TO A CANDIDATE'S BANK ACCOUNT AS TAKE HOME PAY
- SF 8.9A: FORMAT OF JOINT DECLARATION BY PIA AND AUDITOR
- SF 8.10A: AUDIT CERTIFICATE FOR THE MONTH OF _____ (1ST MONTH), 20____
- SF 8.10B: MONTHLY VERIFICATION CERTIFICATE BY PERIODICAL AUDITOR FOR THE MONTH OF _____, _____ (YEAR)
- SF 8.10C: INTERIM EVALUATION LETTER OF SRLM/CTSA FOR MONTHLY FINANCIAL VERIFICATION CERTIFICATE SUBMITTED BY PIA

- SF 8.10D: MANAGEMENT RESPONSE TO BE SUBMITTED BY PIA TO SRLM/CTSA.... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10E: FINAL EVALUATION LETTER OF SRLM/CTSA FOR MONTHLY FINANCIAL VERIFICATION CERTIFICATE SUBMITTED BY PIA..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10F: ANNUAL FINANCIAL AUDIT CERTIFICATE **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10G: INTERIM EVALUATION LETTER OF SRLM/CTSA FOR ANNUAL UTILIZATION CERTIFICATE SUBMITTED BY PIA..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10H: MANAGEMENT RESPONSE TO BE SUBMITTED BY PIA TO SRLM/CTSA.... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10I: FINAL EVALUATION LETTER OF SRLM/CTSA FOR ANNUAL UTILIZATION CERTIFICATE SUBMITTED BY PIA..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10J: ANNUAL UTILIZATION CERTIFICATE **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10K: UTILIZATION CERTIFICATE AS ON _____ FOR RELEASE OF _____ (2ND OR 3RD) INSTALMENT OF PROJECT FUNDS **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.10L: PAYMENT RELEASED FOR THE MONTH OF _____ ON ACCOUNT OF DELAY IN RELEASE OF 2ND/3RD INSTALMENT **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.11A: CONSOLIDATED FINANCIAL AUDIT CERTIFICATE (FOR COMPLETE PROJECT) **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.11B: INTERIM EVALUATION LETTER OF SRLM/CTSA FOR CONSOLIDATED UTILIZATION CERTIFICATE (FOR COMPLETE PROJECT PERIOD) SUBMITTED BY PIA..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.11C: MANAGEMENT RESPONSE TO BE SUBMITTED BY PIA TO SRLM/CTSA.... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.11D: FINAL EVALUATION LETTER OF SRLM/CTSA FOR CONSOLIDATED UTILIZATION CERTIFICATE (FOR COMPLETE PROJECT PERIOD) SUBMITTED BY PIA..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.11E: CONSOLIDATE UTILIZATION CERTIFICATE (FOR COMPLETE PROJECT) **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.12A: THEMATIC VERIFICATION REPORT..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.12B: COMPLIANCE TO THE THEMATIC VERIFICATION REPORT TO BE SUBMITTED BY PIA TO SRLM/CTSA..... **ERROR! BOOKMARK NOT DEFINED.**
- SF 8.12C: FINAL THEMATIC VERIFICATION REPORT BY SRLM/CTSA .. **ERROR! BOOKMARK NOT DEFINED.**