

## Utilization Certificate (UC) guidelines:

- Implementing Agency (IA) should maintain project-wise Utilization Certificate (UC) on actual expenditure incurred against the particular budget item and same to be reported to HDFC Bank on a monthly basis in the prescribed format (before 10th of every month). Any delay in submission of UC should be backed with valid written justification and approval from respective state heads.
- UC reflects the on-ground progress of work and not necessarily an outflow statement. Bookings in UC must be verifiable with actual progress of work.
- UC format is mainly divided into Four parts 1) UC-Cover sheet, 2) UC-Summary sheet 3) UC- Budget control sheet and 4) UC-Monthly Working sheet (as per grant period).
  - i. UC-Cover sheet need to be filled with Organisation and Project details as per the prescribed format.
  - ii. UC-Summary sheet shows monthly/YTD progress of the project as per the approved plan and exact fund position of the project granted as on last date of the reporting month.
  - iii. UC-Budget Control Sheet is replica of approved budget to evaluate the progress of project as per plan and to ascertain whether any mid-term correction in budget required to achieve the common CSR objective as per MOU.
  - iv. UC- Monthly Working sheet is part of annexure to UC summary/UC- Budget control sheet, wherein the actual quantity and expenditure incurred during the month need to be filled against the particular budget item of the project.
- UC (Monthly Working Sheet) has to be prepared based on Income and Expenditure Statement. Unpaid liability will be allowed as expense only against the receipt of Invoice or expenses incurred. While advances given in Cash/bank will not be allowed to book as expense in UC (Working Sheet).
- Only genuine expenses paid against the authentic supporting documents must be booked and reported in Utilization Certificate (UC). What is Allowed and Not Allowed for Expenses Reporting in UC (working sheet) is tabulated below:

Sl. No.	Scenario	Allowed / Not Allowed	Remarks
1.	Full Work Completed, Full Invoice Received, payment done in full	Allowed	–
2.	Full Work Completed, Full Invoice Received, PARTIAL payment done	Allowed	Booking to be done for Invoice Amount & not payment amount. Remainder of payment not done will be treated under unpaid/current liability.

3.	Full Work Completed, Full Invoice Received, No payment done.	Allowed	Booking to be done for invoice amount under unpaid/current liability
4.	Full Work Completed, Invoice not received, partial/full payment done as advance	Not Allowed	Wait for actual invoice
5.	Partial work completed, Partial Invoice Received, Payment done in full / more than the invoiced amount	Allowed (to the extent of Invoice)	Allowed to the extent of Invoice, not as per payment done.
6.	Partial work completed, partial invoice received, payment not done	Allowed (to the extent of Invoice)	Allowed to book Invoiced Amount
7.	Partial work completed, no invoice received, partial/full payment made	Not Allowed	Booking to be done only basis of Invoice.
8.	Work Initiated, Advance made	Not Allowed	Advances not allowed to be booked
9.	Monthly Salary bookings: Salary liability created at month end as per <b>actuals</b> (Monthly payment + statutory deductions); payment done / not done	Allowed	Since liability to pay salary is created on the last day of the month, even if payment is made in the next month. All salaries to be booked as expense for designated staff only.
10.	Monthly Salary bookings: Salary liability created at month end as per <b>budget</b> ; However no actual salary expense incurred for the month.	Not Allowed	Refer Point 9 above. Only Actual salary to be booked. Balance of funds to be reported as unspent.
11.	Overshooting of monthly salary against budget.	Allowed (only basis approval from HDFC)	To be discussed and bookings allowed only upon written approval from HDFC Bank concerned Manager and there is balance against another staff salary head. Decision to be taken on a case to case basis. In no circumstances, the overall HR Cost shall overshoot.
12.	Salary Advances.	Not Allowed	Salary Advance not allowed in to be shown in UC working sheet.
13.	Salaries in resigned cases	See remarks	If there is no staff for a particular period, unspent balance shall

			be shown. If an interim deployment has been done from the organization it has to have concurrence and written approval of the HDFC Bank concerned Manager and salary to be booked as per time cost and provisions mentioned in other scenarios.
14.	Salary overlapping in resigned cases and new hires	See Remarks	In case of a resignation and a hiring made before relieving of the old employee, two salaries can be booked for a maximum period of 7 days with prior consent and approval of the HDFC Bank CSR Manager, subjected to availability of unspent funds under HR Cost. In case the new staff for the project is an existing staff of the organization and is being transferred into HDFC Bank project, such transfer has to have the consent of the concerned HDFC Bank CSR Manager and overlapping of salary will not be allowed in such cases.
15.	NGO Management Cost @ flat rate as per budget outlay	Not Allowed	-
16.	NGO Management Cost @ proportionate to expenditure reported for the month at the rate agreed.	Allowed	-
17.	Bank Charges	Allowed	Bank charges related to project payments to be booked as per actuals which will be offset from the Interest

			earned. For ease of calculations, bank charges should be shown separately in UC summary sheet.
18.	GST / Taxes and TDS	Allowed	Full invoice to be booked.
19.	Preponement of Activities	See Remarks	Expenditure against a particular activity should be made when it is planned for. Any preponement of activity is allowed in rare cases only upon prior approval of the concerned HDFC Bank Manager. It may be noted that there will be no change in Grant Release due date and amount due to this preponement.
20.	Postponement of Activities	See Remarks	Allowed upon approval of the concerned HDFC Bank Manager.

- It is strongly recommended that the Implementing Partner ensures prevention of any "Back Dated" modification/deletion of entries made in the accounting system. Any Mismatch in monthly/YTD actual spend figures last reported should be disclosed and justified in the last prescribed column of the UC working sheet.
- Implementing Agency (IA) should provide reasons for variances from budgeted numbers in terms of quantity and value separately in the prescribed "reason for variance" column of the UC against the respective individual line items. The reasoning should justify the actions executed and expenses incurred, considering the overall objective of the project and maintaining the ratio between direct and indirect cost as per approved budget.
- **Any expenditure not forming part of the proposed budget and any expenditure incurred above the proposed budget shall not be accepted unless prior written approval for the same is obtained from the HDFC Bank.**
- **UC Fund position (in Summary sheet) has to be prepared based on Receipt and Payment Statement.** IA should ensure that the unspent/available balance of the fund as on the last date of the month is segregated into cash in hand and cash at bank (**as per books of account**). For any mismatch in available balance of the fund as per UC with cashbook, bank statement/Bank Reconciliation sheet on record, a justification should be provided in UC under worksheet "UC Summary Sheet".

- If required, for cross verification of UC figures, necessary details like a bank statement, cash book balance, expense vouchers, bank reconciliation for the particular month in soft copy may be called for by HDFC Bank.
- All unpaid liabilities and advances posted in the system should be shown separately in the prescribed format provided in UC summary to arrive at the exact fund position.
- In case of a negative balance in fund position as per UC, the IA should provide HDFC Bank with a brief explanation on excess expenditure incurred. This explanation should be provided in UC - Summary Sheet"-Remarks Column
- The IA shall set up an organized system to track grant expenditures and advances given for project purpose. If any "Staff Advance" or "Vendor Advance" is given and the same is not settled as at the end of the calendar month or if there are unpaid "Vendor Bills" or "Statutory Dues" as on the last day of the calendar month, then the same should be reported in UC under worksheet "UC Summary Sheet".
- Implementing Agency must exhibit financial discipline as far as release of Advances are concerned. The Actual Paid to Advance Ratio shall be treated as an indicator of systems and governance of the organization. Outstanding advances for a long period shall be monitored closely and explanations may be sought
- The IA should not resort to any unethical practices like multiple funding for same expense/project, diversion of funds or utilization of funds for a purpose other than for which the funding is being made, overstatement of accomplishments etc. The list mentioned here is merely indicative and not an exhaustive list.
- The Implementing Agency (IA) shall ensure submission of "Fund Utilization Certificate" for the entire grant period, within 60 days' post completion of the project which shall be duly certified by Statutory Auditor of the IA. Further due to internal/regulatory requirement any changes in time period for submission of UC will be communicated to Implementing agency accordingly. **(Please note: Fund disbursement on Renewal of project will be initiated/approved basis timely submission of audited UC. For any exception on delay in submission of audited UC, will require respective State head/Program head approval).**
- All UC Certificates (audited/unaudited) send by IA should be strictly in "UC" format prescribed by HDFC Bank.

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**End of the Document.**