

## SOP – Advance and Fund Management under Projects

### 1. Objective

To standardise receipt, utilisation, monitoring and further demand of project funds/advances and ensure financial control.

### 2. Applicability

This SOP applies to projects using NICSI's standard advance-based funding mechanism. It does not apply where (i) project-specific contractual/approval terms prescribe another mechanism, (ii) 100% advance is received before commencement, or (iii) time-based/recurring services (e.g., Cloud, Email, Data Centre and Workstation Services) are governed by specific project terms.

### 3. Project Opening and Initial Advance

On receipt of an approved order and 40% of the approved project value as advance from the User Department, NICSI shall open the project in the ERP/system. Execution shall commence upon receipt of the prescribed advance, which shall be used only for the approved project.

### 4. Utilisation and Subsequent Demands

NICSI shall monitor expenditure, liabilities and commitments. A subsequent demand may be raised when utilisation reaches 75% of the applicable advance/running advance, supported by the Utilisation Certificate (UC), expenditure statement and other required documents.

| Installment             | Share of approved value | Trigger                                                                            |
|-------------------------|-------------------------|------------------------------------------------------------------------------------|
| First / Initial Advance | 40%                     | At project commencement                                                            |
| Second Installment      | 30%                     | 75% utilisation of first advance                                                   |
| Final Installment       | 30%                     | 75% utilisation of running advance (unutilised first advance + second installment) |

Illustration: For a ₹100 crore project, the initial advance is ₹40 crore. After ₹30 crore (75%) is utilised, NICSI may raise the second demand of ₹30 crore. The final ₹30 crore demand may be raised after utilisation reaches 75% of the running advance, subject to the approved terms.

### 5. Project-Specific Terms and Deviations

Where an approved order, sanction, agreement, MOU or contract prescribes a different funding mechanism, those terms shall prevail and the standard 40:30:30 pattern shall not apply to the extent of inconsistency. Any other deviation requires prior approval of the Financial Advisor (FA) and Managing Director (MD) before project initiation/opening. The User Department shall provide the project approval, budget sanction and funding terms to the Project Manager, who shall obtain the requisite approval. No deviation shall be implemented without approval, except where covered by approved project-specific terms, 100% advance, or the specified recurring-service arrangements.

### 6. Responsibilities

- User Ministry/Department: Issue the approved order/sanction and scope; provide budget, administrative and project-specific approvals/terms; release funds as approved; process subsequent demands and provide necessary clarifications.
- NICSI: Verify the approved order; ensure receipt of the prescribed advance before execution unless otherwise approved; monitor utilisation; raise demands only on meeting the applicable threshold; submit the UC/expenditure statement; maintain records of receipts, expenditure, commitments/liabilities and unutilized balances and issue Indemnity Bond for the equivalent amount of advance received.

### 7. Review

This SOP shall be reviewed periodically or upon material changes in funding mechanisms, financial policies, Government instructions or applicable regulations.

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