NATIONAL CAPACITY BUILDING WORKSHOP

UTF OPERATIONS DOCUMENT
Agenda

- UTF OPERATIONS DOCUMENT
  - INTRODUCTION
  - ROLES & RESPONSIBILITIES
  - COLLECTION & DISBURSEMENT OF FUNDS
  - TREASURY FUNCTIONS
  - ACCOUNTING & BUDGETING PROCEDURES
  - UTILIZATION OF FUNDS
INTRODUCTION
Chapter 1: Provides an introduction to this document describing how the concept of UTF has evolved, initiatives taken in the past relating to UTF, need and objectives of UTF, the relation of this UTF operations document with the UMTA operations document.

Chapter 2: Proposes guidelines for setting up the FMD within UMTA for managing the UTF, including its functions, organizational arrangements and delegation of powers.

Chapter 3: Discusses the guidelines for collection and disbursement of funds, which are integral to the smooth management of the UTF. It also proposes the fund flow mechanism.

Chapter 4: Outlines the guidelines for undertaking treasury functions comprises the processes, systems, internal controls and practices relating to the way the FMD manages its revenues, expenses, assets, liabilities and contingencies.

Chapter 5: Discusses the general accounting policies and principals that would need to be followed for efficient management of UTF.

Chapter 6: Includes guidelines for monitoring and reporting of projects and activities funded by the UTF.
OBJECTIVES OF HAVING A DEDICATED UTF

- Provide urban transport funding by tapping innovative sources
- Provide dedicated and sustainable funding for urban transport
- Efficient management and utilization of urban transport fund
- Ensure transparency and accountability in fund management
- Leveraging UTF revenue for raising funds from the market
A mix of conventional and innovative funding sources have been identified for UTF

- Tax on Employers
- Additional Parking Charges
- Additional Advertising Charges
- Funds from Traffic Penalties
- Cess on property tax and housing development society fund
- Development charges and transportation projects
- One-time cess on motor vehicle
- Cess on registration fee on property transfer along influence zone

**URBAN TRANSPORT FUND**

- Allocation from Local Government
- Allocation from State Government
- Allocation from Central Government

- Borrowings from FIs
- Leveraging UTF
- Other Allocations

- Cess on Petrol & Diesel
- Additional Vehicle Registration Charges
- Additional Registration charges on registration of more than one motor car with an existing motor car owner
- Levy on Conversion of Land Use

- Funds from Central Road Fund
- Funds from National Investment Fund
- Funds from UP-DUTF
- Funds from RTIDF

- Allocation from Local Government
- Allocation from State Government
- Allocation from Central Government

- Funding from centrally sponsored schemes

- Consolidated Fund of India
- State Consolidated Fund

- Bhopal
- Hyd
- Kochi
- Lucknow
- Jaipur
UTF funds are proposed to be utilized exclusively for funding urban transport needs in the urban area.

**Prioritized utilization of UTF**

- **UMTA’s Operations**
  - UMTA when established would be a new authority and would require financing for its activities and operations.

- **Preparation of Comprehensive Mobility Plan**
  - Activities related to preparation/update of comprehensive mobility plan.

- **Inter Modal Integration**
  - Activities such as common ticketing, provision of public transport information.

- **Conducting Studies in Urban Transport**
  - UTF could fund the hiring of consultants, researchers and scholars and conducting studies in urban transport.

- **Preparation of Selected DPRs**
  - UTF could fund the preparation of selected Detailed Project Reports for projects involving multiple transport modes.

- **Funding of Targeted Subsidies**
  - To ensure operational and financial sustainability, UTF could provide support in the nature of targeted subsidies such as those for inter-modal connectivity.

- **Partial Funding of Capital Expenditure**
  - Viability gap funding for major urban transport infrastructure.
  - Development of bus stops, bus shelters etc.
  - Metro rail infrastructure development.
  - Procurement of rolling stock, buses.

All cities have accepted the proposed utilization avenues for UTF funds.
FUND MANAGEMENT DIVISION
FUNCTIONS AND STRUCTURE OF FMD

**FUNCTIONS OF FMD**

- **Collection & Disbursement**: Collection of stipulated funds from specified sources, disbursement of funds for the intended purposes.
- **Accounting & Budgeting**: Adherence to accounting and budgetary policies & procedures, maintaining accurate records.
- **Treasury Management**: Forecasting fund flow and making arrangements for funding deficits and investing surplus.
- **Monitoring of Expenditure**: Overseeing fund utilisation by implementing agencies that have been given funds from the UTF.

**ORGANIZATIONAL STRUCTURE OF FMD**

- Governing Board
  - UMTA
- CEO
- Director - Finance
  - GM – Accounts and Finance
    - Manager - Accounting
    - Manager - Collection
    - Manager - Disbursement
  - GM – Budgeting
    - Manager – Budgeting
  - GM – Financial Monitoring
    - Manager – Financial Monitoring
- Support Staff
FUND FLOW MECHANISM
COLLECTION AND DISBURSEMENT OF FUNDS

Transfer of funds from State Finance Deptt.

Funds from S-DUTF

Transfer of funds from Local Government (Municipal Corporation) / respective agencies

Tax on employers

Funding from Financial / Commercial Institutions / Market Borrowing

Funds from central government allocations

- Fund In-flow

- Fund Out-flow

- Funds from CRF
- Funds from NIF
- Allocation from state government

Funding for UMTA’s operational Expenses

Monthly Statements to UMTA Board

Authorization to Bank to release payments as per approved plan

2

Approval of funds

1

Request for Funds

Submission of Periodic Fund Flow Statements

3

Release of funds as per approved plan

4

Implementing Agency / Fund Users

5

UMTA Board

UTF (Bank Account)
GUIDELINES FOR TREASURY, ACCOUNTING AND BUDGETING FUNCTIONS
TREASURY AND ACCOUNTING FUNCTIONS

Treasury functions comprise the processes, systems, internal controls and practices relating to the way the FMD manages its revenues, expenses, assets, liabilities and contingencies.

<table>
<thead>
<tr>
<th>Treasury Functions Policy</th>
<th>Manage Borrowings</th>
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<tbody>
<tr>
<td>To maximize UTF’s liquidity</td>
<td>To be able to raise funds as and when required</td>
</tr>
<tr>
<td>Minimize operational and financial risks</td>
<td>To be timely in its repayment obligations towards the borrowing authority</td>
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<tr>
<td>To be responsible for parking surplus funds at the right investment avenue</td>
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<table>
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<tr>
<th>Cash Flow Forecasting and monitoring</th>
<th>Manage Investments</th>
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<tbody>
<tr>
<td>• Allow appropriate action to be taken to maintain or improve the cash position</td>
<td>• Ensures investments are safe and liquid</td>
</tr>
<tr>
<td>• Provide a level of stability to the cash flow forecast</td>
<td>• Funds should be invested in short-term securities like interest-bearing savings accounts and the overnight money market if it is approved by the Board</td>
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<tr>
<td>• improve the accountability of treasury management staff</td>
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Advantages

- Improve Liquidity Position of UTF
- Mitigate and manage risk
- Ensure competitive return with an acceptable risk profile

Accounting & Auditing Policies

- Accounting policies shall be in conformity with the accounting standards issued by the ICAI
- Recommended that UMTA adopts double entry accrual accounting
- Financial statements to be audited annually in line with the provisions of the UMTA Act
GUIDELINES FOR BUDGETING FUNCTION

- FMD will prepare UMTA's budget taking inputs from various departments.
- This budget would be prepared for the forward financial year before the end of March, i.e. prior to the start of the financial year to which the budget applies.
- The annual budget shall be approved by the CEO, in consultation with the UMTA Board.
- Budget shall be published in an annual budgetary journal of the UMTA and remain available in the public information domain.

For smooth functioning of UMTA, need to estimate its operational expenses and provide for the same in the budget.

The budget needs to account for capital expenditures incurred in buying or augmenting any of its fixed assets.

Funds used for discharging UMTA's functions such as CMP preparation need to be included in the budget.
MONITORING FUND UTILIZATION
**Monitoring the Utilization of Funds**

- Monitoring the utilization of funds involves obtaining and evaluating information on how the funds are being put to use.
- Funds utilized for activities undertaken by the UMTA need to be monitored against their planned outlays as per the approved Budget of the UMTA.
- UMTA Board should have a dedicated Monitoring team - the primary function will be to monitor the performance of the urban transport projects and the performance of implementing agencies.
- The **Manager- Financial Monitoring** has overall responsibility for monitoring implementing agency utilisation of funds and overall project progress.
- He/she will liaise with implementing agencies to obtain the information required for monitoring the same.
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