



Adi Shankara

INSTITUTE OF ENGINEERING AND TECHNOLOGY

Approved by AICTE & Affiliated to APJ Abdul Kalam
Technological University
(Owned by Adi Sankara Trust)

Finance Policy

ADI SHANKARA
INSTITUTE OF
ENGINEERING & TECHNOLOGY

FINANCE POLICY

Controlled Copy



ADI SHANKARA INSTITUTE OF ENGINEERING AND
TECHNOLOGY

Vidya Bharathi Nagar, Mattoor, Kalady, Ernakulam (Dist), Kerala

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FINANCE POLICY

Sri K. Anand

Controlled Copy By: Managing Trustee

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FINANCE POLICY

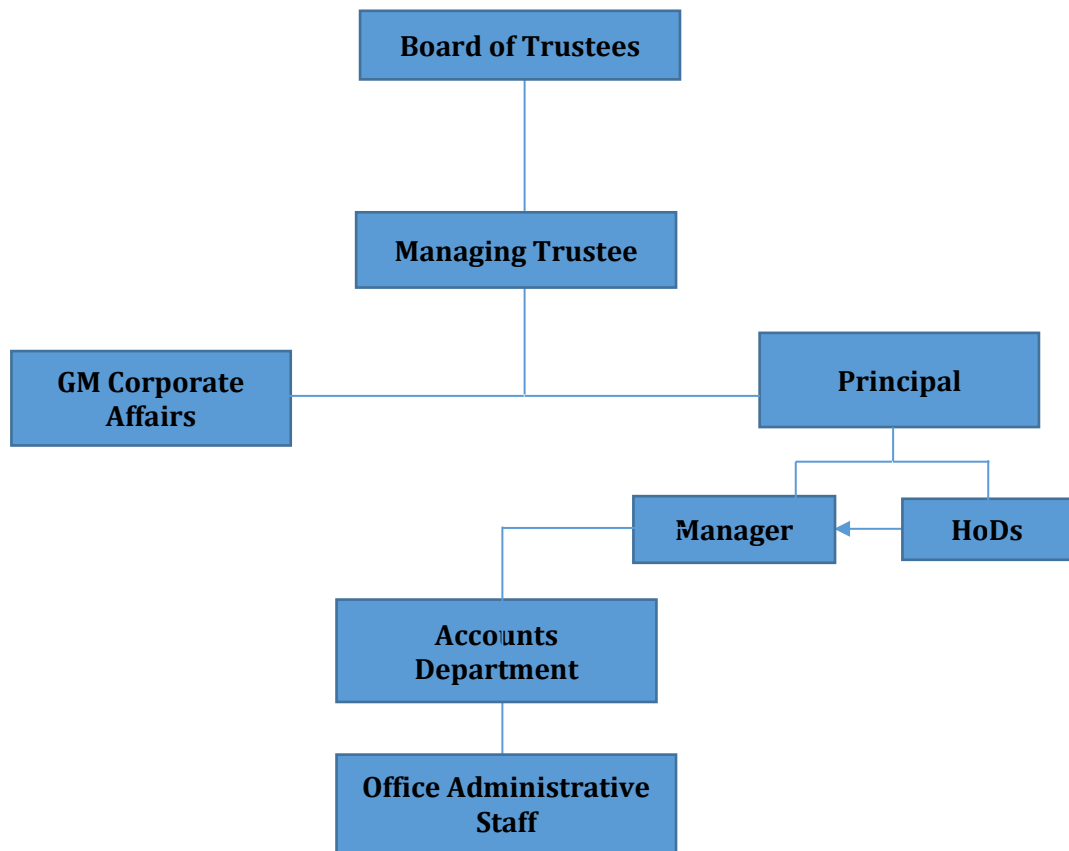
1. INTRODUCTION

Objectives of the Finance Policy

The Financial Policy of the Institute intends to achieve the following objectives:

- Prudent and effective management of financial resources.
- Honesty and transparency in all aspects of financial management and financial reporting.
- To comply with the legal requirements of various Acts.
- Documentation of income and expenditure, assets and liabilities, banking requirements, capital and cash budgeting, internal controls, reporting etc.
- To execute any external projects in a financially sound, proper and time bound manner.
- To ensure desirable standards of accountability and credibility of the institution in the use of funds entrusted to it.
- To deliver maximum benefits at minimal cost.
- To practice standard accounting practices in the management of financial resources.
- Proper annual and continuous auditing of financial activities
- Have a proper standard operating procedure in all financial matters.
- To implement all financial activities according to the financial policy, monitor and do course corrections.

2. DEPARTMENT STRUCTURE



- Department of Finance and Accounts: Includes all staff posted in the office. The department is headed by the Manager Administration who reports to the Governing Body through Managing Trustee. The clerical staff also reports to the Head, Accounts separately on certain matters.
- Governing Body: It is the pivotal administrative body.. All members except the university representatives are nominated by the Adi Shankara Trust
- Managing Trustee: He is the Chairman of the Governing Body. Vested with full financial authority subject to Trust Bylaws. Signs all cheques other than those delegated to lower levels.
- Principal: Academic head of the Institute and the executive head of administrative and financial policies. Empowered to approve and sanction financial proposals relating to Academic purposes upto a ceiling of five lakhs in a Financial Year
- GM, Corporate Affairs: In charge of co-ordination of all maintenance works, custodian of all valuable assets and responsible for proper documentation of assets.

Reporting to MT

- Manager, Administration: Head of the college office. Manages office staff, supervises office activities, provides necessary support to Principal in administrative affairs and responsible for giving proper guidance for maintaining financial discipline and records generated in the college office. Reporting to Principal.
- Head, Accounts: Is responsible for the custody of all valuables including cash collected daily and the balance impress money and related documents.

3. ACCOUNTING FRAMEWORK

- Accounting framework is concerned with general purpose financial statements that are prepared and presented annually. This is for the use of wide range of stakeholders who have to rely on the statements as their major source of financial information. The accounting framework of the college will primarily comprise of:
 - Elements of financial statements basically comprising income, expenses, assets and liabilities
 - Principles for recognition of items of income, expenses, assets and liabilities
 - Principles of measurement of items of income, expenses, assets and liabilities
 - Presentation and disclosure principles.

4. FINANCIAL POWERS

The Managing Trustee is vested with full financial autonomy and enjoys unlimited powers. He in this regard has the following powers, subject to Trust By-laws:

- To appoint and fix the remuneration/salary, as per the norms, to the teaching/non-teaching staff of the college and sanction increments
- To purchase fixed assets within the limit sanctioned in the budget.
- To make investment decisions and also arrange for resource mobilization to meet the financial requirements of the college
- To authorize the payment of purchase bills and to confirm the oral sanction given, if any, to Principal/HODs etc., over and above the delegated powers

- To delegate financial powers down the line in any case of any exigency.
- To introduce adequate checks and control systems to enforce financial discipline
- To enter into any contract for any service/work

5. BOOKS OF ACCOUNTS

All records/details can be stored in soft copy or hard copy whichever is economical and convenient. However, it is advisable to keep both in computer and hard copy. Online transactions are preferred.

Books of account should be maintained by following the rules of Double Entry Book keeping System and generally accepted accounting practices prevailing in India. Maintaining proper books of account with respect to:

- All amount received by the college and the matters in respect of which receipts take place, showing distinctly the amounts received from income generating activities and through grants.
- All amount expended by the college and the matters in respect of which expenditure takes place
- All assets and liabilities of the college

5.1. Books to be maintained

- Receipt Book
- Journal
- Cash book/Bank book
- Ledger

In addition to the above

- Separate set of books and records maintained for the various projects etc. that the college has for implementing programmes
- Separate ledgers, accounts and records are also maintained with regards to the various funds representing the grants received from various sources, received with or without stipulations and restrictions.

- A separate set of books and records maintained for foreign and Indian contributions, as per the requirements of the Foreign Contribution (Regulation) Act

Accordingly, the college with reference to specific requirements, maintaining the following additional books of account, as considered necessary for the maintenance of proper books of accounts:

- Purchase book
- Sales book/Bill book
- Inventory Register
- Other books as deemed necessary

Moreover, the following registers and other records like vouchers should be maintained so as to give information in relation to:

1. Fees received from students (in respect to admission fee, library fee, examination fee etc.)
2. Grants-in-aid received from various sources
3. Scholarship and special stipends
4. Funds such as building, library, laboratory, sports, furniture, equipment, endowment, provident fund, poor students fund, deposits, etc. Immovable properties and other fixed assets
5. Investments
6. Minutes of the meetings of the Management Committee of the college. Stock (for books, stationery, uniform etc.)
7. Caution money received from students

6. ACCOUNTING STANDARDS

The accounting principles and practices, in India, are governed, inter alia, by the Accounting Standards, Guidance Notes, etc., issued from time to time by the Institute of Chartered Accountants of India (ICAI). Para 6.1 of “Preface to the Statements of Accounting Standards”, lays down that the Accounting Standards will be mandatory from the respective date(s) mentioned in the Accounting Standard(s). The mandatory status of an Accounting Standard implies that while discharging their attest functions, it will be the duty of the members of the

Institute to examine whether the Accounting Standard is complied with in the presentation of financial statements covered by their audit. In the event of any deviation from the Accounting Standard, it will be their duty to make adequate disclosures in their audit reports so that the users of financial statements may be aware of such deviation. Ensuring compliance with the Accounting Standards while preparing the financial statements is the responsibility of the college management.

7. GREEN ACCOUNTING

An effective green balance sheet would be either in the red (a loss) or black (profit). Internal and external benefits must also be calculated and quantified using monetary measures. These could include savings from new technologies and policies resulting in lower pollution, better health and substitution of bio-degradable products and eco-friendly programme's on the campus.

8. MAJOR SOURCES OF FUNDS

The income of the institution consists of Fees, Facility/Consultancy, voluntary contributions, honorarium and project funds.

8.1. CORPUS FUND: It refers to funds contributed by founders / promoters/trustees generally to start the institution. It also includes donations /contributions received with specific directions. These are non-refundable funds, which can however be increased by additional contribution by the founders/promoters/donors/contributors with specific directions in furtherance of the objects of the institution.

8.2. DESIGNATED FUND: These are the funds which have been set aside by the trustees/management of the college for specific purposes or to meet future requirements. These funds are generally created by an appropriation of the surplus for the year.

8.3. GENERAL FUND: These are funds other than corpus, endowment and designated funds and the main source is fee income.

8.4. ENDOWMENT FUND: BS Krishnan Endowment award is given to the best students in academics of the college.

8.5. Facility/Consultancy, voluntary contributions, honorarium and Project Funds

Funds given to the institution for a definite cause, budget specific and for a specific period are Facility/Consultancy, voluntary contributions, honorarium and Project Funds. The institution utilizes the funds for the given purpose adhering to the budget approved. For consultancy brought by the faculty, there will be a payment in the ratio as specified in the consultancy policy.

8.6. Income other than project funds

Any other income other than project funds is income of the institution, which is administered by the institution for various activities of the institution.

8.7. Depositing and Recording of Income/funds:

The institution deposits foreign funds in the designated foreign account approved by the Home Ministry. The local funds are deposited and accounted in local bank accounts maintained by the institution under the supervision of manager/Accountants with the help of accounting software / ERP Software.

8.8. Receipts

A separate pre-printed receipt shall be issued to the donor for both foreign and local funds. The institution will maintain a register to record the receipt of funds date wise.

8.8.1 Tuition fees as far as is possible is received either by way of Bank Cheques, Demand Drafts, NEFT or Credit Cards. The college works closely with Banks who provide us with updated technology. This enhances the quality of service to our stakeholders and helps in account reconciliation.

8.8.2. Daily collections of various types of fines and fees (other than Tuition or Exam fees) are to be deposited in the Bank on a weekly basis, or whenever necessary, fortnightly.

8.8.3. Money obtained from various sources such as the canteen, sale of journals, etc., is to be accounted for in the Trust accounts.

8.8.4 Receipt Books and Vouchers are to be printed and used for every transaction.

8.9. Project based Accounting

ASIET Office shall maintain a separate set of cashbook and ledger, records and documents for each project.

9. EXPENDITURES

9.1. Financial System

The institution maintains a system in which daily financial transactions are appropriately

authorized, recorded and documented. The system is computerized using standard software.

9.1.1. Vouchers

- The processing of payment includes a voucher system which includes the signature of the authorized person.
- Each transaction is entered into the financial system while GST-Bills and vouchers are filed separately.
- Each voucher should be supported by proof of payment such as GST-Bills, invoices, and receipts. The procedure of financial transactions should be communicated to project staff.

9.1.2. The Process/procedure for Co-curricular spending shall be as follows:

9.1.2.1. Budget preparation with signature of the Principal, HOD, one senior Faculty member from the Department concerned. If activity is undertaken primarily with students' initiative, then they need to sign as well. The budget should clearly mention the number of participants and tentative registration amount to be collected.

9.1.2.2. The signed budget is then approved by the principal and forwarded to the Managing Trustee for final approval through GM.

9.1.2.3. Post expenditure all Bills in original must be submitted along with the income and expenditure statement to the Principal within seven working days of completion of the event. These statements must have the signatures of the HOD and Faculty Member.

9.1.2.4. The list of participants paying registration amount, along with their phone numbers, must be attached with the above GST-Bills.

9.1.2.5. The approval of any **out of the ordinary/budgeted** expenditure must be attached and submitted along with the GST-Bills.

9.1.2.6. The above procedure to be followed for expenditures incurred through **students' contribution only**, as well.

9.1.2.7. No deviation of the above-mentioned process is allowed. This is to maintain a proper record for future reference and audit.

9.2. Method of Payment

9.2.1. Payment by Cheque

Ordinarily, all expenditure above Rs. 20,000/- shall be paid by cheque except in the case of

extra-ordinary situations where banking is difficult, and receipt has to be obtained. Maximum utilization of cheques is recommended. That too account payee cheques. All payments can simply be made against authorized documents. (i.e. relevant voucher / Bills / Cash Memos / Tax Invoice). Sometimes, though, payments will have to be made against a pro forma invoice. Each Department Heads may apply for cheque payments in the cheque requisition format to the Manager. The Managing Trustee is authorized to sign the cheques.

9.2.2. Payment by Cash

Use of cash for payments is discouraged. Ideally this should be only for petty payments. Cash payment should be avoided for payments above Rs. 20,000.

9.2.3. Online Payment

Digital payments are to be promoted as far as possible.

9.2.4. Cash in hand

The Manager/Accountant keeps in hand cash for day-to-day transactions. Cash in hand should not exceed the limit of Rs. 90.000/- (F.C) and Rs. 60.000/- (I.C)

9.3. Advance policy

To each Department, advances are provided based on the requisition application submitted. Such requests should be applied to the Principal. The advances should be accounted/cleared with the accountant on a weekly basis by the department HOD. If for some reason they lapse, then somehow such advances are to be closed before the end of the financial year.

9.4. Human Resource

The detailed human resource expenditure is worked out in the Human Resource Policy document.

9.4.1. Pay Scale & Staff Benefit

There should be clarity in pay scale and other benefits provided. The staff benefit should be provided in the budget itself for each project.

9.4.2. Consolidated Salary Register

A consolidated Salary register is maintained where payments to staff by way of salary month wise. However, a separate salary register is maintained for projects of local funds such as Government grants. All Salary Payments shall be preferably paid through a bank account.

9.5. ESI/PF: Admissible as per rules.

9.6. Gratuity: As per rules

9.7. Additional Benefits: College may evolve its own additional benefits according to the needs of the staff.

10. BALANCE SHEET

10.1 Assets

All immovable assets such as land, building etc, are purchased in the name of the institution by the Managing Trustee with the approval of the Management. Other movable and physical assets such as furniture, equipments, computer related assets etc. below Rs.20000/-are purchased in the name of the institution with the approval of the purchase committee of the institution. If it costs beyond Rs.50000/- its purchase will have to be approved by the Management Trustee. Any particular asset purchased out of project funds shall be labeled with the name of the Funding Agency if necessary.

10.2 Listing of Assets

A Fixed Asset Register is to be maintained by the GM to record the Purchase, Disposal and movement of assets. The assets shall be numbered. The fixed Asset register book is maintained.

10.3 Use of Assets

Assets of the organisation should be utilized to achieve the objectives of the institution. A logbook is maintained for the use of vehicles.

10.4 Depreciation

Depreciation shall be provided under Written Down Value method as per the rates stipulated under the Income Tax rules from time to time.

10.5 Liabilities

Whenever funds are available credit purchase shall be avoided.

11. BANKING

11.1. Operation of Bank Accounts

The signatories to the bank accounts is Managing trustee. Principal and one or the other Department Heads and they shall operate bank accounts of the institution jointly

for the external Project/Consultancy funding. The bank accounts include funds received for projects, government grants and other general funds. There shall be one bank account exclusively for the transaction of foreign funds and one or more accounts for the local funds.

Authentication of the Managing Trustee is necessary for opening any additional bank account other than the existing ones or for canceling.

11.2. Cheque issue Register

A cheque issue register is maintained for recording the issue of cheques of all the bank accounts.

11.3. E Banking and Payment

As far as possible all transactions, both payment and receipts to be done in the E Banking mode.

12.PLANNING AND BUDGETING

12.1. Institution Wide budget

A consolidated general budget is prepared annually with the initiation from Principal through HOD's. It is sent to the Management for approval. The experience and actual expenditure is kept in mind when preparing the budget.

12.2. Project Budget

A Project Proposal and its budget are prepared by the coordinator of the concerned Project. It will be discussed and passed by a group consisting of the Head of the institution, Coordinator of the concerned project and Accountant. Later it is approved by the Management and presented to the Donor or Grant giving Agency. It is finalized once the donor approves it. The approved budget is adhered to during the project as per agreement with the Funding agency.

A copy of the project budget is given to the respective coordinators, the signatories of the account and the accountant for follow up and reporting. The coordinator of the concerned project takes leadership in implementing the project as according to the approved budget. Any change in the approved budget and activities will have to be brought to the notice of the Management that approved the project and if needed get it revised by the Donor/Grant Agency.

12.3.Financial Advisory committee

Financial Advisory Committee is headed by the Principal and consists of representatives from the Management, the Manager, the internal Auditor and Accountant. The committee meets

once in Six months to review the financial situations of the institution. It will go through the periodical financial reports of projects.

12.4. Cash Flow Planning

ASIET Office should make a cash flow statement on a quarterly basis and try to promote Digital Transactions wherever and whenever possible.

13. INTERNAL CONTROLS

13.1. Authorization of financial transactions

The Managing trustee as the case maybe shall authorize payments by signing the voucher as a sign of approval.

13.2. Maintenance of Computerized Accounts

The accountant enters the transactions in the computer software on daily basis.

13.3. Printed Cash Book

Cashbooks are printed monthly showing the balance in cash in hand and in bank.

13.4. Monthly Reporting

Account wise monthly Receipts and Payments account is printed. A consolidated monthly return is prepared and sent to the Management every month.

13.5. Project fund reporting

Project wise preparation of reports of funds showing the receipt, utilization, balance and percentage of balance and reasons for variations are prepared every month. The Project Coordinator regularly reports to the project committee as per the project execution plan which may be quarterly or by annual.

13.6. Budget Control

Budget comparison report shall be reviewed on a quarterly basis by the Manager (Administration) along with the coordinator of the project and variations if any shall be reported to the principal.

13.7. Vehicle and stock control

Vehicle Logbook shall be maintained for all the vehicles of the institution and shall be verified by the Coordinator along with the Manager (Administration) on a regular basis

Stock book is to be maintained for the purchase of office related materials. It is to be attested by the Manager (Administration).

14. RESERVES

Capital Reserve

For purchase of fixed assets.

General Reserve

For any expenditure for the purpose of proper functioning of the college

15. INVESTMENT OF SURPLUS FUNDS AND FUNDS NOT IMMEDIATELY REQUIRED

Funds not immediately required and in surplus will be invested in Fixed Deposits and other forms of investments as per the statutory requirements especially under section 11 (5) of the Income Tax Act. Once the Fixed Deposits made, they are verified and up dated on the maturity date.

16. WORKING CAPITAL

Working capital is required for at least three months functioning of the college.

17. AUDIT OF ACCOUNTS

17.1 Statutory internal and external audit.

The Annual internal and external audit of accounts of the institution is normally done before the month of June for every Financial year. The Internal auditor will be appointed by the management.

17.2 Financial Misbehavior/Misappropriation

In the case of any financial misbehavior or misappropriation reported, the management will constitute a committee and suitable action will be taken based on the committee's report.

17.3 Project fund audit

The project accounts will be done separately within 2 months from the close of the project period.

17.4 Utilization certificate from the Auditor

Utilization certificate is obtained from the auditor for the audit of all the accounts of the institution. A project wise utilization certificate is obtained as demanded by the regulatory bodies.

17. PRESERVATION OF BOOKS AND RECORDS

Records shall be preserved permanently. A list of records to be kept permanently should be prepared. Other records shall be preserved for a period of eight years as required under the Income Tax Act.

18. CONFLICT OF INTEREST

Conflict of interest shall be avoided as much as possible. In the event of disability, it shall be disclosed to the Managing Trustee.

20. FINANCE CALENDAR

A financial calendar is the list of events relating to Financial Management.

Sl.No.	Particulars	Date
1	General Final Audit (Internal and External Audit)	June -July
2	Annual Trust Meeting (Within six months from April to September)	30 th September
3	Filing Income Tax Return	As per Govt. Notification
4	Preparation of Consolidated budget/institution wide budget for the coming year	February to March
5	End of Financial Year	31 st March