



**DE PAUL INSTITUTE OF
SCIENCE & TECHNOLOGY, ANGAMALY
(DiST)**

FINANCE & ACCOUNTING POLICY



1.0 Introduction

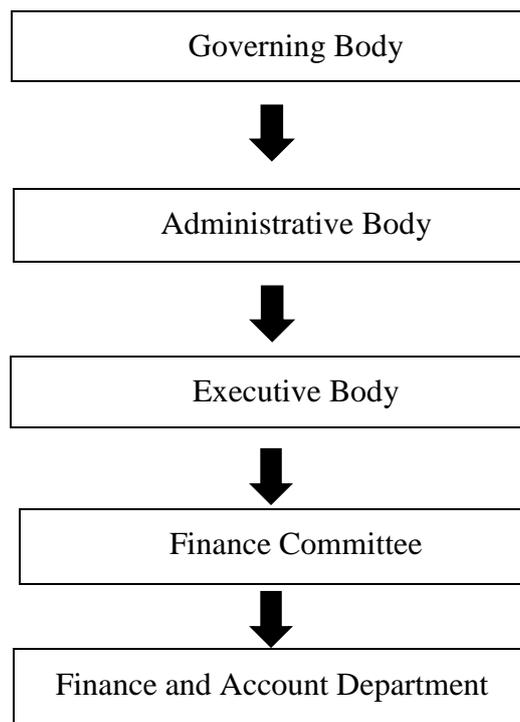
De Paul Institute of Science & Technology (DiST) maintains sound finance and accounting system to fulfill the organization's mission in the most effective manner. The Finance Policy is designed to safeguard the financial endowment of the College and to promote accuracy, efficiency, transparency and consistency in related financial operations.

1.1 Objectives of the Policy

The key objectives of this manual are given below:

- a) To ensure that appropriate consideration is given to the most effective use of funds available to execute the activities i.e. adequate provision for reviewing results and adjusting plans throughout the budgeted period.
- b) To provide basic framework of internal controls including budgetary control
- c) To contribute for guidelines to prepare the financial statements and internal audit reports.
- d) To assist in ensuring that all faculty and staff obtain a continuous awareness of their most important financial responsibilities.

1.2 Departmental Structure of Finance



1.3 Fund Mobilisation Mechanism

- a) The primary source of income mobilised by the institution is through fee collection, which includes tuition fees and other related fees.
- b) The other financial sources include - Sponsorship, Consultancy, Faculty Development Programmes, Workshops and Seminars.
- c) Loans from banks for infrastructure development are also a part of this policy.

1.4 Budgetary Process

- a) The Finance Officer or a person authorised by Finance Committee shall prepare an annual budget on the basis of departmental budget. The budget shall include -
 - Expected income and expenditure for the subsequent financial year.
 - Comparisons with the current financial year.
 - Commentary on major deviations if any.
 - Cash flow projections.
 - Expected Capital and Operating Expenses for subsequent financial year.
- b) Prepares departmental budget in consultation with department head.
- c) The budget shall be submitted by Finance Committee after periodic reviews by the college governing bodies for approval and shall be ratified prior to the commencement of the new financial year.
- d) Periodic review as recommended by the Finance Committee shall be in place to monitor budget versus actual expenditure and to initiate remedial steps for achieving financial goals.

1.5 Authorisation Table

DISTRIBUTION OF FUNDS	PROVINCIAL COUNCIL	MANAGER	DIRECTOR	PRINCIPAL	FINANCE OFFICER	HOD
PAYMENT ABOVE ₹1,00,000/-	*					
PAYMENT ABOVE ₹50,000/-	*	*				
PAYMENT ABOVE ₹10,000/-	*	*	*	*		
PAYMENT ABOVE ₹5000/-	*	*	*	*	*	
PAYMENT ABOVE ₹ 1000/-	*	*	*	*	*	

1.6 Internal Controls

- a) The Finance officer verifies and ensures accuracy of day to day transactions through daily reports including receipts and vouchers. These are kept for internal audits and external audits.
- b) The Finance Officer or any person appointed by the Finance Committee shall confirm that the financial regulations, policies and procedures as detailed in this manual are followed and complied with efficiency by performing periodic internal audits.
- c) The objective of the audit shall be the Preservation of Asset, Prevention of Fraud, Mismanagement, and Detection of Errors to assure the accuracy and completeness of accounting and financial data.
- d) The Internal audits shall be conducted on regular Intervals: Quarterly or half yearly and the reports and recommendations shall be reviewed annually by the Finance Committee.

1.7 Accounting Policies & Procedures

Accounting policies are extremely important in preparing and presenting financial statements.

1.7.1 Accounting Practices:

- One of the methods of accounting is on the basis of cash collection.
- Consistency shall be maintained in applying the accounting policies for each transaction. Due approvals have to be obtained for any deviation and the same shall be disclosed in the financial statements.

1.7.2 General accounting policies to be followed:

- Revenue Recognition: The income is recognised in the books of accounts as and when fees/ contributions are received.
- Expenditure: Expenditure shall be accounted as and when it is incurred.
- Depreciation: Depreciation is charged on the basis of Written down Value Method (WDV) based on the user-life of the asset.
- Valuation of Fixed Assets: Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition.
- Valuation of Investments.

1.8 Financial Statements Format and Audit

DiST is subjected to following Audits.

- Internal Audit
- External Audit

Financial Statements Format.

DiST prepares the financial statements as prescribed below:

- Receipts and Payments Account-
Receipts and Payment Account consists of all cash and bank transactions both capital and revenue in nature. It reveals the opening and closing balances of cash and bank.
- Income and Expenditure Account
The Income and Expenditure Account is a summary of all incomes and expenses related to the current accounting year. The objective is to find the surplus or deficit amount arising out of current incomes and expenses.
- Balance Sheet

Balance sheet shall have the following classifications:

At the beginning of the year	LIABILITIES	Additions/ Deductions	Rs.
	<u>CAPITAL ACCOUNT</u>		
	Reserves & Surpluses		
	Depreciation Fund		
	<u>ADVANCES & DEPOSITS</u>		
	Caution Deposits		
	Advances Received		
	Others		
	<u>CURRENT LIABILITIES</u>		
	Expenses Payable		
	Taxes Payable		
	Others		
	Total		
	ASSETS		

	<u>FIXED ASSETS</u>		
	Land & Buildings		
	Furniture		
	Machinery and Equipments		
	Computer and Accessories		
	Library Books		
	Electrical Fittings		
	Vehicles		
	<u>CURRENT ASSETS</u>		
	Accounts Receivables		
	Short Term Loan and Advances		
	Short Term Deposits		
	Cash and Bank Balances		
	Total		

➤ Schedules to the above Financial Statements

An accounting schedule is a supporting document that provides additional details or proof for the information stated in accounts. For example the closing balances of bank accounts.

1.9 Guidance on General Accounting Procedures

1.9.1 Cash and Bank

- Bank Reconciliation Statement shall be prepared on a monthly basis for active accounts and quarterly basis for inactive accounts. The statement shall be reviewed independently by the Accounts Officer.
- Cash and Cheque receipts shall be deposited in the Bank account on the next working day and duly accounted.
- Cheques shall be drawn only after the voucher and the supporting documents have been properly prepared by the accountant and duly approved as per the approval matrix.
- All cash receipts and payments shall be in compliance with the relevant regulations mandated by the Government and Income Tax Department.

- Physical verification of cash shall be done monthly and shall be performed by internal auditor.

1.9.2 Fixed Assets

- All purchases shall be on the basis of the annual budget and procurement procedure mandated by the Financial Committee.
- A fixed asset register has to be maintained by the finance officer/authorised person.

The register shall contain the following information:

- Date of purchase
- Description of item purchased
- Cost of the asset purchased
- Serial number of the asset
- Vendor details, warranty period
- Physical verification of the assets shall be conducted annually by the internal auditors.

1.9.3 Loans and Advances

- Financial advances to staff are sanctioned by the administrative body and periodic review shall be conducted for recovery.
- Travel and other advances shall be provided. It is mandatory for all staff to submit statement of travel expense within 15 days from completion of a trip. Any payment or refunds shall be considered on monthly payroll calculations.

1.9.4 Income & Expenditure

- Collection of fees, contributions and grants shall be supported with Receipts/ Invoices / Sanction orders or other documents and cross referenced with supporting.
- Any cash receipts or contributions have to be in accordance with government regulations.
- Reconciliation reports of fee dues and collection shall be prepared periodically to avoid any revenue leakages.
- All expenditure incurred shall be on the basis of budgets and procurement.
- Appropriate tax deductions shall be made before payment of any expenditure.

1.9.5 Payroll

- Personnel files of all staff shall be maintained and shall be accessible only by the authorised officers.
- Personnel files shall contain the following
 - Employment Application or Resume
 - Offer and Appointment Letter
 - Increment Letters
 - Date of Employment
 - Position (grade), Pay Scales and Changes therein
 - Authorization of Payroll Deductions
- Before processing the payroll, the following are scrutinized;
 - Attendance Verifications
 - Leave Verifications
 - Loss of Pay Verifications
- The final payroll summary shall be reviewed by finance officer and authorized.
- All payroll payments shall be executed through bank.

1.9.6 General

- Documents, records of other financial transactions and Accounting Information shall be kept manually and digitally.
- All records shall be maintained for a minimum 8 years or as stipulated by the Government regulations.
- The accountants are responsible for maintaining the confidentiality and accuracy of records, which must be stored, archived in a proper and secure manner, as mandated by internal and external auditors.
- Removal of original documents shall be done with the prior approval of Finance Committee and administrative body.
- The Finance Committee may consider any amendment or modification or deviation of this Manual to meet the emerging practical exigencies of procedural matters in unavoidable situations with the approval of the Administrative body.