



HINDUSTHAN INSTITUTE OF TECHNOLOGY

Autonomous Institution affiliated to Anna University, Approved by AICTE, New Delhi

Accredited with 'A' Grade by NAAC, Accredited by NBA (Aero, CSE, ECE and MECH)

Valley Campus, Pollachi Highway, Coimbatore - 641 032



FINANCE POLICY

AUG 2024

FINANCE POLICY

The financial policy by the institution aims at the optimum use of resources for the achievement of various objectives of the institution. The financial policy of the institution intends to achieve the following objectives:

- Efficient and effective management of the financial resources.
- 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, budgeting, internal controls, reporting etc.
- 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.

1. INCOME

The income of the institution consists of students Fees, voluntary contributions and project funds from various agencies.

1.1 Students Fees

As the institution is affiliated to Anna University, Fees structure is decided by fee regulation committee. This includes tuition fees, development fees, library fees, sports fees, etc.

1.2 Voluntary Contributions

Getting funds from individuals, philanthropists and others for the welfare of the institution.

1.3 Project Funds

Funds given to the institution for a definite cause, budget specific and for a specific period are project funds. The institution utilizes the funds for the given purpose adhering to the budget approved.

1.4 Income other than Project Funds

Any other income other than project funds under consultancy, training, alumni contribution, etc., is income of the institution which is administered by the institution for various activities of the institution.

1.5 Depositing and Recording of Income/Funds

The institution deposits funds in the local bank accounts maintained by the institution.

1.6 Receipts

A separate preprinted receipt shall be issued to the students and donor. The institution will maintain a register to record the receipt of funds date wise.

1.7 Project based Accounting

Hindusthan College of Engineering and Technology shall maintain a separate set of cashbook and ledger, records and documents for each project

2. EXPENDITURES

2.1 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.

2.1.1 Vouchers

The processing of payment includes a vouchering system. Vouchers include the following:

Name and address of the institution

Voucher number

Date

Payee name and address

Cash/Cheque number

Description of expenditure

Prepared by signature

Authorization (approved by the Finance officer / Principal / Secretary)

Each transaction is entered into the financial system while bills and vouchers are filed separately.

Each voucher should be supported by proof of payment such as bills, invoices and receipts.

2.1.2 The Process/Procedure for Co-Curricular spending shall be as follows

- a) Budget preparation with signature of the HoD, one Faculty member, the Dean and the internal auditor. 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.
- b) The signed budget is then approved by the Principal and forwarded to the secretary. The internal auditor has to keep a copy of the approved budget.
- c) Post expenditure all genuine bills have to be submitted along with the income and expenditure format to the internal auditor within three working days of completion of the event. The statement (Format) must have the signatures of the HoD and Faculty Member
- d) The list of participants paying registration amount, along with their phone numbers, has to be attached with the above bills.

- e) The approval of any out of the ordinary /budgeted expenditure has to be attached and submitted along with the bills.
- f) The internal auditor verifies the bills and finally submits it to the finance officer keeping a copy in the auditor's file.
- g) The above to be followed for expenditures incurred through students' contribution only, as well.
- h) No deviation of the above mentioned process in order to maintain a proper record for future reference and audit.

3. BALANCE SHEET

3.1 Assets

All immovable assets such as land, building etc, are purchased in the name of the institution by the chairman with the approval of the Governing Body/ Management Body. Other movable and physical assets such as furniture, equipments, and computer related assets etc. below Rs.50000/ are purchased in the name of the institution with the approval of the Finance committee of the institution. If it costs beyond Rs.50000/- its purchase will have to be approved by the Governing Body/ Management Body.

Any particular asset purchased out of project funds shall be labeled with the name of the Funding Agency if necessary.

3.2 Listing of Assets

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

3.3 Use of Assets

Assets of the organization should be utilized to achieve the objectives of the institution. A log book is maintained for the use of vehicles.

3.4 Depreciation

Depreciation shall be provided under written down value method as per the rates stipulated under the Income Tax rules from time to time.

3.4 Liabilities

Whenever funds are not available credit purchase shall be avoided.

4. BANKING

4.1 Operation of Bank Accounts

The signatories to the bank accounts are the Executive Trustee and Secretary and they shall operate bank accounts of the institution jointly. The bank accounts include funds received for projects, government grants and other general funds. There shall be one or more accounts for the funds.

Passing a resolution in the Governing Body meeting is necessary for opening any additional bank account to other than the existing ones or for canceling.

4.1 Cheque Issue Register

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

5. PLANNING AND BUDGETING

5.1 Institution wide budget

A consolidated general budget is prepared annually. It is sent to the Governing Body for approval. The past experience and actual expenditure is kept in mind when preparing the budget.

5.2 Finance Committee

The finance committee consists of the Secretary of the Governing body and Principal as Chairperson, two accountants and two senior staff members. They

meet twice a year to assess the annual plan, budget and to evaluate the financial situation of the institution.

5.3 Cash Flow Planning

Hindusthan College should make a cash flow statement on a quarterly basis for each project as well as the consolidated in order to ascertain the availability of funds and planning smooth cash flow.

6. INTERNAL CONTROLS

6.1 Authorization of Financial Transactions

The Principal, Heads of Departments shall authorize all the payments by signing the voucher as a sign of approval.

6.2 Financial Power

The financial power of principal increased up to 1 lakh rupees per financial year from 2020-2021 financial year onwards also maximum limit of 50,000 rupees can be sanctioned in a single transaction. Similarly Head of the department is having financial power for Rs.20,000 per financial year and maximum limit of 10,000 rupees can be sanctioned in a single approval.

6.3 A Consolidated Rough Cash Book

The Accountant maintains a consolidated rough cash book where the receipt and payments of cash is recorded.

6.4 Maintenance of Computerized Accounts

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

6.5 Printed Cash Book

Cash books are printed on a monthly basis showing the balance in cash in hand and in bank.

6.6 Monthly Reporting

Account wise monthly Receipts and Payments account is printed. A consolidated monthly return is prepared and sent to the Governing Body by 1st of every month.

6.7 Vehicle and Stock Control

Vehicle Logbook shall be maintained for all the vehicles of the institution and shall be verified by the Principal on a weekly basis.

Stock book is to be maintained for the purchase of office related materials. It is to be verified by the HoD.

7. PROCUREMENT AND DISTRIBUTION SYSTEM

7.1 Policy and Procedure

All the purchases of assets for the institution and the projects shall be made in consultation with the Finance committee. The Finance committee shall consist of the CEO, Principal, two senior Hods, Dean and the accountant. Accordance with the decision of the Finance committee. Purchases up to Rs.20, 000 shall be justified through documentation. Purchases above Rs. 20,000 shall be made by the decision of the Finance committee who will study the 3 quotations submitted to it by the procurement committee. The advice of the relevant external expert depending on the nature of procurement shall be obtained if necessary.

7.2 Books, Registers and Documents

A file shall be maintained to preserve the quotations along with the ranking analysis.

7.3 Stock Status Report

The accountant will present the stock requisition request to the Principal to procure the necessary materials for office purpose. It is also his duty to keep the stock register.

8. 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 updated on the maturity date.

9. AUDIT OF ACCOUNTS

9.1 Statutory Audit

The Annual audit of accounts of the institution is normally done before the month of June every year.

9.2 Project Fund Audit

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

9.3 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 University Grants Commission.




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