FINANCE &
ACCOUNTS POLICY

ALLIANCE UNIVERSITY

Private University established in Karnataka State by Act No.34 of year 2010
Recognized by the University Grants Commission (UGC), New Delhi

FINANCE & ACCOUNTS POLICY

Name of the Policy	Finance and Accounts Policy
Description of the Policy	Policy on financial management and controls
Policy Applicable to	Financial affairs of the University
Approval Authority	Board of Management
Approval Date	December 15, 2021
Responsible Office / Department	Finance Officer

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Private University established in Karnataka State by Act No.34 of year 2010
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FINANCE AND ACCOUNTS POLICY

November 2021

[This policy along with rules and procedures replaces and supersedes all previous policy and procedure on this subject matter]

Finance Officer
Alliance University
Bengaluru

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1. Introduction

This Finance and Accounts Policy is aimed to facilitate sound financial management and controls of the University. The policy has been made to ensure effective management of all financial areas and the application of fundamental accounting concepts and principles applicable to educational institutions.

2. Objectives

The main objectives of the Policy are:

(i) To evolve, maintain and promote sound financial management systems, procedures and controls that facilitate and enhance efficient and effective financial management practices.

(ii) To plan, rationalize, co-ordinate and control revenue inflows and expenditures of the University in relation to the provision of:

- (a) Academic, research and outreach activities and programs.
- (b) Students' development, welfare and performance.
- (c) Welfare and development of teaching and non-teaching.
- (d) Capital budgeting decisions.
- (e) Procurement, repair, maintenance, safety and security of the University property, and all other assets.

3. Applicability

- This Policy shall be called Alliance University **"FINANCE AND ACCOUNTS POLICY".**
- This Policy shall be effective from the date it is approved by the Board of Management (BoM).

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4. Definitions

(i) **Accounting documents:** The physical objects upon which transactions are made; or records evidencing the transaction. These include cheque books, receipt books, invoices, payment vouchers and bank statements.

(ii) **Asset:** A resource with economic value owned or controlled by the University and from which future economic benefits are expected.

(iii) **Budget:** A formal written financial statement of future plans for a specified period of time.

(iv) **Expenditure**: The outflow for economic benefits arising in the course of ordinary activities.

(v) **Fixed assets:** Tangible assets acquired with the intention of use on a continuous basisfor a period beyond 1 year.

(vi) **Financial Statements:** It includes Income Statement, Balance Sheet and Schedulesprepared for the financial year.

(vii) **Accounting Standards:** Principles of Accounting Standards adopted by the Finance Departmentin preparation of accounts.

(viii) **BoM:** Alliance University Governing Body (Board of Management)

(ix) **BoG:** Alliance University Governing Body (Board of Governors)

(x) **Pro Vice-Chancellor:** Wherever in this policy the term Pro Vice-Chancellor is used, it shall be construed as Alliance University Pro Vice-Chancellor (Banking, Finance, New Initiatives and Development).

5. Financial Administration

a. Financial Year

The financial year of the University shall be a period of twelve months from April 1st to March 31st.

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b. Management of University Finances

The overall responsibility of management of the University financial resources lies with the University Finance Committee (FC) and Board of Management (BoM). The Board of Management has the following functions:

i. Approve Policies regarding Financial Management.

ii. Approve the University's Annual Budget.

iii. Approve Fees and other levies.

iv. Administer the property and funds of the University.

v. Approve the Annual Financial Statements.

For effective management of this function, the BoM may delegate part of its responsibility to various persons as mentioned herein below:

c. Finance Officer

(1) The Finance Officer shall be a salaried officer of the University. The powers and functions of the Finance Officer shall be-

(i) To maintain proper accounts of the receipts and expenditures of the University.

(ii) To prepare a statement of accounts and balance sheet of the University under the direction of the BoM to be submitted to the BoG for its approval.

(iii) To submit the accounts for audit and make available to the auditors all necessary information and records.

(iv) To prepare the financial estimates (budgeting) for the ensuing year for being placed before the BoM.

(v) To give his opinion or advise on such financial matters as may be referred to him.

(vi) Under the directions of the Chancellor, call for meetings of the Finance Committee

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(vii) To place before the BoM a review of the existing financial position at the end of each quarter.

(viii) To be responsible for the maintenance and administration of the University employees provident fund and such other funds as might be instituted by the University for the benefit of its officers, teachers and servants, and for the maintenance of proper accounts thereof.

Subject to the direction of the Board of Management, the Finance Officer shall:

(i) hold and manage the property, investments and endowed property of the University, being the representative thereof, to further any of the objects of the University.

(ii) ensure and observe, that the limits fixed by the Finance Committee, for recurring and non-recurring expenditure for a particular year, are not exceeded and that all monies are expended on the purposes for which they are received or allotted;

(iii) be responsible for the preparation of the annual accounts and the budget of the University for the next financial year and for their presentation to the Finance Committee.

(iv) constantly monitor the state of the cash and bank balances, and on the state of investments;

(v) ensure proper collection of the revenues of the University and further advise the university on/for the deployment of such proper channels and/or procedures for ensuring such proper collection of revenues and shall have the accounts of the University regularly audited by the auditors appointed for the purpose; and

(vi) call for, from any office under the University, any information that he may consider necessary, with prior approval of the Chancellor/Pro

Chancellor, to discharge his financial responsibilities.

(2) be the Secretary of the Finance Committee and a Member of any other committee nominated by the BoM such as Fee Regulation Committee, Purchase Committee etc.

d. Internal Auditor

There shall be an Internal Auditor, reporting to the Finance Officer. The Internal Auditor's main responsibilities shall be to:

i. Evaluate and provide reasonable assurance that risk management, control andgovernance systems are functioning as intended.
ii. Evaluate information security and associated risk exposures.
iii. Evaluate regulatory compliances.
iv. Report risk management issues and internal control deficiencies identified.
v. Recommend improvements to the University's operations, with an aim to enhanceinternal controls and mitigate risk.

e. Sources of University Funds

The funds of the University shall be derived from the following sources:

i. Fees from the students.
ii. Research grants from Government, Non-Government Agencies, and Industries
iii. Income from investments and other services
iv. Endowments, gifts and donations
v. Grants received from government and private agencies
vi. Training and Consultancy fees
vii. Loans from Financial Institutions
viii. Such other sources as the Board of Management may identify and approve from time to time

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All funds received shall be deposited into the University's designated bank accounts.

f. Application of University funds

The following are the important areas for application of funds:

(i) Payment of salary & other benefits to the Staff.

(ii) Operating expenses including administrative, student acquisition and finance expenses.

(iii) Expenses on library resources and research.

(iv) All other expenses relating to education delivery and assessments.

(v) Investments and transfer to corpus fund.

(vi) Capital expenditures

(vii) Any other expenditure as authorized by the BoM from time to time.

g. Annual Budget

Before the commencement of a financial year, the Finance Committee shall prepare the draft recurrent and development estimates of the University for that year in consultation with the Finance Officer under the directions of the BoM and shall submit it to the BoG for its approval.

The annual budget which shall be prepared taking into account all the anticipated revenue and expenditure of the University for the ensuing financial year shall provide for:

(i) The payment of salaries, allowances and other benefits in respect of all the employeesof the University.

(ii) The funding of all administrative and support services which are necessary to facilitate the University to achieve its objectives.

(iii) The funding of the cost of institutional scholarships, and other services that are necessary to facilitate the University to achieve its goal of teaching and research activities.

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(iv) Allocation of funds for development of physical facilities and infrastructure.

(v) The proper maintenance of the movable and immovable assets of the University.

(vi) The creation of such other reserve funds to meet future or contingent liabilities.

6. Final Accounts and Audit

a. Responsibility and timelines

i) The annual financial report of University shall be prepared under the direction of the BoM and shall be submitted to the BoG for its approval.

ii) The BoM shall require the maintenance of proper books and records of accounts of the income and expenditure, assets and liabilities of the University.

iii) The accounts of the University shall be audited annually by the External Auditors.

iv) Within the statutory prescribed time from the end of the financial year, the draft final accounts are submitted to external auditors for audit.

v) The draft annual financial reports received from the external auditors shall be submitted to BoM for consideration and recommendation to Board of Governors for final approval.

b. Standards

i) The University's financial statements will be prepared according to the Generally Adopted Accounting Principles (GAAP).

ii) The University financial statements will support the principle of going concern at all times.

iii) The policy and form of presentation of the financial statements will be kept consistent but disclosures will be made in case of need for change.

iv) The University will follow the historical cost concept.

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7.Recurring Expenditure

a. General guidelines

a) In all cases, recurring expenditure must be spent within the budgetary ceilings as approved by BoM from time to time.

b) Under specific circumstances a proposal for revision of budget of funds may be submitted to the Finance Officer whose written consent shall be obtained, subject to approval and ratification by BoM.

c) Increased expenditure arising in the following categories shall be deemed to require supplementary estimates.

   i) Increases in salaries and wages.

   ii) Any other expenditure of recurring and non-recurring including capital nature.

8.Payments to Suppliers of Goods and Services

(a) The University shall maintain good relationships with the suppliers of goods and Services at all times.

(b) Payments for products or services received shall be made promptly, preferably within 30 days subject to:

   (i) The supplier meeting conditions of specifications and technical requirements.

   (ii) Credit arrangements agreed upon.

(c) All payments on behalf of the University shall be made by the Finance Officer with the exception of disbursements from petty cash floats. He/she shall make such payments on behalf of the University subject to the approval by the Pro Chancellor/Pro Vice-Chancellor.

(d) Authority to incur expenditure, holders shall be responsible for the examination, verification and certification of invoices and accounts certified for payment. Items for payment shall be certified either by the

Heads of Department or by an officer authorized by the University.

(e) The certifying officer shall be satisfied before recommending payment that:

- (i) The purchase is within the approved budget;
- (ii) The quantity and prices are correct;
- (iii) Payment has not previously been made;
- (iv) The goods or services have actually been received;
- (v) The account is arithmetically correct;
- (vi) All discounts, if any, have been deducted or taken into account;
- (vii) Prior Funding approval has been obtained as per norms.

(f) Where the certifying officer has queries regarding the pricing and/or quantity of the items he/she shall refer the matter to the department concerned promptly.

(g) The spending department shall record on the copy of each order:

- (i) The date of delivery of each item including gate entry.
- (ii) The date each invoice is passed for payment and the cost and the items to which it relates.

9. Imprest

Imprest Accounting

(i) The Finance Officer, in consultation with Pro Chancellor /Pro Vice-Chancellor may make any imprest advances to specific offices/officer for the payment of minor and/or basic items they may require for use from time to time.

(ii) Any officer to whom an office imprest advance has been made shall:

- a. Obtain and retain vouchers in substantiation of each payment made.
- b. Ensure the safe custody of imprest cash in his/her possession.

c. Restrict the amount of each separate payment to such limit as may be approved in writing by the Finance Officer in relation to specific classes of expenditure from time to time.
d. Not exceed the estimated expenditure by 20% without prior approval from the Finance Officer.

Processing of Imprest

The procedure for processing imprests shall be as follows:

(i) Completion and signing of the imprest requisition by the authorized member of staff, shall be made at least 7 days in advance, specifying details for which the money is required.

(ii) Confirmation by the Accounts Section that the applicant has no outstanding imprest.

(iii) Payment may be made either in cash, online transfer or by cheque dependent on the amount involved.

This process is expected to take at least five working days.

No further imprest shall be granted before the previous one has been accounted for:

a) except in exceptional circumstances as may be considered and approved by the Pro Chancellor/Pro Vice-Chancellor upon recommendation by the Finance Officer.
b) The University shall have the right to recover outstanding imprest through the payroll.
c) Payment of imprests in cash shall not exceed Rs. 10,000/-.
d) All imprests shall be surrendered within a week after completion of the planned trip/activity.
e) A petty cash float with a set limit shall be maintained under the imprest system to cater for minor office expenses of Rs. 50,000/-. The maximum limit of the float may be reviewed with the authority of the Pro

Chancellor/Pro Vice-Chancellor.

f) Cash held in the University premises shall be stored overnight in a safe under dual custody.

10. Establishment of Records and Payment of Staff Emoluments

Records

(i) Staff payroll will be prepared monthly.

(ii) Additions or removals of staff from the payroll shall be made upon approval by the Registrar.

(iii) Under the direction of the Registrar and the Finance Officer, Human Resource Department (HRD) shall maintain all necessary employee records concerning pay, contributions and taxation. The Office of Accounts shall make all relevant payments on behalf of both employees and the University to the relevant agencies.

(iv) Office of the Registrar shall provide to the Finance Officer such information as it may consider necessary for the exercise of the functions under this clause.

(v) All changes to employees' earnings shall only be made with the written authority from the HRD/Office of the Registrar.

Payments

(i) Under the direction of the Board of Management, the Office of the Registrar shall authorize the implementation of any newly approved salary scales, wages and other allowances payable to staff.

(ii) The Finance Officer shall be responsible for the payment of all salaries, wages, compensation and emoluments to employees under the direction of the BoM. Any other deductions on behalf of employees to third parties may be made upon written application by the said employee; the University reserves the right to reject the implementation of such deductions whenever it deems it fit to do so.

11. Capital Expenditure

(a) For co-ordination purposes, before authorizing or recommending any proposal involving capital expenditure, irrespective of the manner in which such expenditure may be met, the BoM shall consider the report submitted by the Finance Officer on the financial implications of the proposal. The report shall also indicate the amount, if any, included in the approved budget in respect of the scheme.

(b) The inclusion of capital expenditure within a budget shall not be regarded as the final authorization for any scheme to proceed, unless specifically authorized by the Pro Chancellor/Pro Vice-Chancellor after approval by Board of Management and that actual funds have been set aside/confirmed as being available.

(c) Where the total cost of a project within the approved capital budget appears likely to exceed the budget provision by 5%, the Pro Chancellor/Pro Vice-Chancellor shall submit a report to the Board of Management. The BoM shall have power to act in recommending for supplementary estimates. Budgetary provisions would normally include anticipated fluctuations covered by the terms of contracts. The same will be communicated to BoM for approval.

(d) Where a proposed capital project which is not included in the approved program of capital expenditure is subsequently approved by BoM, this shall constitute an amendment to the capital budget.

(e) In respect of capital projects, the cost thereof, together with the authorized provisions, shall be reported to the relevant committee on completion, and the report shall contain a statement of any additional funding requirements for submission to the Finance Committee and BoM for approval.

(f) The Finance Officer shall submit progress reports on the capital budget to the BoM.

12. Control of Expenditure

Finance Officer shall be responsible for maintaining strict control and supervision of the expenditure and for reporting to the University BoM on any contemplated expenditure where no funds have been provided or which if incurred, would exceed the amount allocated in the estimates.

13. Control, Collection and Recovery of Income

a. **Control of Income**

(i) Any proposal which seeks to vary an existing source of revenue, or to establish a new source of revenue, shall only be adopted with prior approval of the BoM.

(ii) Prior to granting such approval, the BoM shall consider a report from the Finance Officer concerning the financial implications of the proposal.

b. **Collection and Recovery of Income**

(i) The recording and calculation of all recoveries due to the University shall be under the general supervision of the Finance Officer.

(ii) All monies due to the University shall be deposited in a designated bank account and deposit slips surrendered to the Accounts Department for receipting upon authentication. University employee who is authorized to receive such monies shall maintain a record in a form approved by the Finance Officer, of all amounts received and deposited with the Accounts Department, or the University's bankers.

(iii) No deductions shall be permitted from cash collections without prior recommendation of the Finance Officer in consultation with Pro Chancellor/Pro Vice-Chancellor. University officers receiving monies on behalf of the institution are personally responsible for the safe

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keeping of such monies and should deposit such monies with the Accounts Department within 24hours after receipt.

(iv) All monies received on behalf of the University shall normally be banked within a period of latest 24 hours.

c. **Recovery of Dues**

(i) The Finance Officer shall cause dues to the University to be recovered.

(ii) In connection with the recovery of arrears of the student fees and charges, the BoM shall be authorized to initiate such action as may be necessary to recover the debts in accordance with the provisions of the approved fees policy.

(iii) In those other circumstances arising from pursuance of paragraph (ii) above, where legal action is necessary and desirable in the interest of the University, the matter shall be referred to the Pro Chancellor/Pro Vice-Chancellor who shall authorize the initiation of such proceedings.

(iv) Under the direction of the BoM, the Finance Officer shall be responsible for designing, ordering and controlling all receipt forms and tickets which are used to acknowledge sums paid to the University.

No debt shall be written off without prior approval of the BoM.

14. Banking

a. Banking Arrangements

(a) Bank accounts shall be opened on approval by the BoM. The BoM shall designate the relevant signatories.

(b) Changes to bank signatories and signing mandate shall only be made upon approval by the BoM.

(c) All arrangements with university bankers' concerning bank accounts and related transactions shall be made by the Pro Chancellor, Pro Vice-Chancellor and the Finance Officer on behalf of the University.

(d) Cheques shall only be ordered by the Finance Officer. The Finance

Officer shall then make adequate arrangements for their safe custody both in the bank and in the office.

(e) Cheques in current use should be entered in the cheque register being maintained by the Accounts department.

(f) There shall be a minimum of two signatories for every cheque as authorized by BoM.

b. Bank Reconciliation Statement

(a) As part of internal control and monitoring system of cash movements the Pro Chancellor, Pro Vice-Chancellor and the Finance Officer shall have access to all bank accounts through e-banking services with all banks with such facilities.

(b) The Finance Officer shall also be required to prepare a cash flow report on monthly basis and submit to the Pro Chancellor/Pro Vice-Chancellor.

(c) Bank reconciliation statements shall be prepared on all bank accounts on monthly basis and submitted to the Pro Chancellor/Pro Vice-Chancellor by the 10^{th} day of the following month.

15. Accountable Documents Custody

(i) All accountable documents shall be kept in the custody of a designated officer in the Accounts department. Loss of serialized accounting documents shall be reported promptly to the Finance Officer.

(ii) No copies of accounting documents and records shall be made or given to university employees or third parties without the authority of the Finance Officer, Pro Chancellor and Pro Vice-Chancellor.

(iii) Electronic devices in use by the University to process accounting information shall be restricted to the use of the assigned employees.

(iv) Accounting documents shall be stored in accordance with the

relevant guidelines and treated with confidentiality.

16. Accounting Arrangements

a. Stock and Stores (including consumables)

(i) There shall be a University Store within the Facility Department from where all departments shall order the items/consumables they need.

(ii) The stores in-charge shall ensure that stores shall not be in excess of the reasonable requirements.

(iii) Store in-charge shall be responsible for the care and custody of stores, equipment and materials maintained in the store.

(iv) Records of physical stores, stores used and balance in hand shall be maintained the respective store units in a form to be approved by the HOD of Campus Estate Services.

(v) The Finance Officer shall determine general principles governing the accounting for, and the issue prices of materials and consumables drawn from such stores.

(vi) The Internal Auditor shall be entitled to inspect and check, at any reasonable time, stocks and stores of consumables and materials in any unit of the University and call for such explanations and information as he/she deems necessary for the purposes of costing, accounting or security.

(vii) Store keeper shall maintain continuous stock-taking and shall deliver to the Finance Officer a certified account of stores at hand as at 31st March of each year, this date being the closure of the financial year.

(viii) If, as a result of stocktaking, a deficiency or surplus is revealed, the Finance Officer in consultation with the Pro Chancellor/Pro Vice-Chancellor shall recommend appropriate corrective measures.

(ix) Obsolete/unserviceable stores or assets shall be disposed off with the approval of the Pro Chancellor/Pro Vice-Chancellor which shall consider a report from the Finance Officer before giving such approval.

b. Fixed Assets

i. As a policy, the University shall acquire assets only for purposes of achieving its aims and objectives.

ii. The acquisition of assets shall be as a result of deliberate consideration of a request made through the planning process.

iii. A register shall be maintained for all assets in identifiable form for each item and giving its cost, revaluations if done and location. Depending on the type of asset, details of any reconditioning, improvement or bonding shall also be recorded

iv. All assets, on acquisition shall be recorded in the fixed assets register where the physical details shall be kept including physical location. Such assets shall also be given an identity number.

v. The location and custody of any asset, however big or small, temporary or permanent must be clearly determinable from the assets register and from the head of department or section under which the asset is charged

vi. Except for land, the estimated useful life of an asset must be determined and its depreciation (or amortization) based on it. The depreciation method applicable shall be on a written down value as per the guidelines defined in the Companies Act, 2013.

c. General

i. Documents, Records and Other Financial and Accounting Information shall be kept manually and electronically.

ii. All records shall be maintained for a minimum of 8 years or as stipulated by statutory authorities.

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iii. 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 audits.

iv. Removal of original documents shall be done with the prior approval of the finance committee.

17. Insurance

a. Responsibility for Insurance Covers

i. Under the direction of the Finance Officer, the Purchase Department is responsible for effecting all Insurance covers on behalf of the University and for negotiating claims, and where necessary, in consultation with other officers of the University.

ii. In compliance with these Financial Regulations, the Finance Officer shall effect payment of the premiums by the due dates, maintain adequate records of insurance transactions and hold in safe custody all insurance policies of the University.

iii. Under the direction of the BoM, the Finance Officer shall, in consultation with other officers undertake a regular review of the University's insurance portfolio.

18. Internal Audit

a) There shall be an Internal Auditor, under the direction of the Pro Chancellor/Pro Vice-Chancellor, whose role shall be to maintain continuous examination and audit of accounts, financial records and transactions, stores and inventories.

b) The Finance Officer and any other officer or employee of the University shall avail to the Internal Auditor(s) all the records and documents that they may require from time to time in the course of discharging their duties.

c) The Internal Auditor shall have authority to inspect any section,

department established by the University and has access to such reports and documents as he/she may require. The Internal Auditor may require the production of cash, stores and other property and shall be entitled to receive such explanations as he/she considers necessary and proper so as to be able to make an informed report to the Finance Officer.

d) Notwithstanding the provisions of this clause, the Internal Audit division shall observe best practices and Indian Auditing Standards in the discharge of their duties.

19. Irregularities

Where the Pro Chancellor/Pro Vice-Chancellor is satisfied that an irregularity has occurred in handling of university finances, stores or other property, he/she shall cause investigations to be carried out to ascertain the nature and extent of the irregularity or fraud.

BoM on the advice of the Pro Chancellor/Pro Vice-Chancellor shall have the discretion to determine the way the result of such investigations shall be disposed-off.

20. Review

This Policy is subject to amendments by the BoM from time to time as need arises. Such amendments shall be recommended by the Finance Officer to the BoM.

Finance Officer
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