



MANAKULA VINAYAGAR

INSTITUTE OF TECHNOLOGY

(An Autonomous Institution)

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MVIT - FINANCE POLICY

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PREFACE

Finance section handles Monetary Transactions of any Institution internally and externally. This department manages cash inflows and outflows associated with routine tasks like supplier and rental payments, staff salaries, monthly interest payments to financial institutions, etc. Importantly, SOPs in accounting and finance are necessary directives to ensure day-to-day transactional governance, implementation of statutory compliance measures, consistency in stakeholders experience, etc. This leads to profitability, growth, and increased goodwill of the Institution.

Financial management refers to the strategic planning, organizing, directing, and controlling of financial undertakings in an organization or an institute.

OBJECTIVES OF FINANCE POLICY

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1. To maintain inflow of funds into the Institution
2. To ensure Optimum and efficient utilization of funds;
3. To maintain the required records of all Monetary Transactions
4. To ensure submission of financial and Accounting Reports to the Principal and Management.

1. FINANCIAL POWERS OF THE MANAGEMENT

1.1 FINANCIAL POWERS OF THE CHAIRMAN &MANAGING DIRECTOR

1. All financial powers shall be vested with the Chairman and Managing Director as he is the sole signatory of the Trust for all the development activities of the institute.

1.2 FINANCIAL POWERS OF THE VICE CHAIRMAN / SECRETARY

1. The Vice Chairman/ Secretary, they shall be vested with full financial autonomy to assure adequate control on Financial systems.
2. To appoint and fix the remuneration for teaching / non-teaching staff of the college and also sanction increments as per norms.
3. To make investment decisions and also arrange for resource mobilizations to meet the financial requirements of the college.
4. To purchase fixed assets within the limits authorized by the Chairman and the budget of the college.
5. To authorize payment of purchase bills and to confirm oral sanctions given, if any, to Managing Director / Principal / HODs etc. over and above their delegated powers.
6. To delegate the financial powers down the line in cases of exigencies.
7. To introduce adequate control systems to enforce financial discipline to enter into contract for any service or work.
8. The Vice Chairman / Secretary shall exercise powers vested with them judiciously for the effective Management of the financial system of the college.
9. All the decisions taken by the Vice Chairman / Secretary with regard to the management of funds shall be subject the ratification by the Governing Body.

1.3 FINANCIAL POWERS OF PRINCIPAL

1. The Principal shall be delegated with financial powers up to a maximum of Rs.1,00,000/- (one lakh only) for any academic, co – curricular / extracurricular activities.
2. To authorize purchase of consumables for laboratories over and above the powers of the Heads of the departments.
3. To admit reimbursement of traveling allowances and other expenses incurred for official purpose within the permitted limits to be decided by the Chairman and Managing Director
4. To sponsor faculty / staff for any academic or co- curricular / extracurricular activities and to authorize any expenses which he may deem essential.

1.4 FINANCIAL POWERS OF THE HEADS OF THE DEPARTMENTS

1. The Heads of departments shall be sanctioned an imprest cash of Rs. 10,000/- (Ten thousand only) each to meet the following expenses which are to be ratified by the Principal against receipts.
2. To meet the expenses towards urgent purchase of consumables for the laboratory.
3. To meet small non – recurring expenses if it is required urgently.
4. To pay for the TA/DA or other expenses of the departmental staff for the official duty within the permitted levels. To incur any other official expenditure that may be deemed necessary.

2. BUDGET COMMITTEE

2.1 CONSTITUTION OF BUDGET COMMITTEE

The Budget committee of Manakula Vinayagar Institute of Technology is constituted with the members of Sri Manakula Vinayagar Educational Trust Viz., Chairman, Vice Chairman and Secretary, and the heads of the functional Departments in the Institute. The major objectives of the Budget Committee are listed below.

- To decide and approve various infrastructural and Departmental requirements of the Institution.
- To review the Budget Proposals and Expenditure statements.

2.2. ROLES AND RESPONSIBILITIES OF THE BUDGET COMMITTEE

The responsibilities are as follows.

- Preparation of Dept. budget

- Review of budget utilization and taking corrective measures to improve the utilization.

2.3.SUBMISSION OF BUDGET PROPOSALS BY THE DEPARTMENTS

1. During the beginning of each financial year, the heads of the various departments would submit the Proposal with budgeted expenditure required for varied activities of the department including Procurement of Equipments, establishment labs, etc.
2. The varied activities of the Department should include academic, curricular, co-curricular, research, placement and other extension activities. The corresponding expenditure to be incurred should be shown in the Budget.
3. If, expenditure to be incurred for Procurement of Equipments, establishment of labs, etc, are included in the Budget, it should be justified by the Department Head.
4. The budget would be verified by the Administrative Officer and submitted to the Principal.
5. The Principal would verify the rationality / appropriateness of the planned Expenditures and the Justification given for procurement of equipments, establishment of labs, etc., and forward the same to the Management for approval.

2.4.COMMON PROCEDURE FOR BUDGET PROPOSALS

1. Budget proposal with the details of expenditure to be incurred for proposed activities should be submitted by each Department.
2. Overall Budget proposal would be prepared by the Accountant / Administrative Officer that include department budget, salary budget , Library , transport, hostel etc.
3. The Budget meetings would be convened with the HoDs, Principal and Management.
4. The requirements mentioned in the Budget will be discussed and confirmed. Then it would be submitted to Management for Approval.
5. Finally Management will approve it. The approved budget would be put before the General Body.
6. Principal will send the approval order to the Department Heads.

2.5. PROCEDURE FOR PROCURING LAB CONSUMABLES AND STATIONERY

2.5.1 LAB CONSUMABLES

1. The HOD as soon as realizing the need for the equipments (including furniture) for the next year/semester has to initiate a proposal to the Management for the procurement of the same, through the Principal with a copy of approved Budget
2. Prepare the list of equipment to be purchased and the list of suppliers.
3. Submit the proposal along with the budget and get the approval for the purchase from the Principal.
4. Send the enquiry letter to the companies; specify the due date and the superscription to be made.
5. Open the quotation after the due date, in front of Principal and prepare the comparative statement.
6. The comparative statement must be submitted to the office after signed by the concerned lab in-charge and HOD and it should be checked with the quotation by the accountant and signed.
7. The Lab in-charges and HOD may discuss with the Principal about the companies whose product can be considered, the purchase committee can be constituted and the first level price negotiation can be done with the companies by the Purchase committee.
8. The minutes of the purchase committee meeting must be prepared and it should be submitted to the Chairman and the purchase will be finalized by the Chairman and Principal after having final round of discussion with the vendors.
9. Based on the approval, order may be placed with that company. In the order, terms and conditions must be clearly mentioned. Purchase order will be prepared by the concerned lab in-charge (in the dummy letter head) and get it signed by Principal and to be submitted to the sores. Store keeper must prepare the purchase order (original) and get the approval from our Chairman & Managing director.

10. After the delivery of equipment, first Gate entry should be made, then main store stock entry. After this, store keeper must transfer the items to the concerned department. In the department, the conditions of the equipment must be checked by the concerned lab in-charge and HOD and the stock must be entered in the stock register after checking the bills.
11. The bills may be passed by the Department to the stores and accounts section only after ascertaining that there are no pending issues related with the equipment supplied by the company on earlier occasions.
12. The account section may pass the bills to the Management for payment approval, after checking the bills with purchase order and also with the advance amount if any, paid already.
13. The payment information must be communicated to the HODs by the account section or the HODs must enquire about the status of the bill payment in the office for their information.

For consumable purchase, the lab in-charges and HODs must submit the price list along with the list of items to be purchased and get the approval. The price list or quotation can be obtained from two or three shops.

2.5.2 STATIONERY

1. Soon after the last working day of an academic year, Hod"s should assess the requirements of stationery (Lab Record, Log Book, Students performance card, etc.) needed for the administration of their Department.
2. After consolidation of the requirements and after getting the approval from the Principal, storekeeper will take action for the bulk purchase of the stationery needed for the entire Institution.
3. After procurement, the stationery required for each Department will be distributed by the Store keeper.
4. Special indent for stationery in bulk for specific purpose such as conduct of workshops / conferences / seminars, etc. has to be given by the HOD to the office well in advance (at least 10 days before the proposed date.) While preparing the special indent, the actual use of stationery during previous similar occasion should be taken into account as a basis.
5. As soon as the purpose for which the stationery has been obtained is over, the unutilized portion has to be returned to the office by the HOD concerned. (the

stationery obtained for a specific purpose shall not be used for normal work of the Department.

3. PROCEDURE FOR AVAILING FINANCIAL SUPPORT FROM THE INSTITUTION BY THE DEPARTMENTS

1. HoDs must prepare a proposal for the conduct of Guest Lecture / Workshop /FDP /Co-Curricular / Extra-Curricular / Extension activities along with the Budget for the respective activity.
2. The prepared proposal should be submitted to Principal for Verification and Suggestions.
3. Principal would check the beneficiaries and ensures the Department / Institutional benefits for approving the conduct of activity. The Principal would approve the same, if the purpose of the activity, has been found to be satisfactory.
4. If the budgeted expenditure is beyond the financial powers of the Principal, it would be forwarded the Management for final approval.
5. The approved proposal would be eligible for claiming financial support from the Institute up to limit stipulated in Budget.
6. After the conduct of the event as mentioned above, the respective HoD / Event Coordinator should submit the Expenditure statement along with the corresponding Bills and Vouchers for the fund sanctioned and disbursed in advance, to Accountant / Administrative Officer for verification.
7. After verification by the Accountant / Administrative Officer, the expenditure incurred would be submitted to Principal for final approval.

4. STANDARD OPERATING PROCEDURES TO BE FOLLOWED FOR FINANCIAL TRANSACTIONS

4.1 Receipt of Bills

The following procedures shall be followed at the time of receipt of bills.

1. Entry shall be made giving details of the bills received such as date of receipt of invoice, name of vendor, date of invoice, description in the invoice, amount etc in the Manual Register maintained by Accounts officer.
2. A unique serial number code on the top of the bill would be mentioned which would be same as the serial number on which the bill was entered in the manual register.
3. The bill would then be approved by the Administrative Officer (AO) for further processing.

4. It should be ensured that the entry of the bills in the register will be made on the same day of receipt of bills from vendor and maintain the required details in a separate record.

4.2. Entry of Bill in the Books of Accounts

1. After review of bill by the Principal, the bill would be checked by Deputy Registrar/AO with the Purchase Order/Agreement/Approval of the bill. He would ensure that necessary supporting documents are attached with the bill.
2. The AO would check the TDS implication and Service Tax implications on the bill and provide for the same in the books of accounts accordingly.
3. In case of purchase of any material or equipment, relevant entry would be made in the stock register for the quantity and value and serial number given in the stock register would be mentioned in the Purchase Invoice before the purchase bill is entered in the books of accounts.
4. After the purchase bills is approved by the AO, entry would be made in the books of accounts.
5. It would be ensured that the entry of the bills will be made within 24 hours of receipt of bills from the accounts officer.
6. Also it would be ensured that the Serial numbers are correct for posting the entry in books of accounts.

4.3. Preparation of Approval note for payment

1. After the above steps, approval note for release of payment of the bill shall be prepared by the Accounts Officer along with the relevant supporting documents such as Original Invoice, Journal Voucher passed by the AO.
2. After preparing the approval note, Accounts officer would ensure that the approval note is signed by the DR and relevant Authorities. Once this is signed by relevant Signatories, the payment note would be approved by Principal / Management based on Bill Value.
3. On approval of payment note by Principal, the note along with supporting document should be sent to Management for approval along with all the supporting documents.

4.4. Issue of Cheques

1. On receipt of approval of Management, the Principal would prepare the cheque on the basis of approval note signed by the relevant authorities.

2. After the cheque is prepared, the same would be sent for Management (mandatory) approval & signature along with the payment note and supporting documentation. Unless otherwise mentioned, the cheques should will be processed on the following dates :

For regular Payment – 10th and 25th relating to previous month bills.

For Salary and TDS - 5th of each month

For Service Tax - 3rd of each month

3. Once the cheques are signed, payment entry would be made in the books of accounts by Accounts Officer on the same day.

4.5. Dispatch of Cheques

1. The cheques should be dispatched on the same day through courier unless they are hand delivered.
2. A control register would be maintained by Accountant for all the courier sent giving details of courier number, cheque no, name of party, amount and follow up should be done by Accounts Officer twice a week with the courier company on the delivery of the cheque so that the control register can be updated accordingly.
3. It shall be ensured by Finance Manager that the above procedure and controls have been followed within 48 hours of receipt of invoice.

4.6. Cash payments

1. Cash payments / receipts would be done by the Cashier. Petty bills or imprest accounts can be paid in cash for the following petty expenses:
 - i. Expenditure for refreshments during official meetings.
 - ii. Staff Conveyance.
 - iii. Office Maintenance of petty nature
 - iv. Printing & Stationary of petty nature
 - v. Any Other Petty Expense.
2. No cash payments above Rs 10,000 should be made against a single bill.
3. Cash payments would be released only after approval of Principal on receipt of the bill for payment.
4. It is also ensured that the complete approval note along with the bill is prepared by the Accounts officer before handing over it to the Principal.

4.7. Payroll

1. The Accounts officer will prepare monthly salary sheet by the 2nd of every month on the basis of attendance and leave records of the employees.
2. TDS deduction would be checked with the computation of taxable income prepared for each employee and tax deducted so far before the current month.
3. Any adjustments for any advances or loans taken by the employee would be made before the approval of salary.
4. In case of new employees, appointment letters would be checked along with other relevant documents such as last employers, relieving certificate, and experience certificate. While preparing the TDS calculations, last employers Form 16 should be considered.
5. The salary sheet would then be checked and approved by the Administrative Officer.
6. In case of any employees leaving the company, the full and final settlement account would be prepared by the Accounts officer and Passed by Finance Manager and Approved by Principal.
7. The Administrative Officer would check the following documents before making the full and final payment:

Letter of resignation, acceptance of resignation by adjustment, any loans/ staff advance / imprest outstanding, any TDS short deducted on basis of declarations not received, copy of tax savings investments such as payment of LIC premiums, PPF, House rent receipts, home loans certificates for which credit has been taken etc; any office equipment such as laptop, mobile, blackberry handed over etc.
8. Accounts officer would prepare the final cheques for disbursement and send it for approval to Principal / Management (mandatory) for their approval along with the relevant supporting.

5. RESPONSIBILITIES OF THE OFFICE STAFF

5.1. RESPONSIBILITIES OF ADMINISTRATIVE OFFICER

1. Books of Accounts

To follow and ensure that the prescribed procedure of internal checks and controls of book keeping and maintenance of accounts records are followed as per SOP.
2. Statutory Compliances- TDS, Service Tax etc

- a. To ensure that the compliance of relevant statutory provisions of various Acts i.e. Income Tax, Service Tax, PF, ESIC is made.
 - b. To ensure that statutory payments are made on time for TDS, Service tax, etc.
 - c. Follow up with the consultants for statutory compliances and provide information for the statutory liabilities.
 - d. To deduct the TDS and deposit on the relevant bills received in the accounts as per Income tax Act.
 - e. To deduct the TDS and deposit on all the relevant advance payments as per Income tax Act.
 - f. To calculate the tax liability of the employees on the salary and proportionately deduct the TDS every month.
 - g. To enter all the CENVAT entries in the excel sheet on month to month basis so as to know the total CENVAT amount in our hand.
 - h. To enter the payment received from the clients in the excel sheet on month to month basis so as to know the amount of service tax which is payable to the government authority.
3. Bank Payments
- a. Before signing the cheque from the competent authority the Principal, AO shall ensure the following:
 - b. There is adequate balance in the account.
 - c. Bank account is updated and reconciled on a daily basis.
 - d. All the relevant documents have been completed.
 - e. Postdated cheques shall be avoided and can only be issued after obtaining written approval of the competent authority.
4. Compliance of Audit Queries
- To provide clarifications/ input to internal/ statutory auditors and proper coordination to them.
5. Cash payments and Journal Vouchers
- a. To do timely checking and approval of Purchase, Cash & Journal vouchers & prepare the list as to the deficiencies found during this checking and to get these rectified.
 - b. Approval of cash payment as per the approved limit.
6. Financial Statements
- To prepare the Annual financial statements.

5.2. RESPONSIBILITIES OF ACCOUNTANT

1. Book keeping
 - a) Ensure books of accounts are updated till date.
 - b) Ensure all payment entries made till date
 - c) Ensure proper narrations are entered in the books of accounts.
 - d) Ensure all debtors and creditor balances are reconciled every month.
 - e) Ensure all bank accounts are reconciled till date.
2. Payment Notes
 - a. Preparation of payment notes on basis of supporting documentation such as Agreement, Purchase order, Approvals etc.
 - b. Ensure payment note is signed by relevant authorities
 - c. Entry of payment notes after obtaining copy of signed cheque from the authorized signatory.

5.3. RESPONSIBILITIES OF ACCOUNTANT / CASHIER

1. Banking Matters
 - a. To withdraw the cash from the bank.
 - b. Preparation of cheques as per signed payment notes.
 - c. Timely feeding of Journal Vouchers & cash vouchers in the Tally system.
 - d. To maintain the updated records relating to the fund position and reporting to the Administrative Officer
 - e. Maintenance of petty cash balances
 - f. To prepare the petty cash book and enter all petty cash payments and receipts.
 - g. Get petty cash book register signed by the Principal / Management.

In view of the above, Manakula Vinayagar Institute of Technology, Pondicherry aims at:

- Absolute maintenance of required records of financial transaction
- Ensuring Optimal Utilizations of Funds received through different ways.
- Managing Cash Inflows/ Outflows, so as to facilitate day to day expenditures.
- Executing financial transactions at the satisfaction level of all Stake holders.



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