

FINANCIAL POLICY

1. Introduction

Sree Narayana Gurukulam College of Engineering (SNGCE) is a Government recognized higher educational institution, owned by the Kunnathunadu SNDP Union and run by Sree Narayana Gurukulam Charitable Trust. The college has regular B Tech, M Tech, MBA and MCA programs under the APJ Abdul Kalam Kerala Technological University (KTU). The college was established in Kadayirippu, in 2002.

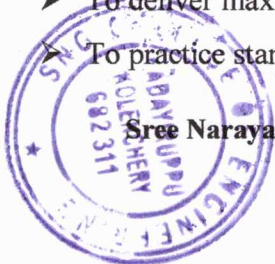
The vision, mission, goals and objectives of the SNGCE are already given elsewhere in this policy document. The financial policy of the SNGCE is broadly reflected in the financial manual. Wherever, there is any conflict or ambiguity, between the manual and the policy, the guidelines in the manual will prevail.

The financial policy is formulated for optimum use of the resources, in order to achieve the objectives of the institution in accordance with the vision and mission of the institution.


2. Objectives of Finance Manual

The financial policy of the institution 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, budgeting, internal controls, reporting etc.
- To present report to the management, donors, stake holders, beneficiaries and to the government.
- To execute project according to the terms of conditions of the donor and to achieve the goal of the project.
- 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.



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3. Income

The income of the institution consists of fees collected from our students.

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

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.

Depositing of Income in local bank accounts is duly recorded in the documents maintained by the institution.

Receipts: A separate pre-printed receipt shall be issued to the students for every payment

Project based Accounting: The college shall maintain a separate set of cashbook and ledger, records and documents.

4. Expenditures

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.

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 of expenditure, 'Prepared by' signature, Authorization (approved by the concerned HOD / Administrative Officer / Principal / Manager) .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. The procedure of financial transactions should be communicated to Management.

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

- a) Budget preparation with signature of the HoD, one Faculty member, the Principal/Manager. 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.



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- b) The signed budget is then approved by the Principal and forwarded to the Manager. The Management 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.
- d) The internal auditor verifies the bills and finally gives reports to the Management keeping a copy in the auditor's file.
- e) The above procedure is to be followed for expenditures incurred through 'students' contribution only', as well.
- f) No deviation from the above mentioned process is allowed, in order to maintain a proper record for future reference and audit.

5. Method of Payment

Payment by Cheque: All expenditure above Rs. 10, 000/- shall be paid by cheque except in the case of extra-ordinary situations where banking is difficult. Maximum utilization of cheques / online payment is recommended. Each Department Head may apply for cheque payments in the cheque requisition format to the Administrative Officer.

Cash payment should be avoided for payments above Rs. 10,000. As per the Income tax Act payments above Rs. 10,000/- should be made by A/C payee cheque.

Cash in hand: The Chief Accountant keeps 'in hand cash' for day-to-day transactions.

6. Consolidated Salary Register

A consolidated Salary register is maintained for payments to staff by way of salary.

BALANCE SHEET

1. Assets

All immovable assets such as land, building etc, are purchased in the name of the institution by the Administrative Officer/principal/manager with the approval of the Governing Body. Other movable and physical assets such as furniture, equipment, computer related assets etc. are purchased as per the requirement from time to time, as recommended by the committee



consisting of the Manager, Principal and HOD and approved by the relevant Trust Committee following relevant procedures.

The fixed Asset register book is to be maintained and duly updated.

2. 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.

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

Liabilities: Whenever funds are available credit purchase shall be avoided.

BANKING

1. Operation of Bank Accounts

The signatories to the bank accounts are the Principal/Manager (or as amended by the competent Trust body) and they shall operate bank accounts of the institution jointly. Passing a resolution in the governing body meeting is necessary for opening any additional bank account other than the existing ones or for canceling.

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

Bank Reconciliation: A bank reconciliation statement is prepared by the Chief Accountant and will be presented, as required.

2. Planning and Budgeting

A Project Proposal and its budget are prepared by the HOD. It will be passed by the HOD to the Principal and then to the Manager and finally to the appropriate Management Committee. Later it is approved by the Management. The approved budget is to be adhered to during the course of the project as per agreement. A copy of the budget is given to the respective coordinators, the signatories of the account and the Chief Accountant for follow up and reporting. The Coordinator of the concerned project takes leadership in implementing the project according to the approved budget. Any change in the approved budget and activities



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will have to be brought to the notice of the Governing Body that approved the project and if needed get it revised.

Institution-wise budget: A consolidated general budget is prepared annually. It is sent to the governing body for approval. The past experience and actual expenditure is to be kept in mind when preparing the budget.

3. Internal Controls

Authorization of financial transactions: The Principal/Manager Administrative Officer/Heads of Departments shall authorize all the payments by signing the voucher as a sign of approval.

4. A Consolidated Rough Cash Book

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

5. Maintenance of Computerized Accounts

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

Receipt and Payment Account is submitted to the management on daily basis.

Printed Cashbook(s)/ Receipt and payment Accounts are printed on a monthly basis showing the balance in cash in hand and in bank.

Monthly Reporting: Account wise monthly Receipts and Payments account is printed.

Vehicle and stock control: Vehicle Log book shall be maintained for all the vehicles of the institution and shall be verified by the Administrative Officer on a weekly basis.

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

Linking Activity and Financial Report: Programme Linked Financial Report shall be prepared on a quarterly basis and the same shall be monitored for the activity variance and budget variance.



6. Procurement and Distribution System

Policy and Procedure All the purchases of assets for the institution and the projects shall be made in consultation with the purchase committee. The purchase committee shall consist of the Principal, the particular project coordinator, Administrative Officer and the Manager in accordance with the decision of the purchase 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 purchase 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. Books and Registers and Documents

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

8. Stock Status Report

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

9. Investment of Surplus Funds and Funds Not Immediately Required

Funds not immediately required and in surplus will be invested in Fixed Deposits. Once the Fixed Deposits made, they are verified and up dated on the maturity date.

AUDIT OF ACCOUNTS

1. Internal Audit

The internal audit is done every month by the management audit committee.

2. Statutory Audit

The Annual audit of accounts of the institution is normally done after 31st March of every year.

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3. Duration

Sree Narayana Gurukulam Charitable Trust is a Registered Trust. The Governing body and General body meeting shall be held regularly and the minutes book should be maintained for the Governing Body and General Body separately.

4. Human Resource Policy

Detailed Job Descriptions, Role Clarity pay and increments etc. shall be provided to the staff. Human Resource Policy, Staff Welfare Policy, Training policy etc. are available separately and these are duly linked to the budget and finance policy.

5. The Staff Benefit

The staff benefit should be provided in the budget itself.

6. Provident Fund

The Provident Fund is given to eligible staff, as per relevant rules and decision by the Governing body of the Trust.

7. ESI / Healthcare Benefits

The ESI/Healthcare benefit is given to eligible staff, as per relevant rules and decision by the Governing body of the Trust.

8. Gratuity

The Gratuity, benefit is given to eligible staff, as per relevant rules and decision by the Governing body of the Trust.

9. Additional Benefits

SNGCE may evolve its own additional benefits scheme subject to the approval of the SNGCT

10. Conflict of Interest

Conflict of interest shall be avoided as much as possible. In the event of such conflict, it shall be disclosed to the Management. The Management may take suitable decision in the interest of the SNGCT and the SNGCE.



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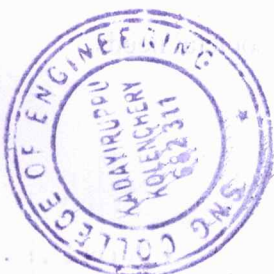
11. Faculty Development Registration Policy

In addition to the above, the Management may decide periodically to provide special financial support to the staff for training/ conferences/seminars/improving their expertise and skills, on receipt of specific requests. The quantum of benefit will be decided considering relevant factors.

For e.g.: On receipt of submission seeking permission for the Faculty Development Registration outside / inside campus, an amount not exceeding Rs. 10,000/- (Rupees TenThousand Only) is sanctioned on the recommendation by concerned HOD. If the registration fee is above Rs.10,000/- the amount will be sanctioned as special case, subject to the availability budget and importance of the program.

12. Preservation of Books and Records

The records shall be preserved permanently or for specific period of time as per the rules and decision by the authorities.



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