



# **SIDDHARTHA**

## **ACADEMY OF HIGHER EDUCATION**

An Institution **DEEMED TO BE UNIVERSITY**  
(Under Section 3 of UGC Act, 1956)

# **FINANCE OPERATIONS**



## **Preamble**

Principles of transparency, accountability, and efficiency govern the financial operations. The Finance Committee plays a pivotal role in ensuring sound financial management, aligning resource allocation with institutional goals, and fostering financial sustainability.

Financial policies and procedures cover key areas such as budgeting, financial reporting, resource allocation, and auditing, ensuring responsible fiscal practices while supporting the university's growth and development objectives. The guidelines aim to maintain transparency, accountability, and strategic investment in the institution's future.

## **Objectives**

- **Ensure Financial Accountability:** To establish a robust financial system that promotes responsible utilization of funds in accordance with regulatory and statutory guidelines.
- **Efficient Budget Management:** To formulate and monitor annual budgets, ensuring optimal allocation of resources for academic, research, and administrative activities.
- **Strengthen Financial Governance:** To develop transparent financial policies and procedures, with periodic reviews by the Finance Committee.
- **Ensure Compliance and Audits:** To adhere to financial norms, conduct regular audits, and ensure financial statements are prepared in line with statutory and regulatory requirements.
- **Facilitate Infrastructure Development:** To allocate financial resources for infrastructural growth, technological advancements, and academic excellence.

## **2.1. Finance Committee**

### **2.1.1. The composition of the Finance Committee**

- Vice Chancellor – Chairperson;
- Pro Vice Chancellor (wherever applicable)
- One person nominated by the society, trust, or company, as the case may be (wherever applicable)
- Three persons to be nominated by the Executive Council, out of whom at least one shall be a member of the Executive Council
- One person is to be nominated by the University Grants Commission.
- Three persons to be nominated by the Chancellor
- Finance Officer Secretary – ex officio

All members of the Finance Committee, other than ex officio members, shall hold office for a term of three years.

### **❖ Functions of the Finance Committee**

- The Finance Committee shall meet at least four times in an academic year (at least twice each semester) to examine the accounts and scrutinize the proposals for

expenditure. One-third of the total number of members of the Finance Committee shall form the quorum for a meeting.

- All proposals relating to the creation of posts and those items which have not been included in the budget shall be examined by the Finance Committee before the Executive Council considers them, and the committee shall decide whether to waive fees, establish scholarships, provide free tuition, or provide any other financial benefits.
- The annual accounts and financial estimates of the institution, deemed to be University, prepared by the Finance Officer, shall be laid before the Finance Committee for consideration and comments, and thereafter the same shall be submitted to the Executive Council for approval.
- The Finance Committee shall recommend limits for the total recurring and non-recurring expenditures for the year, based on the income and resources of the institution deemed to be University.

## **2.2. Finance Functions**

### **❖ Finance Operations**

- Finance is one of the key operational areas of the Deemed to be University. The finance function shall be primarily responsible for the acquisition and proper utilization of funds for the smooth and effective operation of the University. For the University's accounting purposes, the acquisition of funds shall refer to Receipts, and the utilization of funds shall refer to Payments.
- The University gets its revenue mostly from fees paid by the students, and a major portion of it shall be spent on salaries to the employees.
- The University shall have two types of receipts, i.e., Revenue and Capital receipts.
- The Revenue receipts include tuition fees, examination fees, special fees, convocation fees, revenue from the consultancy projects/assignments, royalties on patents, receipts from the transport, interest on deposits, and miscellaneous receipts.
- The Capital receipts include grants from the sponsoring society, contributions from the alumni association, donations from individual philanthropists, grants from the Government of India or other funding agencies for specific activities.

### **❖ Functions of the Finance Committee**

- The University shall have two types of expenditure, i.e., Revenue and Capital Expenditure.
- The revenue expenditure includes pay and allowances to administrative, teaching and non-teaching staff, provident fund, ESI, staff welfare, electricity, printing and stationery, internet, telephones, postage, courier expenses, travelling and conveyance expenses, general and health insurance, interest on loans, workshops and laboratory maintenance, repairs and maintenance, gardening and plantation, security expenses, seminars/conferences/faculty development programmes, examination expenses, journals and periodicals (print and online), rates and taxes, fuel expenses, repair and maintenance expenses for vehicles, advertisement expenses, marketing expenses, expenses of admission tests, miscellaneous expenses, etc.

- Capital Expenditure includes expenditure on the purchase of land, purchase/construction of buildings, purchase of furniture, Computers, library books, equipment, and vehicles, campus networking expenses, etc.
- The organization of the finance function shall be centralized for better management and control of the University finances.
- The Executive Council shall approve the main financial decisions and delegate specific powers to the Finance Committee, Vice-Chancellor, Registrar, Finance Officer, Deans, HoDs, and such other officers of the University as deemed fit.

### **2.3. Finance Department**

There shall be a Finance Department under the administrative control of the Finance Officer. He shall perform the functions and responsibilities as may be assigned to him by the Vice-Chancellor or Executive Council from time to time.

#### **❖ Functions of the Finance Department**

- Preparation of budget estimates of the University to be placed before the finance committee for its approval.
- Devising and installing a suitable system of accounting and internal audit.
- Maintaining accounts for the income and expenditure of the University.
- Receiving and accounting of receipts from various sources.
- Passing of bills and issuing of cheques for payments.
- Prepare the annual accounts, viz., income and expenditure account, Balance sheet, fund flow statement (statement of changes in financial position), and cash flow statement (receipts and payments account).
- Presentation of accounts for audit by auditors appointed for the purpose and acting for rectification suggested in the audit reports, and placing them before the Executive Council.
- Convening meeting of the finance committee of the University, preparation of agenda notes, and follow-up action on the minutes of the meetings.
- Any other functions entrusted by the competent authority from time to time.

### **2.4. Finance Officer**

The Finance Officer shall be a full-time salaried officer of the Institution Deemed to be University, appointed by the Executive Council. The emoluments and other terms and conditions of service for the Finance Officer will be as prescribed by the Rules of the Institution. The Finance Officer will work under the direction of the Vice Chancellor and will be accountable to the Executive Council through the Vice Chancellor. The responsibilities include preparing the annual budget estimates and statements of account for submission to the Finance Committee and the Executive Council. Additionally, the Finance Officer will manage the funds and investments of the Institution, subject to the control of the Executive Council.

#### **❖ Duties of the Finance Officer**

- Exercise general supervision over the funds of the institution deemed to be University and shall advise it as regards its financial policy and perform such other

financial functions as may be assigned to him by the Executive Council or as may be prescribed by the rules of the institution deemed to be University.

❖ **Subject to the Control of the Executive Council, the Finance Officer shall**

- Ensure that the limits fixed by the Executive Council for recurring and non-recurring expenditures for a year are not exceeded and that all amounts of money are expended on the purpose for which they are granted or allotted.
- Be responsible for the preparation of annual accounts and the budget of the institution, deemed to be a university, and for their presentation to the Executive Council. Keep a constant watch on the state of the cash and bank balances and on the state of investments.

❖ **Other Duties of the Finance Officer**

- Ensure that the limits fixed in the budget for recurring and non-recurring expenditure for a year are not exceeded and that all funds are expended for the purposes for which they are granted or allotted, subject to such exemptions as are specified in the Finance Regulations.
- Monitor any unspent balances under various heads of budget and bring the same to the notice of the Vice Chancellor.
- Keep a constant watch on the state of bank balances and investments and bring them to the notice of the Vice Chancellor.
- Monitor the progress of the collection of revenues and advise on the methods of collection to be employed to avoid delays in the collection of revenues.
- Have the accounts of the University regularly audited in the manner prescribed by the Executive Council and place the audit report before the board, along with the notes on audit objections.
- Call for explanation from the employees responsible for the unauthorized expenditure and other financial irregularities, and suggest disciplinary action.
- Perform any other functions as may be assigned to them by the Executive Council or the Vice Chancellor or as may be prescribed in the Statutes, Ordinances, and Regulations.
- The Finance Officer shall maintain control over all sections of the finance department, review the progress of work in each section, and provide directions to ensure the proper and orderly progress of work in a transparent manner, adhering to the established norms without any deviations.

## **2.5. Finance Department Sections**

The Finance Officer shall be assisted by supporting staff in discharging his duties and functions. Considering the total workload in the Finance Department, it shall be divided into nine sections based on the nature of transactions as given below, and work under the control of the Finance Officer.

### **2.5.1. F – 1 Section (Fee Collection and Reconciliation)**

All students and parents are strongly encouraged to pay the tuition, transportation, and any other fees either annually or per semester, as per the University's guidelines, within the specified deadlines using the online payment system. The staff responsible for this section will maintain a record of daily fee payments for each student and generate a list of

outstanding dues once the payment deadline has passed. This list will be forwarded to the relevant departments, including the Heads of Departments (HODs) and class counsellors, for further action and follow-up. In cases where students fail to pay their fees, the authorities will be notified, and appropriate measures will be taken in accordance with University regulations. Additionally, a fee reconciliation statement will be prepared for each program, comparing it with the corresponding bank statements, and a consolidated statement will also be generated for overall verification and transparency.

#### **2.5.2. F – 2 Section (Verification of bills)**

Before any bill or voucher is processed for payment, it is essential to thoroughly verify that it complies with the University's established rules and guidelines. The process involves checking several key documents to ensure accuracy and legitimacy. These include the permission letter from the Registrar, the official purchase order, comparative statements with various quotations, the stock entry in the stock book, and approval from the budget department. Additionally, the signatures of both the Head of Department (HOD) and the relevant Dean are required for final approval. This meticulous verification process ensures that all necessary steps are followed and everything is in order before proceeding with the payment.

#### **2.5.3. F – 3 Section (Payments)**

The bills processed by the verification section undergo a thorough review to ensure their accuracy and legitimacy before being finalized for payment. Once the bills are scrutinized, they are forwarded to a series of officials for further approval. This includes the Finance Officer, Deputy Registrar, Registrar, Pro Vice Chancellor, and Vice Chancellor, with each authority reviewing the bill to ensure compliance with financial and institutional policies. Upon receiving the final approval from the Vice Chancellor, the payment is processed according to the directions provided by the authorities. This payment may be made either through an online transfer or by cheque. Before disbursing the payment, several factors are verified, such as the applicability of Tax Deducted at Source (TDS) under sections 94C, 94J, or 94 (i), ensuring that Tax collected at source (TCS) applies if the annual turnover exceeds one crore, confirming whether GST under Reverse Charge Mechanism (RCM) is applicable, and reviewing any advances that have already been paid for the relevant purpose. Only after all these verifications are completed is the payment officially processed.

#### **2.5.4. F – 4 Section (Salaries and Statutory Payments)**

This section is tasked with preparing the pay bill for the monthly salary payments to both Faculty and staff, ensuring all necessary deductions are made. These deductions include Provident Fund, Employee State Insurance (ESI), Tax Deducted at Source (TDS), Professional Tax, Life Insurance Corporation (LIC) premiums, Group Staff Life Insurance Corporation (GSLIC) contributions, and society loan repayments, etc. Once the relevant accounts have been thoroughly reviewed, preparations for salary disbursements and statutory deductions are finalized. In addition, semi-annual income tax calculation sheets are generated for faculty and staff who are liable for income tax. These sheets provide a detailed breakdown of tax obligations, enabling individuals to review their tax status and file their returns within the designated timeframe. Issue Form-16 to all faculty and staff who come under the purview of Income Tax.

#### **2.5.5. F – 5 Section (Entering Payment and Receipt Transactions)**

All transactions, including both payments and receipts, are processed through bank or online methods. Only a small number of petty payments are made in cash. Once the transactions are recorded under the appropriate heads of accounts, various financial reports

are generated periodically. These reports include ledgers, trial balance, receipts and payments, income and expenditure statements, and balance sheets, all of which are used for regular financial review. Additionally, bank reconciliation statements for different bank accounts are prepared to ensure that the balances in the books match the actual bank statements.

#### **2.5.6. F – 6 Section (Scholarships)**

Applications for scholarships, including those from the University funds, the National Merit Scholarship of the Government of India, or various private organizations, must be carefully reviewed according to the guidelines set by the respective scholarship providers. This process involves verifying the eligibility of applicants based on established criteria. Once the verification is complete, the scholarships may be disbursed to qualified students, either through online transfers or by cheque, with proper approval from the concerned authorities. A detailed record of the scholarships awarded should be maintained in a statement, and the corresponding financial entries must be accurately reflected in the accounts. Additionally, all documentation and information related to the scholarships should be systematically organized and securely stored for future reference.

#### **2.5.7. F – 7 Section (Consultancy, Projects and other matters)**

Consultancy and testing services offered by various departments of the University are charged for services provided to both government and non-government agencies, as well as individuals. The collection of these charges must adhere to the established norms and guidelines set by the University to ensure consistency and transparency. Once the charges are received, they are to be recorded in the consultancy accounts, ensuring that all financial transactions are accurately tracked. In addition to the income generated, all relevant expenses associated with the consultancy services, such as salaries for the staff involved, transportation costs, expenses for onsite visits, remuneration for consultants, and other operational costs, must be duly entered into the accounts. After the accounts are finalized, a detailed statement of accounts should be prepared, reflecting both income and expenditure, and then audited by a Chartered Accountant whom the sponsoring society has appointed. This ensures that the financial operations related to consultancy services are thoroughly reviewed and comply with the relevant financial standards.

The funding for research and development projects from various government organizations will be allocated to different departments within the University, following a clearly defined timeline. These projects must undergo periodic reviews in accordance with the guidelines set by the sanctioning authorities. Along with these reviews, periodic audits will be conducted throughout the project's duration, in addition to the final audit after the project. Once the project is completed, a comprehensive project report, along with audited financial statements certified by a Chartered Accountant and the utilization certificate, must be submitted to the concerned government organization. Additionally, the principal investigator (PI) is tasked with overseeing and reviewing the entire accounting process, ensuring that all financial transactions align with the project's objectives and requirements. This responsibility extends beyond managing the technical aspects of the project, as the PI must also ensure proper financial management and documentation throughout the project's life cycle, along with the finance officer.

The collection and entry of admission examination fees for different programs offered by the University, as well as the entry of expenditures related to the conduct of the entrance examination at various venues and remuneration paid to the staff involved, must be carefully recorded. At times, the University may collect donations from philanthropists for organizing major events such as technical and cultural fests, research conclaves,



international seminars, conferences, sports events, etc. These donations must be incorporated into the accounts, and the corresponding expenditures should also be recorded. Additionally, it is essential to ensure that the expenditure is managed according to the guidelines framed by the authorities.

The issue of a no-dues certificate to students and faculty must be carried out after verifying all relevant records when they leave the campus. Additionally, certificates should be issued to students for the tuition fees payable for the purpose of obtaining bank loans. Certificates may also be provided to students for the fees paid by them, which can be used for their parents' income tax purposes. Furthermore, salary certificates should be issued to staff members for their personal use, ensuring that all details are accurately recorded and verified.

#### **2.5.8. F – 8 Section (Hostels)**

This section is responsible for the collection of hostel mess bills, electricity charges, rent, and other fees from hostel students. It also handles the preparation of monthly mess bills, monthly salary, and statutory bills for both girls' and boys' hostels, as well as payments related to hostel expenditures and salaries to hostel workers. The section is also tasked with preparing hostel mess bill dues, reviewing them, and taking necessary steps to ensure the collection of dues within the specified time. Additionally, bank reconciliation statements for different hostel accounts are prepared to ensure that the balances in the books match the actual bank statements. Enter all receipts and payments daily in the Tally package, prepare yearly statement of accounts, ledgers, and take necessary steps for the yearly external audit by the Chartered Accountant appointed by the society.

#### **2.5.9. F – 9 Section (Data updation)**

This section will support all other sections by facilitating the computerization of various transactions and ensuring the maintenance of digital records for all financial transactions. By digitizing the data, it will streamline operations, enhance efficiency, and improve accessibility. The section will also maintain secure backups of all accounts recorded in the system, ensuring that no data is lost and can be easily recovered when necessary. In addition, it will provide timely and accurate information as required by any of the sections mentioned above or by the University authorities, ensuring that the data is available for official purposes and decision-making. This will help ensure transparency, accountability, and smooth functioning across all departments.

### **2.6. Type of Accounts**

The University shall maintain different types of accounts in accounting procedures for the smooth running of the day-to-day finance activities.

#### **2.6.1. Names of Accounts**

The following accounts shall be maintained on different accounting heads in the finance section of the University for the orderly conduct of the accounting system.

- University regular account
- Imprest account
- Miscellaneous account
- Academic Departments account
- Training & Placement Cell account
- Scholarships account

- Fines account
- Alumni account
- Caution Deposit account
- NSS account
- TEQIP account
- Institutional R&D account
- Memberships account
- Examination accounts
- Consultancy account
- Hostels account
- Different Projects accounts
- Such other accounts as may be necessary from time to time

#### **2.6.2. Accounting Books and Records**

The following accounting books and records shall be maintained in the finance section through the Tally accounting package.

- Cash Book (Receipts and Payments)
- Bank Book (Receipts and Payments)
- Journals
- Ledger for different heads
- Trail balance
- Other accounting books may be necessary from time to time.

#### **2.6.3. Statement of Accounts**

- The University shall prepare the following statements of accounts.
- Tuition Fee Reconciliation Statements
- Bank Reconciliation Statements
- Receipts and Payments statements
- Income and Expenditure Statements
- Balance Sheet
- Funds flow statements (Statement of Changes in Financial Position)
- Cash Flow Statement (Receipts and Payments accounts)
- Other financial statements may be necessary from time to time.
- The Finance Department shall take necessary steps and create various books of accounts and ledgers in a manner that easily facilitates the retrieval of the above information at very short notice, besides making a formal reporting at the frequencies indicated above.

#### **2.6.4. General Rules for Operation of Funds**

- Any remittance shall be in the name of the University, which shall be credited through the Finance Department under the proper Head of Accounts.
- All the payments are conducted through NEFT/RTGS/Crossed Cheque.
- The salaries of all staff (teaching and non-teaching staff) shall be credited to their accounts by the 5th of the next month.
- Small payments may be made in cash.
- When the cash balance under any account has become larger than that necessary for current expenditure, the surplus amount shall be deposited into the account.
- The Finance Officer shall be vigilant in respect of expenditure incurred from the University funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- No money shall be drawn from the bank unless it is required for immediate disbursement.
- Bills shall be prepared in the printed forms stating full particulars as regards the amount, the name of the payee, and the nature of the claim to be susceptible to identification at any later date.
- When a bill is presented on account of charges incurred under special orders, such sanction orders shall be quoted in the bill. Copies of sanction orders accompanying the bill shall be duly certified as true copies by the drawing officer.
- Every voucher shall ordinarily bear or have attached to it an acknowledgment of the payment signed by the person to whom or on whose behalf the claim is presented. No payment shall be made in the absence of the necessary acknowledgment.
- If a voucher is lost, a certificate of payment prepared in manuscript and signed by the Disbursing Officer and endorsed, if necessary, by his superior Officer shall be placed on record. Full particulars of the claim will invariably be set forth.
- A cheque shall be jointly signed by any two of the Vice Chancellor, Pro Vice Chancellor, and Registrar in favour of the party to whom the payment is due. After the cheques are signed, an endorsement of payment shall be written on every bill, noting the number and date of the cheques in which the claim is included.
- Cheque books shall be kept under lock and key in the personal custody of the cheque drawing officer.
- All cheques remaining unpaid for any reason for three months or more from the date of the issue shall be canceled, and a fresh cheque shall be issued to the party after due verification.
- The Vice Chancellor may authorize expenditure in excess of budget allotments for the year on a need basis, which the Finance Committee shall subsequently approve.
- The Vice Chancellor shall have the power to sanction the temporary transfer of amounts from one account to another. All such transfers shall be reported to the Executive Council at its next meeting.

- The finance department shall collect a statement of accounts from the bank in which the University accounts are operated each month in respect of each account maintained by it. After receipt of the statement of account, the Finance Officer shall compare the entries with the account's books maintained by the Finance Department. If any discrepancy is found, it should be immediately reconciled with the bank.
- Every bill presented for payment shall first be scrutinized in all respects before submission for administrative approval for payment.
- Every correction or alteration in accounts shall be made neatly in red ink and attested by the Head of the section.
- All corrections and alterations in bills and vouchers shall be similarly attested by the Officer drawing the bill or the person preferring the claim. In contrast, those in the cheques shall be similarly attested by the Officer signing them.

#### **2.6.5. Financial Control Measures**

A comprehensive financial management system should include several key practices to ensure efficient operations. First, there should be monthly or quarterly reviews of the activities for which funds have been drawn, conducted at appropriate levels within the organization. This helps ensure that the funds are used effectively and as intended. Additionally, it is crucial to perform weekly reviews of bank balances across all accounts to identify surplus funds that are not required for immediate use. These surplus balances should then be transferred into short-term or long-term deposits, optimizing the use of available funds. Furthermore, it is important to prescribe specific records that need to be maintained for accounts across the various wings of the University to ensure accurate tracking and accountability. Lastly, a key objective should be to minimize the number of bank accounts opened by the University, which would streamline financial management and reduce administrative complexity.

#### **2.6.6. Financial Information System**

The University has implemented a comprehensive financial information system that covers all financial transactions, streamlining the entire process of financial management. This system brings a range of benefits, such as providing effective monitoring of the University's financial position, increasing efficiency, and ensuring standard formats for financial documents. It significantly reduces errors, enhances familiarity with financial procedures, and ensures up-to-date information about the financial status of the institution. Additionally, it supports the monitoring of budget utilization, aiding in more effective planning and decision-making. The system also allows for the quick generation of reports that can be submitted to external funding agencies, ensuring transparency and timely communication. Furthermore, the system is designed to manage all financial transactions comprehensively, including payroll, student fees, academic income, income from other sources, deposits, advances, purchases, stores, budgets, and approvals, creating a robust framework for financial oversight and control.

#### **2.6.7. Guidelines for Preparation of Budget**

- The Finance Officer shall prepare the financial estimates and annual accounts with the guidance of the Registrar, based on the proposed budget estimates received from the Deans of various Schools. The budget should be prepared before the commencement of the financial year / academic year to obtain approval from the Finance Committee/Executive Council.

- The following are the general instructions to be observed in the preparation of the detailed estimates:
- The aim should be to achieve as close an approximation to the actuals as possible. All the items of revenue and expenditure that can be foreseen should be provided for. Except in respect of fixed charges and particularly regarding fluctuating items, the norm shall ordinarily be the average of the past three years.
- In submitting the estimates, the accounts of the University are maintained on a Cash Basis, i.e., they represent the actual receipts realized or expenditures incurred during the year, irrespective of the year to which they relate. The estimates should be taken into account only of such receipts and payments as the estimating officer expects to be actually realized or made in the budget year. Special sanction is not necessary for the inclusion of normal items of expenditure in the budget.
- Expenditure under new items should be included in the budget only after a sanction is obtained. If, however, sanctions for any new scheme could not be taken before inclusion in the budget, the details of the scheme should be clearly narrated in the explanatory memorandum accompanying the budget.
- The sanction for incurring the expenditure on the scheme should be obtained after the budget is passed.
- The expenditure on establishment should be estimated only for the sanctioned posts. The full amount of pay, including increments accrued during the budget year, should be provided for. Detailed estimates of payments under salaries showing the number of posts sanctioned, pay, and allowances for each category shall be prepared and enclosed with the budget estimates.
- The provisions in respect of posts which were included in the previous year's budget but which were not filled for some reason should not be repeated unless it has been decided to fill the posts during the budget year.
- The budget estimate for receipts should be based on the existing rates of fees, etc., and no increase or reduction in such rates that the University has not approved should reflect in the budget estimates.
- In the case of more important heads of revenue, the actuals of the first nine months should be compared with those of the corresponding period in each of the last three years.
- Calculation of University revenue should be based on actual demand, including arrears and probabilities of realization during the year. The arrears and current demand should be separately shown in the explanatory memorandum, and reasons should be given if full realization cannot be expected.
- Recurring charges should be carefully reviewed, especially expenditure on supplies, services, and contingencies, at the time of preparation of the budget.
- In cases of items of expenditure which are met partly by grants given by any funding agencies and partly by the University or partly or wholly out of Endowment Funds, etc., an explanatory note should specify the estimates classified according to the source or sources from which the expenditure is proposed to be met.

- When several items of miscellaneous nature are grouped under a detailed head of account, details of the more important items should be given in a footnote on the relevant page with the budget estimate proposed for each item.
- The estimates for office expenses and other items of expenditure require scrutiny. The actuals for the previous three years should be considered for each detailed head of account. Abnormal changes, if any, should be specified and excluded from the total in calculating the average of these three years. Justification is needed in all cases in which it is proposed to exceed the normal average.
- For minor construction and repairs, separate estimates should be given together with the actuals for the past three years.

❖ **Regarding capital expenditure, the following instructions should be observed:**

- Proposals may first be submitted to the authorities for incurring capital expenditure, indicating the total outlay and the number of years in which the outlay is proposed to be spread. After the proposal is sanctioned, the amount required for actual expenditure during the particular budget year may be submitted to the Executive Council for approval for inclusion in the budget of that year. Any unspent balance shall lapse at the end of the financial year unless it is provided for, again in the next year's budget, with reasons for its non-utilization in the previous year.
- The budget estimates for the coming year should generally follow the revised estimates of the current year after allowing for any abnormal circumstances that have existed in the current year or are expected in the budget year. No increase should be made over the revised estimates unless adequate reasons are given. It should not, however, be assumed that provision should always be made for in the budget year based on the revised estimate as a matter of course.
- The revised estimates should always accompany the budget estimates for the ensuing year. The revised estimate should be an estimate of the probable income and expenditure of the current year. It should be framed in the course of the year with reference to the actual transactions recorded for the first nine months of that year, for which accounts should be ready by the end of December. The amount required for the remaining three months shall be estimated by simple proportionate increase under the same head as in the previous year or as per the actual requirements.
- The revised estimates should include items of receipts realized and expenditures sanctioned after the original budget was passed. References to the orders regarding them should be given in the explanatory memorandum. When the discontinuance of any sanctioned expenditure has been approved, provision already made should be omitted in the revised estimate, and a necessary explanation should be given in the explanatory memorandum.

**2.6.8. Remuneration, Incentives, Consultancy Share, and TA & DA**

Payment of remuneration to faculty and staff involved in conducting examinations (both internal and external members), incentives for faculty involved in R&D activities, and the consultancy share distribution to staff will be made in accordance with the norms approved by the Finance Committee.

TA & DA will be paid to faculty, staff, and external members attending various university-related activities, as per the norms approved by the Finance Committee.

**2.6.9. Delegation of Financial Powers and Imprest Money**

The Central Expenditure Advisory Committee, consisting of the Vice Chancellor, Pro Vice Chancellor, Registrar, Finance Officer, and other nominated members, will meet once a week to approve the proposals for the purchase of equipment, material, etc., as per the norms approved by the Finance Committee.

❖ **Procedure**

The following procedure is adopted for the approval of the proposals received from different departments.

❖ **Central Expenditure Advisory Committee (CEAC)**





### **Step – 1 :**

- For the amount up to Rs. 5,000/ - HOD
- For the amount above Rs.5,000/- & up to Rs.25,000/- - Dean of the School
- For amounts more than Rs. 25,000/- up to 5 lakhs
  - 'CEAC' comprises - Chairman (VC/Pro VC)
    - 4 Sr. Professors / Associate Professors (covering all subjects)
    - Additional Member (Subject related if Nobody is there in the above four.
- For amounts more than 5.0 lakhs, one person from Management will be a Member of CEAC in addition to the above members.
- Meeting frequency is once a week.

### **Step – 2**

The above recommendations are implemented through Purchase Committees as given below:

Purchase Committee (25,000 – 1 Lakh): Three faculty members:

HOD concerned constitutes a 3-member Committee from the Department to finalize the supplier following the Pre-Audit guidelines.

Purchase Committee (1.1 – 3 Lakhs): Four Faculty members:

The Pro Vice-Chancellor constitutes a committee comprising four members.

Two members nominated by HOD + Chairman nominated by Pro Vice-Chancellor + Faculty who need to purchase

Purchase Committee (3.1 Lakhs and above): Five Faculty members:

The Vice-Chancellor constitutes a 5-member committee.

Two members nominated by HOD, + One member nominated by Pro Vice-Chancellor, + Chairman nominated by Vice-Chancellor, + Faculty that needs to purchase.

All the purchases need to be forwarded through the audit section for Pre-audit before submitting to the Vice-Chancellor.

### **Step – 3**

The minutes of the Purchase Committee will go to the Vice Chancellor for final approval.

### **Step – 4**

The Registrar will issue an approval order based on the Vice Chancellor's remarks to the concerned Department/Section to proceed with the Purchase.

## **2.7. Imprest**

Imprest money is a fixed sum of cash provided to departments within an organization for handling small, routine expenses. This money is replenished periodically based on the amount spent, ensuring that the department always has the necessary funds to cover incidental costs without needing to process formal requisitions for each transaction. The

system helps streamline financial operations and ensures that day-to-day expenses are handled efficiently while maintaining proper records for accountability.

## **2.8. Scrutiny Guidelines for Equipment and Material Purchase**

The procurement process involves several key steps to ensure that the purchase of equipment or materials aligns with both project needs and organizational goals. First, clearly defining the specifications and requirements is crucial, ensuring they meet project objectives. Budget considerations are also essential, verifying that the necessary funds are available and that the expense fits within the approved budget. The approval process requires obtaining all relevant stakeholder approvals and maintaining transparency through documented approval chains. Vendor selection follows, with criteria such as quality, price, and reliability, and requires conducting market research to identify suitable vendors while assessing their reputation, financial stability, and regulatory compliance. A comparative analysis of multiple quotes or bids should be conducted to assess prices and terms, as well as the total cost of ownership, including maintenance and operating costs. The purchase must also comply with organizational policies, industry regulations, and relevant certifications. Contract terms should be carefully reviewed, including warranty, return policies, service agreements, and delivery timelines, ensuring clarity on payment terms and penalties for non-compliance. Proper documentation of all purchase-related materials is necessary for future audits, ensuring easy access to proposals, contracts, and correspondence. Risk assessments are also vital, identifying potential risks and developing strategies for mitigation. If applicable, the need for training on new equipment or materials should be assessed, along with ensuring support resources are available for implementation. Additionally, it is important to evaluate the environmental and social responsibility practices of the vendor to ensure sustainable procurement decisions.

## **2.9. Internal Audit**

The primary objective of the internal audit is to conduct a comprehensive review and assessment of the financial operations within the University. The audit ensures the accuracy and completeness of financial records, examines the effectiveness of internal controls, evaluates compliance with relevant regulations and policies, and assesses the overall adequacy of financial management practices in place.

Key areas of focus for the audit include, but are not limited to, the proper maintenance and organisation of the University's financial books and records, the management and monitoring of cash flow, and the handling of fixed deposits. In addition, the audit reviews income generated through interest on bank deposits, ensuring that these financial activities are accurately recorded and aligned with established financial policies.

This thorough evaluation identifies potential areas for improvement, mitigates risks, and provides recommendations to enhance the financial integrity and operational efficiency of the institution.

## **2.10. External Audit**

The main objective of an external audit in the finance department is to provide an independent and objective evaluation of the organization's financial statements, ensuring their accuracy, completeness, and compliance with relevant laws, regulations, and accounting standards. The audit aims to assess the effectiveness of internal controls, identify any discrepancies or areas of concern, and offer assurance to stakeholders that the financial records are reliable. Additionally, the external auditor provides recommendations

for improvements in financial management practices and issues an independent opinion on the financial health and governance of the organization.

The Chartered Accountant appointed by the sponsoring society of the University shall audit the accounts submitted by the finance department each year. They will scrutinize all receipts, payments, bank accounts, vouchers, etc. They will also examine the payments made by the University to ensure the relevant authorities properly approve them. Additionally, the audit will include the review of equipment purchases, expenses related to infrastructure (buildings), and the monthly salaries payable.

If any discrepancies are found during the audit, they will be brought to the attention of the University authorities for rectification. After the necessary corrections are made, the auditor will provide recommendations for improvements and issue certified audited financial statements. All audited financial statements shall be submitted to the Finance Committee and the Executive Committee for approval.

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**Date : 30-04-2025.**



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(Deemed to be University)  
Vijayawada - 520 007**