

# ACCOUNTS MANUAL

Version 1.0, October 2020



Indian Institute of Management Jammu  
Old University Campus, Canal Road  
Jammu 180016

**Indian Institute of Management Jammu**  
Old University Campus, Canal Road, Jammu 180016

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- 1.3 Changes and Amendment to the manual

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## **Chapter 1- Introduction**

Indian Institute of Management Jammu (IIM Jammu) has been set up by the Government of India, Ministry of Human Resource Development in 2016 at Jammu, the land of Enlighten and salvation having great historical heritage. The city is in the state of Jammu.

- 1.1 IIM Jammu vision & framework
- 1.2 Need/Purpose of the Manual
- 1.3 Changes and Amendment to the manual
- 1.4 Empowered Committees of the BoG

### **1.1 IIM Jammu vision & framework**

The Institute believes in preparing ethical leaders who are not only committed to business, commerce and industry but are also socially conscious towards their contribution in nation building and bring in name for the country globally.

Presently IIM Jammu operates from transit campus at Old University Campus, Canal Road, Jammu. The Government of Jammu & Kashmir has allotted over 200 acres of land for the proposed IIM Jammu campus. The proposed campus will be a state-of-the-art campus presenting a blissful mix of modern architecture, culture & heritage of Jammu.

Within a short period of four years, the Institute has successfully started Post Graduate Programmes & Fellow (Doctoral) Programmes.

The Institute has set its vision to become:

A world class institute with global outlook imbedded with regional and national focus.

An institute par excellence, which will be known for outstanding value-based quality education, high quality research, executive education, consultancy and strong corporate as well as international linkages.

A Management-School, which will serve the society, the state and the nation for economic growth and prosperity.

IIM Jammu have focused on designing practice-oriented learning and a contemporary industry-focused curriculum. We encourage contemporary research concentrating on regional, national and global issues for the growth and development of the state and the nation.

The Institute provides global perspective to all its programmes and overseas exposure to its students. This will help them to assimilate management practices and understand the importance of cross-cultural issues in managing the business, trade and industry. In pursuance of these objectives, the Institute is developing partnerships with the leading business schools worldwide, and with the leading Institutions in India.

The Institute has Video Conferencing facilities in the campus itself and is used actively during recruitment process and a newly incorporated computer lab as well. The institute also plans to setup smart classes for enhanced student- teacher interaction.

The Library is one of the critical resources during MBA and is being expanded constantly to become a reservoir of knowledge for the coming batches. The present library already has around thousands of books in print format. Apart from the books, it has subscribed to the leading periodicals, business magazines. The Library also provides access to several key online e-resources like Emerald Insights, ProQuest- ABI/INFORM complete, Capitaline, CMIE Prowess IQ, Taylor & Francis, Inform Pubs Suite, JSTOR, EPWRF India Times Series and Elsevier Science Direct.

## **1.2 Need/Purpose of the Manual**

The long-term objective is to be placed IIM Jammu as a truly international business school in all respect. Besides the academic stream the Institute also took cognisance of the need to strengthen its administrative and financial foundation to be able to achieve the planned goals. This led to the need for building sound financial policies, procedures and controls in order to provide the support to the growth and expansion in future years.

While focussing on standardizing processes, the Institute felt the need to document and clarify its financial policies and procedures which has undergone phenomenal changes over the years.

The manual is attended to remain as the backbone of the finance function and serve the needs of present and future incumbents of the finance department and the senior functionaries.

The purpose of this manual is to act as a guide as well as rule book in streamlining the existing processes.

## **1.3 Changes and Amendment to the manual**

In view of constantly changing internal and external factors leave the need for changes / amendments in the processes and policies of the Institute. In order to capture these and make the Manual a dynamic document the need to revise the manual arises.

It is important to document all amendments relating the Manual and get it authorized prior to implementation. The need for change could arise due to several factors, some of them are listed below:

- a) Changes in statutory requirements
- b) Changes in management policies
- c) Changes in organization structure, systems environment requiring changes in process to ensure adequate control.
- d) Ambiguity and error in existing procedures
- e) Improvements in existing procedures
- f) The changes required shall be initiated by the Head Finance who shall also be responsible for the following:



- i. Authorization of changes
- ii. Implementation of guidelines specified by the manual.
- iii. The Head Finance shall make a proposal requiring for the amendment of the manual detailing the changes required and reasons for the same.

#### **1.4 Empowered Committees of the BoG**

**Under Section 20(1) of IIM Act, following Committees are constituted:**

- **Empowered Committees**

The Board of Governors have constituted following three empowered committees:

- Finance & Audit Committee
- Campus Construction Committee
- HR Committee
- Academic Committee

#### **Role & Responsibilities of Finance & Audit Committee**

- **Role and Purpose**

The primary function of the Finance & Audit Committee (“the Committee”) is to assist the Board of Governors (“the Board or BoG”) in fulfilling its oversight responsibilities for:

- i. The financial reporting and budgeting processes,
- ii. The system of internal controls and risk assessment,
- iii. The compliance with legal and regulatory requirements,
- iv. The qualifications, independence, and performance of the internal audit function.
- v. Compliance observations of Comptroller & Auditor General (CAG) Audit (external Auditor appointed by MHRD)
- vi. Approvals of non-budget and other expenditure as per the delegation of Financial Process.

- **Authority**

The Committee's authority comes from the Board. The Committee has the authority to approve budget including revised budget and annual financial statement and also the deviations in budget estimates and budgeted expenditure, investments, lending, borrowing and direct the Internal Audit Department / Internal Auditor to conduct an audit, review, and/ or a special investigation into any matters within the scope of the Committee's responsibility.





The Committee is empowered to:

- i. Have access to all activities, records, property, and personnel of the Institute in discharge of their duties.
- ii. Suggest sources of earning and application thereof for approval of BoG.
- iii. Approve the use of outside accountants, consultants or others retained by the Institute to assist in conducting audits, reviews, and/or special investigations.
- iv. Approve, Review and recommend appropriate budget and financing for IIM Jammu as part of the budget approval process.
- v. Consider & pass any resolution on the annual report, the annual accounts and financial statement for consideration of the Board.
- vi. Review, propose, adopt vary or rescind from time to time provisions of Rules, codes, manuals and having financial implications and significant accounting policies with approval of BoG.
- vii. Delegate authority to the subcommittees/Director or any other functionary of the Institute as per institutional needs.
- viii. Approve & retain with Board approval, independent counsel / accountants, or others having special competence as necessary to assist in fulfilling its responsibility or assist in the conduct of an investigation.
- ix. Perform such additional functions & carry out such duties as assigned by BoG.
- x. Approve fee structure and major contracts exceeding Rs. 25 lakh in each case
- xi. The Committee will have the resources and authority necessary to discharge its duties and responsibilities.
- xii. Approve expenditure which is not included in the annual budget.

• **Constitution of Committee:**

- i. Each member of the Finance & Audit Committee shall be a Member of the BoG of IIM Jammu.
- ii. Finance and Audit Committee will comprise the following members:
  - Chairman of the Committee
  - Three members of the BoG
  - Director, IIM Jammu
  - Joint Secretary (Management) MHRD.
- iii. Financial Advisor & Chief Accounts Officer of the Institute shall act as Member Secretary of the Committee and will be the non-voting member of the committee.
- iv. The Committee is empowered to associate any expert in the field of Finance Accounts & Information technology to attend any meeting including special meetings, if any.



- v. Collectively, the members of the Committee should have professional experience and expertise in the fields of finance, accounting, budgeting, financial reporting, auditing, administration, information technology and knowledge of Government Finances and Accounting System.
- vi. At least one member of the Committee should have finance & accounting expertise. However, the lack of any such member shall not invalidate or otherwise affect the actions taken by the Committee.
- vii. A quorum shall consist of three Committee members present in person including by video –conferencing.
- viii. Chairman, BoG may attend any meeting of the Committee at his discretion.

- **Resignation / Removal**

- i. Any members resigned / removed from membership of Board of Governors or ceased to be the member of BoG shall automatically cease to be a member of the Committee.
- ii. Any member who wishes to resign from membership of the Committee shall submit his resignation to Chairman BoG through Chairman of Finance & Audit Committee. The member shall be deemed to have resigned from the day the Chairman BoG accepts the resignation.
- iii. Chairman BoG shall have authority to remove any member, except the Director of the Institute from the committee if the member becomes insolvent or of unsound mind or a convict or found indulging in moral turpitude.

- **Meetings & Communication**

- i. The Committee shall meet four times in a Financial Year preferably once every Quarter or more frequently as deemed necessary by any Committee member. Chairman can also call an extraordinary meeting on short notice.
- ii. All meetings shall be chaired by the Chairman, Finance & Audit Committee. In exceptional cases when Chairman is out of Country or seriously ill, the meeting will be chaired by any of the members present by election among the members present. In such case FA & CAO shall act as electoral officer.
- iii. Each member shall be entitled to one vote and shall cast that vote on each item submitted. However, in case of a tie or equal votes in favour or against any point of resolution, Chairman, Finance & Audit Committee shall have an additional vote.
- iv. Members shall only abstain from a vote when there is a valid conflict of interest addressed to the Committee.
- v. The Committee may invite members of Institute, representatives of the external auditor or others to attend meetings and provide pertinent information, as necessary.
- vi. Agenda of the meeting will be circulated to all the members of the Committee minimum seven days in advance through email. However, in



case of emergency meeting, the notice period of seven days shall stand waived off. Agenda papers for discussion shall also be provided well in advance of the date of meeting.

- vii. The minutes of each meeting will be prepared and approved in subsequent meetings.

- **Responsibilities**

The Finance and Audit Committee is accountable to the Board for carrying out the following responsibilities in relation to management of funds, including fees & other charges, grants, deposits, gifts, donations bequests benefactions, etc. and the expenditure incurred on affairs of the Institute:

- i. Budgeting*

- a) Review and approve the annual budgets including the revised budget.
- b) Monitor performance against the budget periodically.
- c) Review, recommend and approve funding, investments and expenditure.

- ii. Financial Statements*

- a) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory initiatives, and understand their impact on financial statements.
- b) Review significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- c) Review with the external auditors the results of the internal / external audit, including any difficulties encountered.
- d) Discuss the annual audited financial statements and the auditors.
- e) While the Committee has the responsibilities and the authority as set forth in this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations.

- iii. Risk and Internal Controls*

- a) Discuss with BoG the major policies with respect to risk assessment and risk management.
- b) Consider the effectiveness of the internal control environment.
- c) Understand the scope of internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Institute responses.



- d) Review any disclosures made about significant deficiencies in the design or operation of internal controls or any fraud that involves employees who have a significant role in the internal controls.

*iv. Internal Audit*

- a) Review and concur the appointment, replacement, or dismissal of Internal Auditor.
- b) Annually review the performance of Internal Auditor, the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- c) Review and approve the annual report; the quarterly & annual audit reports, compliance reports and discuss overall results with the Internal Auditor.
- d) Review the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of The Institute of Internal Auditors. This may be accomplished through a Quality Assurance and Improvement Program as required by the IIA/CAG.

*v. CAG Audit*

- a) Review the observations made by CAG Audit and report the same to the BoG with recommendations for remedial measures.
- b) Guide and review the Compliance Report submitted by the Institute.

*vi. Compliance*

- a) Review the effectiveness of the system of accounting being followed and the books of accounts being maintained.
- b) Review the effectiveness of the system for monitoring compliance with laws, policies and regulations.
- c) Review the results of investigations resulting from instances of noncompliance.
- d) Review the findings of any examinations by regulatory agencies, and any auditor observations on management of finances.
- e) Encourage continuous improvement of and foster adherence to, the IIM Jammu policies, procedures, and practices at all levels.

*vii. Communication & Reporting*

Regularly report to the Board about Committee activities and issues that arise with respect to:

- a) The quality or integrity of the financial statements of IIM Jammu





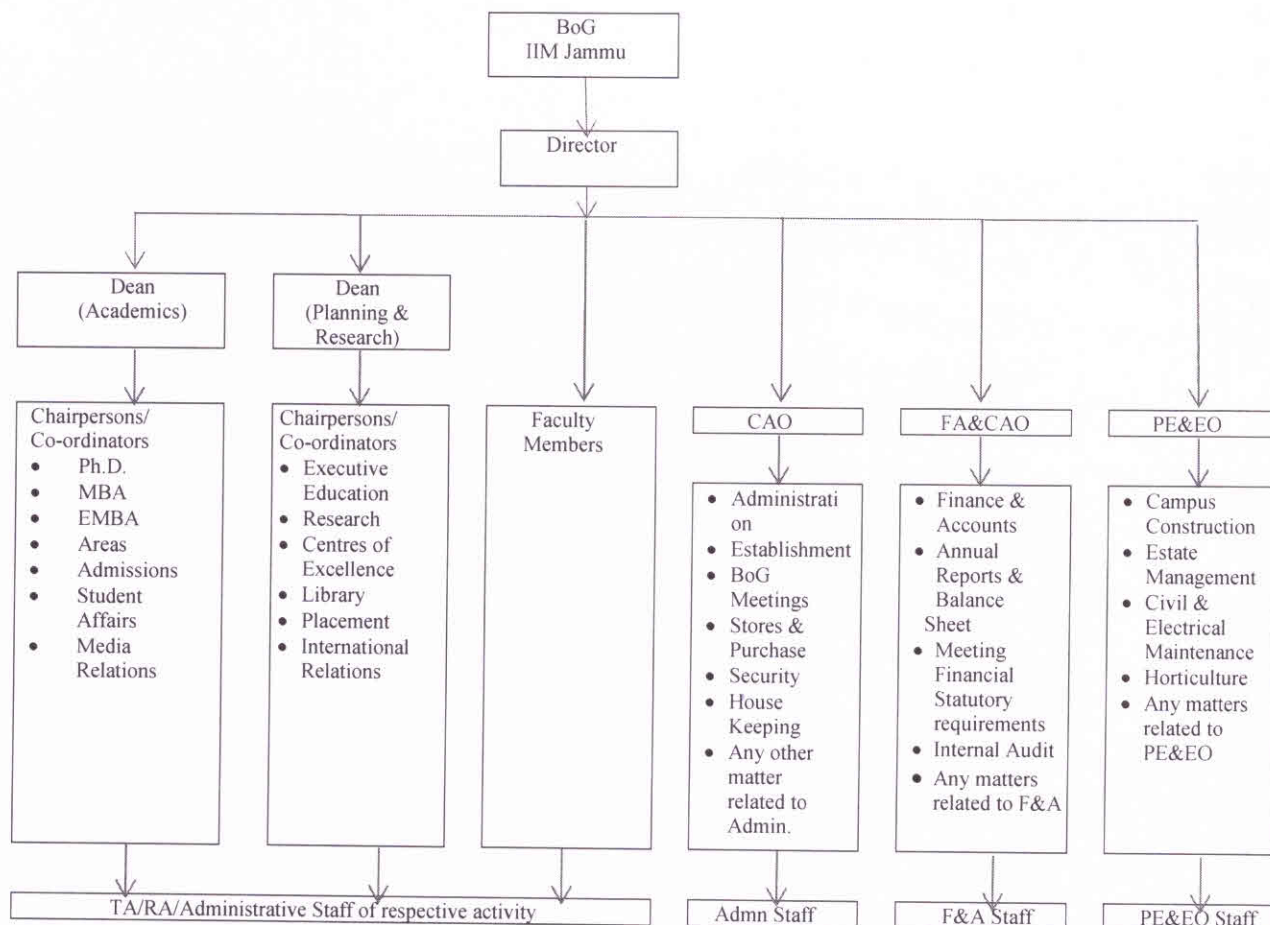
- b) The compliance with legal or regulatory requirements,
- c) The performance of the Internal Auditors
- d) The performance of the internal audit division of the Institute.

A handwritten signature in blue ink, consisting of a stylized 'B' followed by a flourish.

## Chapter 2 – Organisation Structure and Delegation of Powers

### 2.1 Organization Structure

This chapter details the current organisation structure of the Institute and the delegation of Powers to various functionaries.



### 2.2 Financial Delegation of Powers for signing the financial instruments

- The financial delegation of powers flows from the Board to the Director which is further sub delegated to the Director/ Deans/ CAO/ Librarian as explained earlier in Delegation of Powers.
- All transactions of financial nature shall strictly be approved by competent authority as per Delegation of Powers.
- Any changes in the authorized signatories/changes in the financial limits permitted within the signatories shall be promptly communicated to the bankers of the Institute only by the Director.
- The Financial delegation for signing of financial instruments to authorize payments is as follows:

Sl. No.	Group A	Sl. No.	Group B
<b>Upto &amp; above Rs. 5 Lakh</b>			
1.	Dean/Professor Or Professor	1.	CAO or FA & CAO
<b>Upto Rs. 5 Lakh</b>			
2.	Associate Professor or Assistant Professor	2.	CAO or FA & CAO

### 2.3 Delegation of Powers: Part – II: Delegation of Financial Power

Sl. No.	Nature of Power	Director	Dean	C.A.O.	Remarks
1	Purchase of books, periodicals, Journals, Newspapers etc. for library	Full power			Chairperson, Library Committee - Rs.1 Lakh per transaction and Librarian - Rs 50000 per transaction.
2	Purchase of stationery and computer consumables for office use	Full power	Rs. 25,000 each purchase	Rs. 25,000 each purchase	This power should be exercised after following usual purchase
3	Printing of forms & brochures MDP; placement, PGP, PGPEX, Admission etc.	Full power	Rs. 2 lakhs each purchase	Rs. 1 lakh each purchase	This power is to be exercised after observing usual purchase procedure Quarterly repo to be submitted to Director by FAO
4	Purchase /hiring of office Equipments, computers, software's, Installation/ development of networking. systems	Upto Rs 25 lakhs each case	Rs. 1 lakh in each case	Rs 50,000 in each case	As per purchase procedure and quarter! report to Director to be made by FAO. This power is to be exercised after usual purchase procedure.
5	Purchase of furniture - Hostels, class rooms Canteens, office, MOP etc.	Full power	Rs. 2 lakhs each case	Rs. 50,000 each case	This power is to be exercised after observing usual purchase procedure Quarterly report to be submitted to Director by FA-CAO
6	Purchase of books, newspaper periodicals, magazines etc. for office use	Full power	Rs. 5,000 Each case	Rs. 2000 Each Case	

7	Maintenance and repair of furniture/equipment	Full power	Rs.1,00,000 each case	Rs. 50,000 each case	This power is to be exercised after usual procedure to be followed by dealing AO Same remarks as above; Quarterly report to be submitted to the Director by FAO
8	Repair of Vehicles, Generators and Other Existing machineries	Full power		Full power	Same remarks as above; Quarterly report to be submitted to the Director by FA & CAO
9	Repairs and maintenance of Institute's buildings, roads, auditorium, Gym, Residential Quarter, MDP; Eng., Administration	Full power	Rs. 2,00,000 each contract	Rs. 1,00,000 each contract	This, power should be exercised on the. basis, of competitive tender Quarterly report to be submitted to the Director by FAO
10	Telephone, mobile, postage & ranking charges and other communication facilities, DTH recharge, Cable Connection- in connection with official purposes	Full power		Full powers except overseas calls	As per Work order and Rules of the Institute
11	Traveling advance Existing	Full power		Full powers for other officers & Staff	Travel to be approved by the competent authority and transferred in the bank account.
12	Grant of air journey	Full power	-	-	As per IIM Jammu Rules
13	Reimbursement of conveyance charges incurred for official purpose (including taxi fare)	Full power		Full power for other officers/ staff subject to limit of Rs 1,000 p.m. per employee	It should be ensured that economical mode of transport is availed of. A quarterly status of expense should be submitted to the Director by FAO. Recommendation should come through respective Chairperson/ HOD
14	To sanction LTC advance and reimbursement	Full power		Full powers in respect of other officers and staff	As per prevailing LTC Rules/entitlements.
15	Sanction of OT/honorarium allowances etc. to the employees of the Institute	Full power		Full powers for OT to Drivers and Security staffs/ as per rules	A quarterly statement should be submitted to the Director by the FAO indicating OT sanctioned during the quarter



16	Refreshment charges & supply of light refreshments during meetings, conferences etc. in connection with visits of VIPs, Dignitaries, Outside Faculty Delegations and other hospitality charges in the Institute.	Full power	Rs.2,000 per Meeting	Rs. 5000 per Meeting	Quarterly report to be submitted to Director by FAO
17	Employment of casual and muster roll labours to be paid from contingency	Full power		Rs. 15,000 p.m.	The rate of daily wage shall be the same as fixed by the local authority from time to time. Quarterly report to be given to the Director by FAO
18	Purchase of motor vehicles bus etc. for Institute's work	Full power			For fresh cases the Board is to be apprised for information. For replacement after usual procedure.
19	Purchase of crockeries and other furnishing, materials for staff canteen, hostels, including for guest house	Full power	Rs. 20,000 each case	Rs. 10,000 in each case	This power should be exercised after observing usual purchase procedure by respective AOs.
20	Purchase of fuel, lubricant, spare parts, etc. of vehicles of the Institutes	Full power	Full Power for Caution Money	Rs. 30,000/- in each case	A statement of consumption of fuel & lubricant per vehicle should be submitted to Director quarterly by AO (Transportation)
21	Refund of deposits of earnest money and caution money (student)	Full power	-	Full power	After recommendation by the relevant or concerned officials
22	Write off of unserviceable Material / stores/ furniture/ equipment	Rs. 1,00,000 p.a.			This power should be exercised on the recommendation of committee formed for this purpose. The value of individual item should not exceed Rs 5,000/-
23	Write off of short age of cash found during disbursement	Rs.500 p.a.			This power should be exercised on the recommendation of the FAO.
24	Write off of irrecoverable value of stores/Institute's money	Rs. 10,000		Rs. 2000/-	No stores loss or cash loss should be split up to bring within, the power of the sanctioning authority. All losses

					should be written off only after proper scrutiny
25	Refund of revenue (student fees, MDP participation fees), etc.	Full power			This power should be exercised in consultation with FAO and following d processes and rules.
26	Recreational and welfare activities	Full power	10,000 p.a. single event		Subject to budget provision approved.
27	Medical claim	Full power		Upto Rs. 10,000	This power should be as per prescribed Medical Reimbursement Rules and limits.
28.	To refund earnest money/security deposit of contractors/ suppliers	Full power		Full power	Subject to approved terms of contract.
29	Legal expenses for Institute work	Full power		Rs. 10,000 per case	On recommendation of dealing AO
30	Reappropriation of funds (excluding Reappropriation between plan and non-plan budget);	Full power, subject to the maximum limit of 10% of the approved provision of plan and non-plan budget			This power should be exercised provision total plan and non-plan budget is not exceeded
31	To sanction expenses for campus maintenance excluding repair and maintenance of buildings, roads	Full power	Rs.25,000 each case	Rs. 10,000 each case	Includes horticulture, pisciculture, gardening, jungle clearance, water bodies, cleaning, housekeeping of the Institute etc.
32	To declare stores/office equipment, as surplus/ unserviceable to Fix their selling price and prescribe their mode of disposal	Full power			This power should be exercised on recommendation by a committee of j which FAO should be a member.
33	To sanction deposit/advances with P&T authorities and other statutory bodies	Full power			To be exercised in consultation will CAO&FAO.
34	To sanction deposit/advance with other than statutory bodies	Full power			

35	Students and Alumni activities.	Full power	Rs.25,000 in each		
36	To take on rent/lease of buildings (or Institute's activities and for residential purpose of faculty and other members of the Institute	Full power			As per prevailing rules and procedures. The BOG to be periodically, informed.
37	Payment of license fees, taxes, electricity bills, BSNL telephone bills and other statutory payments	Full power		Full power	Duly processed and recommended by respective AOs.
38	To sanction contingency expense	Full power	Rs. 5,000 Each case	Rs. 3,000 Each case	
39	To sanction plan for infrastructure development & modification	Full power	Rs.50,000		This should be done on the basis of the competitive tender and within approved budget.
40	Payment to students, council/ Employees. Recreation club/Staff canteen subsidy/ other welfare measures	Full power			As per prevailing rules/practice.
41	TA/DA claim of employees	Full power		For domestic travel as per approved travel plan	A statement of claims should be submitted to Director quarterly by FA & CAO
42	TA/DA claim of External Experts	Full Power		Full Power	
43	Travelling Charges of Candidate (for interview)	Full Power		Full Power	As per eligibility from the mailing address mentioned in the application to place of interview.



### **Chapter 3 – Financial Planning**

The institute carries out its annual financial planning by budget drawn up for the period. The budgets are formulated to keep in line with the long-term goals and the strategic plan of the Institute for the forthcoming year. The collection and dissemination of Budget related data is the responsibility of the Finance and Accounts department.

Each academic and allied activity centre presents their projected income and expenditure plan including capital expenses before the budget committee consisting of the Dean, Director, CAO, Project, Librarian and FA & CAO. The requirements are validated vis-à-vis the institutional goals and strategies, rationale behind the claim for expenses and reasonability of income estimates. The approved amounts are then considered as part of Plan (capital expenditure) and Plan (revenue-income and expenses) line items.

The budget is consolidated and presented before the Finance Committee for approval. The Finance Committee approves the budget with or without modifications. The approved budget is placed before the Board of Governors in the ensuing Board Meeting and submitted to the MHRD, Government of India.

#### **3.1 Annual Budgeting Exercise**

The FA & CAO shall present the guidelines for budget preparation and the deadlines to submit estimates, through e-mail, as follows:

- Budget timetable as to the date of submission of details, date of finalization etc
- Details of the budget estimates of previous year, actual of the previous year and similar data up to the first two quarters of that particular financial year in case revision.
- The sources of income, line items of expenditure to be budgeted shall be furnished along with the above details to the concerned departments
- Specific remarks/factors affecting the budget estimates shall also be given on a case to case basis.

#### **3.2 Annual Budgeting Exercise**

- The Chairperson/Department Head/Officers of the concerned departments shall be responsible for submitting the budget estimates for their areas with the due approval of the Chairperson/ departmental head concerned.
- The Accounts department in consultation with the FA & CAO shall be responsible for furnishing the budget data pertaining to the Finance and Accounts department which shall include interest on investments, short term deposits, Income from Professional Activity and Consultancy, Miscellaneous income and all other gaps in the line items of the budget estimates.
- This exercise done for the forthcoming financial year is called as preparation of Budget Estimates and is carried out during the months of January.
- The fine tuning of the Budget Estimates for the current year in the light of the actual results of the first half is known as preparation of Revised Estimates. This exercise is carried out in the months of October/November of the financial year.



- The budget and revised estimates so formulated shall be submitted to the FA & CAO and presented before the budget committee for validation and approval. Once the figures are frozen by the committee the FA & CAO shall adopt the same in collating the master budget statement.
- The format to be adopted for the presentation of Budget and Revised Estimates as given by the MHRD, GOI is enclosed in Annexure 1.

### **3.3 Preparation of Revised Estimates**

The Expenditure during first half of the year is being monitored as per Budget sanctioned and based on the expenditure pattern during First half and the ensuing expenditures the Budget expenditure is being revised and the Revised Estimate is being prepared following the similar procedure as for original budget Estimate preparation.

### **3.4 Finalisation and Approval**

- The Finance department and FA & CAO shall collate the data submitted by the respective departments into the Master budget statement and arrive at the draft BE and RE figures.
- The rough budget estimates are discussed with the Director in order to review transactions which need to be prioritized and items that can be deferred in view of the overall funds position, income levels, strategic plans etc
- The necessary modifications shall be made to the Budget and Revised Estimates at this stage and submitted to the Finance & Audit Committee for approval.
- The estimates are once more deliberated at the FAC and approval is given by the members with changes wherever required.
- The final budget as approved by the FAC is placed before the Board for final approval.

### **3.5 Dissemination of Approved Budgets**

- Based on the approved budget the departmental budgets are frozen and suitably communicated to the Chairperson/Dept. Head concerned by the FA & CAO.
- Copies of relevant portion of approved budgets shall be sent to the respective departments.
- Copies of approved budget (consolidated) shall be circulated to the respective department heads and Director for information
- The responsibility of maintaining and dissemination of budget related data shall vest with Respective Department heads and the Finance and Accounts department.

### **3.6 Budget Monitoring & Control**

- The user departments shall be urged to forward expense requests falling within the pre-approved budgets.
- The Finance Department shall ensure that all expenses shall be authorized in accordance with the pre-approved budgetary limits wherever available.
- Based on the variance analysis submitted to the Director action shall be initiated in areas requiring reduction/control of costs.

### **3.7 Projected Financials**

- Based on the information collected for the purposes of the Budgeting activity the FA & CAO & Finance department will prepare the projected financials for a period of the following financial year
- This would serve as an annual target in terms of the planned activities of the institute
- The projected financials shall be prepared and submitted to the Director as a strategic document
- The format for the projected financials shall be as suggested by MHRD.



## Chapter 4 – Income

As per MHRD Guidelines for Balance sheet preparation 'Revenue' shall not be recognised unless:

- The related /performance has been achieved
- No significant uncertainty exists regarding the amount of the consideration; and
- It is not unreasonable to expect realisation and ultimate collection.

The primary sources of income for the institute can be classified into the following categories:

- Revenue grants
- Income from services rendered by faculty
- Fees for academic activity
- Interest earnings
- Income from institute publications
- Other income

The accounting procedures to be followed, the roles and responsibilities in respect of each of these sources are explained in detail below.

### 4.1 Revenue Grants

The institute is in receipt of regular Grants from the government towards meeting its recurring expenses on an annual basis. These grants were being given to mainly meet the establishment expenses of the institute.

#### Process flow

- The sanction letter is usually addressed to the Director of the institute. The original record is maintained at the Director's office and the copy is forwarded to the F&A department routed through the FA & CAO.
- The F&A department shall retain custody of the copy of sanction letter and update the records accordingly. F&A department shall also prepare the necessary voucher to account for the same.
- The F&A department shall maintain a register showing details of the grants received from MHRD and other agencies. The sanction order number, date, amount sanctioned, amount received, date of receipt, receipt number, purpose of the grant, important terms and conditions attached to the grant etc shall be recorded in the grant register.
- The F&A Department shall update the FA&CAO on a monthly basis on the status of the grants received/ receivable against sanctions.
- The Director shall follow-up with MHRD for receipt of sanctioned grants based on the reports submitted by FA&CAO.
- The FA&CAO shall monitor compliance of terms of sanction as well as ensure timely submission of such statements/records as required by the MHRD on the



grants disbursed. The FA&CAO shall submit a quarterly report on the same to the Director.

#### Accounting

- Government grants for meeting revenue expenditure are treated, to the extent utilised, as income of the year in which they are realised.
- Unutilised Grants (including advances paid out of such grants) are carried forward and exhibited as liability in the balance sheet.
- Government Grants are accounted on realisation basis. However, where a sanction for release of grants pertaining to the financial year is received before the balance sheet date and the grants is actually received in the next financial year, the grant is accounted on accrual basis and equal amount is shown as recoverable from the Govt.

#### **4.2 Income from services**

1. Income from service rendered by faculty – The faculty members of the Institute engage in various projects and training programme with organisation of varied sector. This help them to put their expertise into practical application to benefit the industry at large, as well as generate income for the Institute. The income arising out of service rendered by faculty members can be summarised under the following heads-
  - a. Consultancy
  - b. Open Programme
  - c. In-company Programme
  - d. Seminar and Conference
  - e. Sponsor Research

##### **4.2.1 Consultancy/ Open programme/ In- Company Programme**

- Faculty members undertake consultancy assignment with several organisations. Consultancy assignment is treated as individual project which have a specific duration and service delivery term attached to it.
- Amount invoiced to the client is credited to the respective consultancy project ( Income Account). The GST output Liability also arises on accrual basis i.e at the time of raising invoice.
- Income tax deducted at source and GST TDS, if any need to be accounted at the time of receipt recording itself. Subsequently, efforts should be taken to collect the TDs Certificate in Form 16A from the client and ensure that the Income tax deducted at source is reflecting in Form 26AS. With respect to GST TDS, efforts should be taken to collect TDS Certificate in Form- GSTR-7A from the Client and ensure that the GST TDS is reflecting in electronic Cash Ledger.
- There after the faculty concerned shall raise a request duly routed through the Chairperson – MDP to the F & A department. The F & A department shall process the approved request based on the budget provision and faculty sharing guidelines in force at the Institute. These amounts are then process as part of salary and paid to the faculty.



- Consultancy projects that are closed during the year are transferred to Income and Expenditures to recognise the income and expenses arising out of the same. The consultancy project which is ongoing are treated as liability and disclosed under ongoing programme in the Balance Sheet.

#### **Process Flow-**

- I. The Director/Dean/faculty member receives enquires relating to potential consultancy assignment. A proposal is submitted to the client after due intimation to the programme chairperson's office.
- II. Once the Client accepts the proposal a formal agreement or MOU is entered into.
- III. The faculty staff forwards all relevant information and correspondences relating to the consultancy project to the relevant programme chairperson, which is responsible for maintaining faculty wise log detailing the activities undertaken.
- IV. The programme chairperson forwards a copy of the proposal along with the budget and relevant correspondence copies to the F & A department.
- V. The F & A executive opens a file for every consultancy project and records the proposal, budget and relevant correspondence there. This is forwarded to Head F & A for creation of Accounts ledger.
- VI. The Faculty Member concerned shall be the project owner and all expenses towards the project shall be disbursed only when a specific instruction for the same duly certified by the respective faculty member is received at the F & A department.
- VII. The F & A executive shall make the disbursement only within accordance with the pre- approved budgets available for the consultancy project.
- VIII. Invoice for amount due from the client shall be raised according to the term of the project by the Head F & A under intimation to the Faculty concerned. The follow up for the receipt of funds needs to be performed by the faculty. The GST amounts need to be mentioned clearly in the invoice and recorded accordingly on receipt of the funds from the client.
- IX. A quarterly statement of account of the project shall be forwarded by the F & A department to the faculty to ascertain whether all the expenses relating to the consultancy have been booked to the account correctly.
- X. On completion of the assignment or a particular stage of the assignment requiring disbursement of professional fees, the faculty concerned shall raise a request duly routed through the Programme chairperson to the F & A department.
- XI. The F & A executive shall process the approved request based on the budget provisions and the faculty sharing guidelines currently in force at the Institute. These accounts are then communicated to the payroll department which adds it to the monthly pay as Faculty Program Income.

#### Accounting Entry:

Particulars	Debit Amount	Credit Amount
Raising Invoice	Client a/c (Sundry Debtors)– with the amount due to be received	Cr GST Tax Output A/c with the GST component Cr Respective Income A/c with consultancy/professional activity/research/seminar a/c with the balance amount.
Receipt of Funds	Bank A/c debit – receipt of the money on consultancy/professional activity / Research / Seminar A/c TDS recoverable a/c in case tax has been deducted at source.	Cr. Client a/c (Sundry Debtors)- with the amount received from the party.

#### **4.2.2 Seminar and Conferences**

Seminar and Conference – Faculty members also engage in organising and conducting seminar and conference in topics of specialised interest especially with reference to the industry needs. This would be conducted in partnership with other institute or Corporate. Such seminars are held for periods ranging from 1 to couple of days. These may be conducted within the Institute premises or in any external convention centre depending on the enrolment. There would be delegation fee to cover the cost of the seminar and corporate sponsorship as well.

The faculty members in charge of the conference should submit duly approved budget to the F & A department regarding the conference / seminar. In the case of International Conference, the copy of the approval from the Ministry should also to be submitted to the bank through the F & A department. Then the F & A department should open a separate ledger of this conference and record the income and expenditures. The delegate fee collection, sponsorship and all the expenses shall be booked to the specific seminar account. Invoice for sponsorship shall be raised from the F & A department only after receiving the intimation from the concerned activity head. The faculty shall review the statement of account and ensure that all expenses relating to the seminar have been booked. The appropriate measures should be ensured to conclude the process at the earliest by the concerned departments.

#### **4.2.3 Sponsored Research**

Sponsored Research – Faculty members undertake research assignment on behalf of various national and international agencies in their respective areas of specialisation. These are sponsored research which may be funded by Central Government or State Government or any other funding agency.



In common parlance the term Research means any original and systematic investigation undertaken to increase knowledge and understanding and to establish facts and principle. It comprises of creation of idea and generation of knowledge that lead to substantial improved and/or development of new materials, devices, product or process.

Receipt of fund towards sponsored research project to be credited to the respective project created for the same under the head ongoing project. Ongoing projects are classified as liability under the head ongoing programmes and projects in the Balance Sheet for the year, if income is received in advance and in case income is realised after completion of project expense incurred must be recognised as assets in balance sheet. Sponsored research projects closed during a particular year are transferred to Income and Expenditure account. The surplus arising out of the same is recognised as income in the year in which the project is closed.

### 4.3 Fees/Subscriptions

1. Fees for academic programme - The total fees for the residential programme is classified into tuition fees, Academic Fee, Lodging fee, Mess Fee and other fees and accounted separately in the respective ledger. Similarly. The caution deposit receivable from the students is accounted in a separate ledger. The fees are due at the beginning of each term. The moment fees are due from the student, fees receivable entry is accounted in the system immediately. The fees are received through Payment gateway,
2. The Students are to be given option to by the F&A department to submit their fees through Credit Card/Debit Card/Net Banking or NEFT/RTGS etc. After submission of Fee the Student must submit the Receipt generated to the Account section for verification by them of the receipt of amount in the Bank Account. The F&A department will verify the receipt their-of with the MIS received from the bank. Once the receipt is verified by the Accounts the endorsed copy their-of will be sent to the PGP department for records and further necessary action at their end. On receipt of the fees, the respective ledger is credited.

The receipt of acceptance fee in respect of the academic year is transferred to the ledger Acceptance fees. The Institute follows the broad guidelines of the Ministry to refund the fees to the students, opt to withdraw from the programme after admission. The remaining amounts remain in the ledger of Acceptance fee adjusted to tuition fees at the end of the period of 1st trimester.

#### Accounting Entry –

Particulars	Debit Amount	Credit Amount
When the tuition fees receivable become due	Fees Receivable a/c debit for the total amount of Tuition Fees, Hostel Fees, Other Fees, Fine, Penalty, Interest etc.	Credit the respective ledger for the respective amount for Tuition Fee, Hostel Fees, Mess Fees, Other Fees, Fine, Interest etc.
Receipt of Tuition Fees, Lodging &	Bank a/c debit with the amount received towards Tuition Fee,	Cr. The ledger of the Student

Boarding Fees and Other Fees	Hostel Fees, Other Fee, Fine, Interest etc.	
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### **Long Term Academic Programs (LTAP)**

Common Process Flow in respect of Admission and Tuition Fee receipts across Long Term Academic Programs (LTAP) is detailed below:

#### **Admissions**

- The LTAPs generate revenue from the application fee from the prospective students. The application fees are being collected through a dedicated link and a payment gateway set up where the candidates can pay by feeling the necessary details through different medium of payment.
- Daily MIS shall be generated for application fees received the. The details are entered into the system and verified at the centralised admissions department before forwarding the same to the F&A department.
- The data so reconciled is forwarded to the F&A department handling BRS who in turn matches the same with the bank credits and accounts accordingly.
- The amount received from sale of applications is credited to the respective academic program organisation under admissions head of account for the relevant year.
- Refund of application fees on account of duplicate payments or system issues need to be verified thoroughly and approved by F&A Department before disbursement of the same.

#### **Tuition Fees**

- The Term Fees are being collected through payment gateway for which link created for respective Terms and this enables student to deposit the amount directly through their personal account or the respective education loan.
- The student must submit the receipt generated to F&A department for verification of receipt in Institute's account. Once the receipt is verified an endorsed copy of the same will be forwarded to the PGP department for their records and further action at their end.

#### **4.3.1 PGP- Post Graduate Programme**

The two-year Post Graduate Programme (PGP) such a MBA is the flagship programme of the Institute and aims at equipping students with requisite knowledge, attitude, values and skill sets to assume responsible positions in industry and business.





### Admissions PA Process

Based on the performance of the students in CAT exams and their marks, Students are shortlisted for the next process of Personal Appearance (Personal Interview and Written Ability Test). The process is conducted independently and/or through jointly with some other IIMs.

### Admissions PA Process (Independent)

Admission Office coordinates the PA process and conducts interview in different cities. Expenditures are related to honorarium, venue hiring charges, travel, logistics and other official expenses.

### Admissions PA Process

One of the IIM coordinates the process. All IIMs jointly shortlist the students for PA process and conducts in different cities. Concerned IIMs bear the expenditure of the interview venue, honorarium of faculty, experts and others. FA-CAO of each IIM sends the expenditure statement to the coordinating IIM. The coordinating IIMs consolidates all the expenditures and prepare final due for all IIMs to settle the overall expenditure among the participating IIMs.

### Tuition Fees

The final list of students is prepared based on CAT score, PA process score and profile scores, and admission offer letters are sent.

Student accepts the offer by depositing acceptance fee as applicable through the Payment gateway link generated specifically for this purpose by the Institute. The deposited acceptance fee is adjusted in Term I fees at the time of admission/registration into the programme. Students, who have deposited the acceptance fee and request for withdrawal within the last date of request for withdrawal, are charged offer processing charges/fee and remaining amount as refund. Students, who apply for withdrawal after the last date of request for withdrawal, do not receive any amount as per the withdrawal policy. This policy is in line with HRD guidelines.

### Process Flow

- The request for creation of specific Link is being forwarded to F&A department from Admission chair w.r.t Acceptance fee collection.
- The F&A department in turn will create the Link and ensure that same is activated by the bank. Once ready the same will be intimated to Admission chair.
- The Students must submit the fee through that link only.
- The acceptance fee will be adjusted with the Fee receivable from student subsequently after admission or will be refunded/forfeited as explained above
- The Subsequent fees paid by the students consist of tuition fees, Academic fees, Hostel Fee and caution deposit and others as specified time to time.
- The caution deposit is a one-time payment received with the first term fees and refundable at the time of successful completion of course i.e. convocation. Till such time it is disclosed as a liability in the books of account.



#### 4.3.2 Ph.D- Doctoral Programme

The Doctoral Programme in Management is the doctoral programme of Indian Institute of Management Jammu. The programme is committed to training individuals who will excel in their area of research through publication of quality work of international standard.

The students are expected to complete the course in 4-5 years.

##### Admissions

- Please refer the common process flow detailed in the beginning of the chapter
- Tuition Fees
- The Institute (Director, Dean Academic, Dean Planning & Research and Ph.D Chairperson) decides the amount of money available for supporting Ph.D each year based on the overall financial situation of the Institute.
- Based on this and the commitment towards the on-going students Ph.D committee arrives at the number of students that will be supported each year. Students selected by the area beyond this number will be admitted on payment basis.
- Full support is usually extended to all Ph.D students wherein the Tuition fee is waived, fellowship stipend is provided, and the students are required to provide research assistantship i.e. Teaching Assistance and Research Assistance to faculty members.
- In the case of Ph.D, tuition fee receipts generally do not arise since students are supported with stipends and other benefits by the Institute. If fee is collected from any student (who is not given any kind of support) then the process followed in PGP shall be adopted.
- As a convention, the income from Ph.D programme is netted off with the expenses and the net expenditure is reported in the Income and Expenditure account for the year.
- PH.D involves more activities in the expenditure front where the process and accounting procedure has been discussed in detail.

#### 4.3.3 Accounting Entries for Long Term Academic Programmes

Particulars	Debit Account	Credit Account
Charge Creation- Student module of LTAP	Tuition fee Receivable a/c dr- with total fees due	Cr. Respective LTAP a/c under the program code "Tuition Fees"
Receipt of Tuition Fees-batch process in F&A department	Bank a/c dr – with the amount received	Cr. Tuition fee receivable a/c – with the amount received
Receipt of Application fees	Bank a/c dr – with the amount received	Cr. Respective LTAP a/c under the program code "Sale of Applications"
Tuition Fees received in advance	Bank a/c dr – with the amount received	Cr. Fee received in advance a/c – under current liabilities



#### **4.4 Income from Investments**

The institute invests its surplus funds and maturity of existing investments in Fixed Deposits with Nationalised banks only, as per the approved Investment Policy of the Institute. The investments earn income in the form of interest.

##### Process Flow

- The Finance & Accounts Department handling investments shall prepare and update the investment register containing details of all the investments, the amounts, their nature, description, interest rate, interest already provided during the previous year and the interest accrued for the year with the received and the due components.

Separate registers for Corpus, Earmarked Fund shall be maintained.

- The interest receipts are tracked and monitored based on the schedules so prepared and non-receipt of interest or difference in the amount received shall be brought to the notice of the FA & CAO.
- Interest corresponding to the respective funds need to be identified and accounted in the account heads allotted for the same.
- Where the organisations deposit the amount to the credit of the central government, the TDS component needs to be accounted accordingly and follow up for the tax deduction certificate at the financial year end should be ensured.

##### Accounting

- Interest on investments pertaining to earmarked funds & other funds, shall be transferred out of the interest on investments account and credited to the respective accounts for the same.
- Out of the total interest received, the amounts pertaining to the previous year's dues shall be transferred to the interest accrued and due account and the balance pertaining to the current financial year shall be transferred to the "interest on (respective fund) investments" account.
- TDS deducted and receivable on interest payments shall be debited to the TDS receivable account for the year.
- Interest due on investments for the year and receivable during the next financial year shall be provided for by way of journal entries passed at the year-end on the basis of the updated interest schedule.
- The budgeted interest income and the actual interest shall be monitored on a quarterly basis and reported to the.

#### **4.5 Interest earned on term deposits and bank accounts**

The institute places accumulations in its main bank account in short term deposits so as to utilise the idle money and allow it to earn interest. As and when funds substantially accumulate in the operative account, currently the SBI savings bank account, they are placed in term deposits.



The denomination of such deposits, the period whether for few months or for longer tenures, depends on the projected cash flow statement giving the sources and uses of funds and the expenditure commitments in the pipeline, as well as the best earning feasibility as per interest rates offered by the bank on the date of investment.

The institute also earns the savings bank interest on the balance held in the savings bank accounts with various banks. The bank credits the interest in half yearly frequency. This interest is tracked and credited at the time of preparing the BRS.

#### Process Flow

- The Finance department periodically reviews the bank account balance and the maturity of term deposits to arrive at the balance to be reinvested and the tenure for the same.
- The Finance & department proposes a note to the FA & CAO giving details of the amount available for investment and the interest rate quotations from empanelled banks.
- The FA & CAO peruses the proposal and suggests the most optimum deposit option in terms of tenure and investment rate. This is sent to the Investment Committee for approval.

Based on the investment committee's approval action is taken for investment of funds with the chosen bank for the approved amount and tenure by the Finance and Accounts Department.

- The schedule for short term deposits is prepared and maintained by the F&A Department. This schedule lists all deposits open during the year and includes the date of deposit, date of maturity, interest rate, amount, total interest, interest for the year, interest pertaining to previous year and the accrued interest.
- The interest earned on deposits is accounted in accordance with the schedule and provisions should be made on quarterly basis for the interest accrued on deposits.
- The balance in short term deposit account is reconciled with the schedule on a monthly basis and reported to the FA & CAO.
- A separate file recording the approvals and investment details of the short-term deposit transactions is maintained by the F&A Department.
- The term deposit receipts are filed in chronological order and kept under safe custody by the F&A Department. This needs to be periodically verified by the internal audit and the FA & CAO.

#### Accounting

- Interest earned on short term deposits is identified with the period for which they are received and are accordingly accounted. This is done by reconciling the actual receipts with the deposit schedule and interest & TDS certificates should be obtained from the bank on quarterly basis.
- Interest relating to previous financial year is transferred to the "Interest accrued and due on short term deposit" account under Accounts Receivable.
- The interest pertaining to the current financial year is transferred to the "Interest on Investment a/c" account under Interest earnings.

- Provision for interest accrued and not due for the current year is made in accordance with the final term deposit schedule and accounted by way of a journal entry passed during the financial year end. The “Accrued interest” account is debited and the “interest on Investment a/c” account is credited with the provision amount.
- The interest on balances in savings bank account of the institute is directly credited to the interest on Investment account at the time of preparing the BRS.

#### **4.6 Other Income**

The significant other kinds of income received by the institute and reported in the Income and Expenditure account is as follows:

- Library receipts
- Hostel receipts
- Mess receipts
- Gain on sale of Assets/Scrap sale
- Rent receipts
- Donations
- Miscellaneous income

##### **4.6.1 Library receipts**

The Library charges as applicable Per day to the student not submitting the books issued to them beyond due date for submission their-of on account of Late fee.

Apart from this Penalty for loss of books (if any) will be charged from the Student on account of Book lost by him/her in addition to the latest edition of the concerned book. The same should be updated in the Register of Books, if any

##### Process Flow

- The Library will raise the demand note for such fee for which the amount is to be deposited by the Student concerned in the Institute’s account
- The reference Transaction number and relevant receipts/challan or deposit slip’s counterfoil to be submitted with the copy of D/N from Library to the F&A department.
- The F&A department will verify the receipt from their bank, book it into the accounts and accord the receipt of amount to intimate the Library for their records.
- In case of receipt through chq/drafts the library sends such cheques/drafts with the relevant details to the F&A department and the cashier takes credit of the same and banks the instruments. The receipts are sent to the library in-charge who despatches it to the respective members.
- The library maintains member wise data of service charges due and received. This is to be sent to the F&A department and reconciled with the ledger data on a quarterly basis.

##### Accounting



Particulars	Debit Account	Credit Account
In case of late fine	Debit - Bank a/c	Cr. Late fine A/c (income) with amount received.
In case of loss of book	Debit - Bank a/c	Cr. Library book A/c with the written down value of book lost Cr. Penalty A/c ( Library) ( Income) with balance amount received.

#### 4.6.2 Gain on sale of assets/Sale of scrap

The Stores section of the Institute periodically disposes assets/consumables whose useful life is over or not anymore in a condition in which they may be put to use. Such items are sold as scrap to a scrap dealer.

Assets may also be bought back by suppliers when there is a buyback arrangement with them. This occurs while computers are replaced with advanced models offering faster and efficient processing, memory space etc.

The gain arising from such transactions is the income on sale of assets or sale of scrap.

##### Process Flow

- The Stores Officer initiates the process of disposal or scrapping of assets. The process followed by him is as per the requirements outlined in the “Procurement Manual” of the Institute.
- The committee formed for this purpose evaluates and sends the final recommendation for scrapping/disposal of the selected items. This is in turn sent to the approval of CAO/Dean/Director and the items are disposed with a scrap dealer.
- The Stores Officer intimates the F&A department with the relevant approvals and the money received from sale of scrap.
- The cashier at the F&A department verifies the approval and records receipt of the amount on sale of scrap.
- Similar process is followed for buyback of assets where the request is generated by the computer centre or any other end user department, verified by the Purchase Committee and later on sent to F&A department after necessary approvals depending on the value of the asset being bought back (Also Refer “Purchase Manual” of the Institute for changes if any.)

##### Accounting

- The amount at which the asset is bought back is either received as a separate payment or adjusted with the new asset being bought. In either case, if the WDV of the asset is more/less than the amount at which the asset is being bought back then the surplus/deficit is the gain/loss on sale of asset.



- The surplus/loss amount from sale of asset or the amount of scrap sale is recognised as income in the year in which the asset is sold/ disposed.
- The proceeds are credited to the program code “Sale of assets/stores” under the account “Miscellaneous Income-Sale of Assets/Store”.
- The same should be updated in the Fixed Assets Register.

Accounting Entry:

Particulars	Debit Account	Credit Account
Receipt of Scrap sale amount	Dr. Bank/ Cash a/c with the amount received  Dr loss on sale of assts with the difference amount recovered as compared with the book value, if the amount recovered is less than the book value.	Cr. Asset A/c ( which is disposed off) with the book value of asset sold  Cr. Gain on sale of assets with the amount recovered in excess of book value, if any
Gain on sale of Asset	Refer the Chapter on “Fixed Assets”	

#### 4.6.3 Rent /Licence Fees

The institute recovers licence fee for the accommodation provided to its employees and has let out part of its premises to the bank extension counter, grocery shops, snack joints etc from whom monthly rent is collected.

Process Flow

- The Estate department shall be the custodian of all the rent agreements entered by the Institute. They are responsible for keeping the agreements current and duly signed by the authorities mentioned in the agreement.
- The Estate department shall maintain a register showing details of all property’s let out, the amounts due, the tenure of the agreement, parties involved, their payment details etc and update the same constantly with changes that take place.
- The Estate department shall forward copies of new agreements to the F&A department as and when they are entered into and also ensure timely collection of the rentals.
- The F&A department shall monitor the monthly rental receipts based on the copies of rent agreements provided by the Estate department.
- The monthly rentals shall be directly deposited into the bank account of the Institute by the vendor concerned or alternatively remitted by way of cheque/demand draft submitted to the Estate department.

- On receipt of intimation regarding bank transfers or cheques/drafts the Estate department shall forward the same to the F&A department. The cashier records receipt of the cheque/draft and the BRS department shall track the credits from the bank statement to account it accordingly.

#### Accounting

- The rentals due from various incumbents shall be credited to the respective “Licence fee” account under the “Miscellaneous Income” account head. For different Licence fee accounts like students, employees etc.
- Rentals are treated as income during the financial year in which it is due on a monthly basis and appropriate provision for receivable needs to be made, for the March rentals that fall due and are received only during April i.e. the next financial year.
- Income Tax TDS, if any deducted by the tenant should be appropriately recognised in the books of the account as TDS recoverable and efforts should be made to collect the TDS Certificate in Form 16 A and ensure that the same is reflecting in form 26AS.

#### **4.6.4 Donations**

The Institute receives donations from various organisations and other entities. For donations received to be utilised against specific purposes refer Chapter on “Earmarked Funds/Endowment Funds”.

Donations received towards corpus of the Institute should be accompanied by a letter clearly stating that it is contributed towards the same.

All other donations received by the Institute with no specific purpose mentioned shall be treated as revenue receipt.

#### Process Flow

- The amounts received/ to be received as donation shall be intimated to the F&A department with a copy of the letter/communication from the Donor.
- Funds could flow in the form of cash, online transfers, cheques /drafts favouring the Institute. The cashier shall receipt the instruments and credit the same to donation account. The BRS department shall track online receipts and account it accordingly.
- Details of donation receipts along with the donor letter shall be filed and maintained separately at the F&A department.
- PAN and KYC details of the Donor should be mandatorily maintained as a compliance of Income Tax Laws.

#### Accounting

- The donation receipts shall be treated as revenue in the year in which they are received.
- The amounts shall be credited to “Donations” program code under “Miscellaneous Income” account head.

- If the funds received are in the nature of Endowment Funds, the same shall be treated as liability and the Institute may have a single bank account for all the Endowment funds. The interest from Endowment Fund Bank account is added to the Fund and the related expenditure is reduced from the Fund and the unspent balance are carried forward.

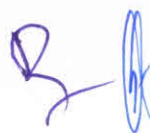
#### **4.6.5 Miscellaneous Income**

The other kinds of income that the Institute earns are as follows:

Any other income not covered in any of the earlier heads and pertaining to the Institute during the financial year shall be credited to Miscellaneous Income account.

##### Accounting

The amounts received towards fitness centre fees and medical subscription for pensioners shall be credited to the respective account under “Miscellaneous income” head and the other income shall be credited to the account “Miscellaneous Income-non programme” under the same head.





## Chapter 5 - Expenditure

### 5.1 Programme Expenses - Direct

The various long/short term academic programmes conducted at the institute and the ancillary activities like placement, convocation etc incur expenses that are directly attributable to the said activity. The common expenses that which can be identified with the respective academic programme is enumerated below:

- **Course Materials-** includes books, printed materials, HBS cases etc supplied to students as per course requirement.
- **Fellowship-** relates to the monthly stipend amount paid to the PH.D students and is tracked into this account separately.
- **Guest Faculty Honorarium-** honorarium paid to experts who are invited in specific courses to give industry insights as part of the learning process.
- **Honorarium to Research/Project Assistant-** includes payments to Research Assistants or Project staff who aid the faculty in rendering the courses.
- **Convocation Account-** includes expenses incurred on account of convocation in respect of the specific long-term programme.
- **Printing, Stationery & Xerox-** includes expenses incurred towards stationery, printing brochures, ID cards; photocopy charges etc directly relatable to a particular course.
- **Prizes and Awards-** given to outstanding students on a term wise basis based upon the area Chairperson's approval.
- **Repairs and Maintenance-** relating to classrooms of a particular long term/short term programme or furniture, hostel, computer, other general maintenance expenses towards such programme.
- **Stores and consumables-** include all items that have been issued towards a particular programme like pens, pencils, note pads, files and folders, T Shirts etc. This comes in the form of an allocation from the stores department on a monthly basis.
- **Financial Aid-** This is offered to deserving students towards the term fees (Discussed as a separate heading below).
- **Travelling and Conveyance-** includes travel expenses incurred towards a programme. Widely used in International Programmes in EEP, EPGP, PGPPM, IBP course in PGP where local and international travel is involved.
- **Local conveyance-** includes conveyance expenses incurred by faculty and staff within Jammu relating to course related activities.
- **Food and Catering-** includes lunch, dinner, tea expenses incurred by staff and faculty while on official duty away from the office or peak season activities like admissions, convocation, placements etc.
- **Telephone and Fax-** relates to the specific telephone lines allotted to the programme departments like PGP, PGSEM, EPGP etc and is charged to respective programme codes. Fax charges through the centralised facility are allocated to respective programmes, based on monthly statements from the Reception Department to the F&A department.

- **Advertisement Charge-** includes advertisements placed in journals and newspapers on announcements regarding application process for new academic year, calendar of EEP courses etc
- **Postage and Courier-** includes postal and courier expenses directly attributable to the courses.
- **Other Expenses-** includes expenses like student/participant accommodation charges, legal charges, AMC, hire charges, general expenses etc that can be attributed to a particular programme.

While submitting bills for payment to the initiating department shall ensure and enclosed the following –

1. Bills are duly certified
2. Work completion is certified by the user department
3. Approval in original
4. Bank accounts details
5. Duly signed MOP or MOAP & recommendation for payment
6. Initiating department should ensure that the payment recommended for payment is as per the guidelines of the Institute issued from time to time and as per GFR 2017.

While processing bill for payment the F & A department shall ensure the following –

1. Bills are duly certified
2. Work completion is certified by the user department
3. Original approval for the work done and payment of bill from the competent authority is available with due budgetary provision.
4. In case of routing work like monthly bill for security, housekeeping, catering, photocopy, vehicle hire charges the updated agreement / work order with the vendor should have been sent to the F & A department.
5. F&A should check in the advance register the advance given in respect of the particular transaction for whom the payment is to be made and ensure advance has been adjusted. The same should be strictly reviewed at regular intervals.
6. Deduction of Income Tax TDS and GST TDS should be reviewed appropriately before recognising any expense or processing any bill payment.
7. Payment will be released within the period of 3-5 working days unless reason recorded in writing.
8. Bills received for re-imburement such as mobile, broadband, TA/DA, relocation etc will be clear in batches.

The voucher for the payment is prepared and sent for authorisation as per the voucher approval limit and the payment is disbursed thereafter.

#### Accounting

- The direct expenses relating to specific programmes shall be accounted under the respective organisation, to the relevant account and program code. The expenses pertaining to the current financial year as reported as expenditure and appropriate



provisions shall be made for March expenses usually paid during April/May of the following financial year. The Institute should make its best efforts to collect the pending Invoices from its vendors.

## **5.2 Financial Aid**

The Institute provides financial aid to students apart from scholarships from Central Government, various State Governments; industry scholarships and alumni.

In keeping with the belief that no student should be deprived of the opportunity to study at IIM Jammu due to lack of financial resources, IIM Jammu extends financial aid every year to students in need of such assistance.

The Financial Aid Committee evaluates the applications for financial aid and arrives at the shortlist of students' term wise for grant of financial aid.

### Process Flow

Based on the applications received, the Financial Aid committee takes up the individual cases, evaluates and interacts with the students, ranks them based on predefined parameters and arrives at the shortlist of students to be funded and the quantum of funding.

The details of financial aid are sent to the F&A department on a term wise basis.

- The details regarding Financial Aid gets updated at the respective department and shall be available in the student module.
- The term wise fee receipts shall be scrutinised to see if candidates who have been granted financial aid have already paid the fees for the particular term. In such a case the Financial Aid department shall send an instruction duly approved by the Chairperson, Financial Aid requesting the F&A department to refund the fee so received.
- The F&A department on receipt of such request the fee amount is refunded at the F&A department.
- In all other cases where tuition fee or maintenance fee waiver or both has been granted the F&A department shall pass appropriate entries to record the expenditure on account of Financial Aid.

### Accounting

- On providing the financial aid to students, entry should be passed by debiting the Financial Aid to the Student (Expense A/c) and crediting the respective tuition fees/ Lodging / academic charges.
- Financial aid is affected through respective program offices. In case a student has paid the fee and the funds is to be refunded. On receipt of instruction from the Program Office, the funds are refunded by debiting Financial Aid to Student (Expenses A/c) and crediting bank account.



### 5.3 Ph.D. Expenses

Ph.D. students at IIM Jammu receive monthly fellowship stipends in addition to tuition fee waiver. The students also receive contingency grants to meet expenses relating to purchase of books, reference materials, stationery and other aids to help in their academic endeavours. The Ph.D students are also eligible for a start-up grant towards purchase of computer/laptop, databases etc.

The expenditure on account of Ph.D students can be summarised as follows:

- Fellowship stipend
- Housing allowance -given to married outstation students who do not avail campus accommodation
- Start-up grant to buy laptop, databases etc
- Sponsorship towards two national/ one international seminar during the tenure of the entire course on approval from Area chair and Chairperson, PH.D

#### Process Flow

- The Ph.D committee periodically reviews and if required revises the various benefits and grants accruing to the Ph.D students. Such data shall be forwarded by the Ph.D department to the F&A department.
- The Ph.D department shall on a monthly basis send the details of stipend amounts to be paid, student name, account number etc to F&A department. The F&A department shall after perusal of the details and verification with the prevailing limits process the stipend payments.
- The details of students receiving corporate scholarships shall also be periodically sent to the F&A department as and when it is updated.
- The contingency grant claims and the start-up grant claim shall be backed with appropriate bills and proof of payment. These payments would be strictly reimbursements and need to be routed through the respective Area Chair and Chairperson Ph.D.
- The F&A department shall maintain a register showing the student wise contingency balance, disbursements made and the amount still available.
- The support provided for attending national/international conferences shall also be claimed in the above stated manner.
- The F&A department shall send a quarterly MIS of the Ph.D expenses, scholarship account to the Ph.D department to ensure if the payments are in line with the budgets and the balances in the scholarship accounts after disbursements are reconciled with the details at the Ph.D office.

#### Accounting

- The Ph.D programme expenses such as fellowship, contingency, start-up grant shall be debited under the Ph.D organisation to the specific account codes created for the same.
- In case of student is in receipt of external scholarship and the amount is received in advance from the Sponsor, journal entry shall be passed every month debiting



the Scholarship account, which is actually held as a liability to the extent of fund received and not disbursed and crediting the Fellowship account.

- The Institute having already received the corporate scholarship amount, this JV goes to reduce the overall fellowship stipend expenditure and reflects the actual outflow.
- The F&A department shall report the utilisation of the scholarship amounts to the sponsoring corporate on an annual basis. This report is given in specific formats prescribed by the corporate.

#### **5.4 Establishment Expenses**

The Institute has adopted the Central Government pay scales for the remuneration paid to its Faculty and Administrative staff. The increment, promotion, retirement/resignation, pension and all policies concerning payroll are in accordance with the FR&SR guidelines i.e. the central government service rules. The Institute has adopted and implemented the recommendations of the 7th Central Pay Commission Report for its staff and faculty members.

The Establishment department handles the activity of payroll processing, maintaining all employee related data including NPS, employee related advances and statutory compliances relating to salary and forward the salary with supporting document for changes. Salary will be released after verification by accounts department and approval of competent authority.

The expenses towards employees can be listed down as follows:

- Salaries and Benefits
- Contribution to NPS
- Staff Welfare Expenses
- Expenses on Employees, if any
- Pay Commission Arrears

The procedures involved in payroll processing and other employee related expenditure is explained below.

##### **5.4.1 Payroll System and Accounting**

The Payroll will be look after by the establishment department. Monthly salary along with all the increment, attendance, honorarium, recruitment, fixations and others will be prepared establishment department and forward to accounts department for verification. and Accounting thereof.

##### **5.4.2 Payroll Process**

- The payroll department essentially maintains the employee database in the software and the monthly process begins with updating the information of employee earnings and recoveries based on the information received from other sections of the Institute.



- The details to be received from the Personnel department are as follows:
  - **Recruitment**-Details of new recruits such as copies of appointment letter, joining report, confirmation letter, Service Book shall be forwarded to the Salary Section
  - **Increments and Fixation**- Details of change in pay scales or changes in pay along with copies of fixation letters or relevant approvals shall be sent to the Salary Section
  - **Others**- Any other information affecting the payroll processing of the employees.
- The Faculty Department of the PGP/Executive Education department shall forward details relating to professional fee disbursements to faculty on account of consultancy, professional activity, etc
- Staff and faculty also send emails or instructions to enhance or reduce their NPS subscriptions, provide tax savings declaration and submit proof of such investments.
- Information from various quarters of the institute affecting the payroll shall necessarily reach the payroll department on or before the 20th of the month. All requests reaching the department after the said date shall be taken into consideration only during the next month
- The Payroll department shall update the salary database with all the information related to the month's payroll received from various sections as well as the employee advances related recoveries maintained by them and after approval of department head forward the same along with necessary enclosures to accounts department for verification.

Once all the changes are incorporated the first run of payroll process is done

- The Accounts department checks statutory issues and reconciles the payroll of the current month with the previous month on a component wise basis to check for any error of omissions/commissions
- Once the FA&CAO verifies the data and corrections, if any, have been carried out the final processing is done, with the approval of the Competent Authority (CAO/Dean/Director) and the soft copy of bank transfer data is generated
- This is sent to the bank through Bank Payment Advices concerned and the bank credits the salary to the accounts of all employees
- The salary slip will be issued by the payroll department and forward to each employee through mail.

The Staff TDS is monitored and proportionately recovered by the F&A department on a monthly basis

- The monthly TDS shall be deposited in the bank by the due date of the following month and the quarterly e-filing of TDS recoveries shall be done with the TIN centre in proximity to the Institute by the due date of the month following the quarter
- The TDS remittance details shall be updated in the TDS utility for salary payments offered by the package. This package enables generation of TDS e-file which is required to be filed on a quarterly basis.





- Professional Tax if, applicable amount recovered from salary shall be sent to the Professional Tax Office before due date of the following month.
- NPS subscriptions and recoveries from salary shall be transferred before the due date of the following month to the NSDL.
- The soft copies of the detailed Salary disbursal of each month should be preserved and stored separately for future reference and records.

Accounting for Payroll (Please note that salary shall be credited to the accounts of the employees on the last working day of each month.)

The F&A department shall prepare a salary payment voucher as soon as the salary processing is complete, the bank file is generated.

- The bank voucher is prepared based on the consolidated earnings and deduction statement, showing the component wise earnings amount and deduction amount leading to the net salary transfer.
- This net salary shall necessarily tally with the total of bank transfer payment amounts put together.
- The salary voucher shall indicate all the earnings components and statutory components involving pay-outs and the balance recoveries such as Income Tax TDS, NPS, Professional Tax, advance recoveries etc. The salary recovery and remittance account shall be reconciled and brought to zero balance on a monthly basis, to ensure that all the amounts have been appropriately accounted/ paid out.

### 5.4.3 NPS

#### New Pension Scheme-DCPS

The New Pension System reflects Government's effort to find sustainable solutions to the problem of providing adequate retirement income.

As a first step towards instituting pensionary reforms, Government of India moved from a defined benefit pension to a defined contribution-based pension system by making it mandatory for its new recruits (except armed forces) with effect from 1st January, 2004.

Since 1st April, 2008, the pension contributions of Central Government employees covered by the New Pension System (NPS) are being invested by professional Pension Fund Managers in line with investment guidelines of Government applicable to nongovernment Provident Funds.

The Government has entered into an agreement with NSDL to act as the CRA i.e. Central Record Keeping Agency for the NPS system.

#### Process Flow and accounting

The F&A Department maintains all the data relating to the NPS.

- Head of Establishment department will act DDO and FA-CAO/Officer act as PAO.
- The NPS subscriptions and contributions are directly transferred to the NSDL.

- The NPS related accounts are reconciled on a monthly basis.
- In case of NPS, the role of the Institute ends with the transfer of funds to the trustee bank and is not required to maintain any further detail or documents. Annual statements showing opening balance, additions, withdrawals etc are sent to the subscribing members by NSDL directly.
- On the joining of the employee or such other personnel, where NPS is required to be deducted and deposited, F&A Department should determine the need for new allotment of PRAN, if required and should collect the documents required for the registration process and ensure the compliance of procedure for allotment of PRAN.

## **5.5 Administrative Expenses**

The Institute incurs a host of expenses in its day to day functioning and operations. Significant expenses out of the same have been detailed below to explain the policies and procedures relating to them.

### **5.5.1 Travelling and Conveyance**

The Faculty and Staff members of the institute undertake travel on account of attending various meetings, consultancy projects, professional activity, admissions related activities, research, attending national/international seminars etc. The travel could be within the country or abroad depending on the purpose for which the travel is undertaken.

Further the staff and faculty members also make trips within the city for official reasons. For e.g. faculty may take sessions for a company in Jammu, staff may be travelling for procurement or to accompany students, attend training programs etc

#### Local Conveyance

- The employees who travel within the city on official visits can claim conveyance amounts spent by them towards the same.
- Claim for local conveyance shall be made in the prescribed Conveyance Reimbursement TA form and duly authorised by the Officer\Authority whom the employee reports to.
- The approved forms shall be sent to the F&A department for disbursement. The F&A department shall ascertain the correctness of the claim with respect to the calculation, authorised rates and approving authority and prepare the voucher.
- The voucher is authorised by the competent authority as per the voucher approval limits (given at the end of this chapter) and the amount is disbursed to the employee.

#### Accounting

- The local conveyance expenses shall be debited to concerned program code "Local conveyance" or the appropriate account code depending on whether it relates to admissions or placement etc.

#### Travelling Expenses



- Claims for travel expenses shall be made in the prescribed forms available for local and international travel within Sixty days since the completion of the Journey. The Institute disburses the reimbursement of travel expenses based on preapproved Tour plan by the competent authority and as per the limitations of CCS (CCA) Rule.
- The forms shall be duly filled, all supporting documents should be enclosed and must be approved by the concerned authority.
- The approved forms shall be forwarded to the F&A department. The F&A department shall verify the claim to ensure it is reimbursed in accordance with the travel claims policy and prepare the voucher.
- Once the voucher is authorised, and the payment is made. Claims of faculty members (please refer section on “Faculty Payments”) are accumulated and disbursed.
- In case faculty or staff members are desirous of taking advance they need to present an approved request for the advance. Please refer “Miscellaneous advance” under “Current assets” for processes and accounting. The F&A department shall also check for advances taken and adjust it while processing travel claims. Advances cannot be granted unless the previously given advance remains unadjusted.
- The Travel could be related to consultancy project or research project or to present a seminar etc.

#### Accounting

- These concerned program expenses will be used to record Travel expenses/ International travel expenses under relevant account codes depending on the purpose for which the travel is undertaken.
- The travel could be related to consultancy project or research project or to present a seminar etc.

#### **5.5.2 Repairs and Maintenance**

The institute undertakes Repairs and Maintenance of its various assets like furniture, electrical fittings, equipment, classrooms, office buildings, Hostels, Computer hardware and software etc. The table below shows the expense towards Repairs and Maintenance and the department that is responsible for the same is captured under the following heads:

<b>Maintenance Head</b>	<b>Responsible Department</b>
Campus Maintenance	Administration/ Project Office
Computer Maintenance	IT committee
Hostel Maintenance	Hostel Office
Furniture and Equipment Maintenance	Stores section
Other Maintenance	User Section
AMC	User Section

#### Process Flow



- Requests for repair/maintenance shall be raised by the user department and forwarded to the concerned department responsible for executing the same. The request for administrative approval to carry out the same shall be routed through F&A department for obtaining the approval
- After obtaining necessary approvals from the competent authority the concerned department shall carry out the repair/ maintenance activity.
- On completion of the activity and on due certification by the user department, the bills are sent for approval and forwarded to the F&A department for payment scrutiny before obtaining approval of competent Authority.

While processing bills for payment the F&A department shall ensure the following:

- Bills are duly certified by the user department
- Work completion is certified by user department
- Original approval for the work done and payment of bill from competent authority is available with due budgetary provisions
- In case of routine work like monthly bill for garbage collection, network maintenance in computer centre etc the updated contract with the vendor should have been sent to the F&A department or alternatively work order copy attached to the bill sent for payment
- The program concerned and purpose are clearly and correctly mentioned
- The voucher for payment is prepared and sent for authorisation as per voucher approval limits and the payment is disbursed after obtaining the approval of the Competent Authority
- The Annual Maintenance Contracts for various asset like air-conditioners, water coolers, Aquaguard water filters, computers, internet connectivity, classroom equipment, generator departments involve payment of amounts in fixed intervals of annual, half yearly or quarterly basis depending on the agreement. Such expenses are tracked using a separate program code. The payment instructions for AMC's shall be received from the concerned departments, along with the original contract and approvals, to be processed at the F&A department.

#### Accounting

- The repairs and maintenance expenses shall be debited to the appropriate Head of Account for the relevant maintenance.
- The respective Account code shall be used under "Repairs and Maintenance-General" or "Vehicle Repairs and Maintenance" Account further classified by the organisation for which it has been spent.

#### **5.5.3 Utility Expenses**

The Admin/ Project/Civil department receives bills for Utility expenses such as electricity bills for the entire institute. The Institute also has Sub-Stations generating and transmitting power and handling back up during power cuts. There is significant expenditure toward diesel consumption and maintenance of these departments.

### Process Flow

- The Electricity, water bills are validated at the Engineering/ Project/Admin Office to check if they are consistent with the rates, consumption pattern etc and forward it to the F&A department after obtaining necessary approvals from the competent authority.
- The F&A department responsible for payment of the same in time, the entry for the Electricity charges payment is made and the bill with the approval is filed along with the voucher.
- In case there is a discrepancy between the billed amount and debited amount the F&A department intimates the same to the Engineering/Project/ Admin department which in turn follows up with the concerned authorities to set it right.
- The Engineering/Project/ Admin department also sends the fuel bills or any other maintenance relating to the generator department after validating and obtaining necessary approvals.

### Accounting

- The Electricity and DG Set charges shall be debited to the account “Electricity Charges Account”.

### **5.5.4 Stores and Consumables**

The Purchase Department of the Institute performs the centralised function of procurement of all types of consumables, furniture and equipment.

The Purchase functions are routed through the Purchase Committee which enables effective decision making and ensures adequate controls and propriety over the function.

The finance and accounting aspects of the stores function is explained here below.

### Process Flow

- The Stores department maintains a stock of stationery, electrical fittings, tools, computer consumables, housekeeping and cleaning materials, furnishings and upholsteries etc which is replenished as and when the stock re-order level is reached.
- Quotations should be called for purchase by SPO and comparative analysis of quotations should be done by LPC and obtain the approval of competent authority before issuing purchase order.
- Once the materials are supplied and taken into stock the Stores Officer shall send the vendor bills for payment along with the approvals and the stock certificate.
- The F&A department shall receive the bills and process it, after verifying the approval, quantity, rate and stock certificate.
- The SPO also procures items based on user department requests. These are one time requests and are not usually maintained in stock. Once the vendor is identified and P.O is raised the same process as above is followed for processing and disbursing the payment.



- The Stores in-charge maintains quantitative and cost details of all stock items. The opening balance, issues and procurements are updated on a daily basis to arrive at the closing balance on hand. The Stores in-charge intimates the closing balance of stock of consumables to the F&A department on a monthly basis.
- An MIS containing details of issue of consumables during a particular month shall be sent by the Stores in-charge to the F&A department for allocation of the costs to the respective user departments. The list shall contain the user department account code and the amount i.e. value of stock issued to them. The F&A department passes a journal entry crediting the stores and consumables account and debiting the respective user department account.
- The closing balance in the Stores and Consumables account shall be reconciled with the consolidated balance of stock as per the Stores register on a quarterly basis.

#### Accounting

- The consumables procured by the Stores section shall be debited to the program concerned “Stores and Consumables” under the organisation “Stores”. This is further allocated to user department accounts on a monthly basis by way of a journal entry.
- The closing balance of stock for the month of March is arrived at after the Physical Verification is done and intimated to the F&A department for accounting it accordingly. This is disclosed as a current asset under the heading “Closing Stock of Stores and Consumables”.

#### **5.6 Voucher Approval – Process Flow**

The F&A executives shall adopt the following common practices, across organisations (i.e activity centres), while processing payment vouchers.

- All payment instructions shall be accompanied by original bills which are duly certified by the user department.
- Payment instructions sent by the concerned departments shall be duly authorised by the competent authority. The competent authority would depend on the user department which originates the procurement or service activity.
- Payment instructions for routine purchases or services shall be accompanied by the approval copies for admitting such expenses.
- Purchase of asset items, big ticket revenue expenses especially pertaining to Computer Centre shall be made/incurred out only after checking availability of budget for the same.
- Payments on account of consultancy and research projects shall strictly adhere to the budgets estimated for the same. Any deviations or overshooting of budget shall be immediately brought to the notice of the Department/Director concerned.
- Statutory compliances need to be fulfilled while making payments. Hence it is always necessary to check if Income tax TDS, GST TDS has been deducted where applicable and GST component of the payment has been taken into the effect.



- It is important to effect payments through RTGS and reduce cheques to the maximum possible extent and process all the payments made from grant in aid through PFMS.



## Chapter 6 – Fixed Assets

Fixed Asset – “Fixed Asset is an asset held with an intention of being used for the purpose of producing or providing, goods or services, and not for sale in the normal course of business”.

Fixed assets form a significant constituent of the total assets of an enterprise and hence are very important in the presentation of the financial position of the enterprise.

### 6.1 Identification of Fixed Asset

Determination of whether expenditure represents an asset, or an expense has a material effect on the enterprise’s reported results of operations. Hence identification of Fixed Asset gains immense importance.

Based on the definition of the term Fixed Asset and in accordance with the generally accepted practises the following are some of the indicators as to whether the item is an asset:

- The item shall be held by the institute
- The item shall be put to use
- The item shall be used directly or indirectly towards producing or providing goods or services
- The item is not held for sale.
- The item renders benefit extending for a significant period in the future at least more than a year
- Concept of materiality

Judgement is required while applying the criteria to specific circumstances or specific types of expenses.

### 6.2 Classification of Fixed Assets

The Institute while classifying fixed assets does a twofold classification as follows:

- Classification based on type of fixed asset
- Classification based on sources of funds i.e. MHRD grants, Own Funds, Centre funded assets, Project assets etc

Within these broad classifications, the assets are further sub classified as follows:

- Centre Assets, for e.g. all assets of a centre are disclosed under the relevant head i.e. CPP assets, GIV buildings etc
- Project Assets i.e. assets acquired out of consultancy, research projects
- Assets relating to an activity centre i.e. Hostel, MDC etc

#### Classification based on type of fixed asset

Fixed Assets are normally classified under the following heads:

- Land- further classified into “Freehold” and “Leasehold”. It is Freehold Land in the case of the Institute.
- Buildings- shall be further classified into College Buildings, Office Buildings, Staff residential buildings, Hostel buildings, Temporary Structures and sheds. This shall include buildings constructed under different heads i.e. MHRD grants, Hostel, MDC, NSR CEL, OBC grants, CPP grants etc
- Vehicles- this head includes buses, vans, cars and two wheelers
- Furniture and Fixtures- included under this head shall be items like tables, chairs, sofas, wooden partitions, temporary structures, cabinets, almirahs, filing racks, interiors etc. Further furniture and fixtures forming part of MDC, CPP buildings etc are reported separately.
- Equipment – included under this head shall be items like air conditioners, air cooler, water filters, all office equipment like photocopiers, fax machines, telephone equipment, kitchen equipment in MDC, canteen, networking costs for wireless installations, connectivity in Hostels, sports Equipment etc
- Computer Systems and peripherals- included under this shall be computer i.e. desktops, laptops, printers, UPS and any other peripheral required to be capitalised under this head.
- Intangible Assets- includes all computer software licences, patents & trademarks, E- Journals purchased by the institute for various purposes.
- Library books- This head would include books, scientific and foreign journals, databases, CD ROMs etc
- Capital Work-in-progress- included under this head are fixed assets which are in the course of construction/ installation and are to be shown under this head till they are ready for their intended use. Plant, machinery and equipment acquired and pending installation and commissioning should also be here.

#### Classification based on sources of funds

- The Institute acquires assets both out of own funds as well as grants given by MHRD and other Government/ Private agencies as part of projects sponsored by them. As per GFR rules pronounced by the central government as well as Accounting Standard 12 on Grants such assets require separate disclosure based on the source of funds.
- Hence the Institute while presenting its financial statements is required to clearly segregate assets acquired out of MHRD grants and other funds.
- This is to reflect the true and fair view as well as account for depreciation on assets out of own funds and grants appropriately.

#### Centre Assets

- The Institute shall disclose the asset acquired by each Centre be it out of the accumulations in the fund or from any specific funding agency that has set up the centre, by grouping the assets under the centre head.



## Project Assets

- Assets that are acquired out of project funds i.e. sponsored research, consultancy, professional activity etc need to be disclosed separately.
- These assets are put to use for the project for which they are acquired. However on completion of the project these assets shall be treated in accordance with the terms of the grant/sponsor.
- In case the project allows the Institute to retain the assets or is silent about the treatment of assets acquired out of project funds, then the assets shall be transferred to the general pool of institute assets. Subsequent usage of such assets shall be at the disposal of the decision of the Administrative Head of the Institute.
- If the faculty or such other employee who was executing the project intends to continue use of the same asset for official purposes, he/she may do so after approval of the concerned administrative officer.
- Generally, employees prefer retaining such assets, which are usually in the nature of laptops, for future use in other projects. In such cases the faculty is required to make a request for using the asset and pay off for the asset which they wish to use, at the rate of book value balance as on the date of request. Now the asset is transferred to the faculty member in his individual capacity and is no more the asset of the Institute.
- If the book value of the asset is NIL, the institute may charge a nominal amount for the asset before handing over to the faculty. This amount may be decided by the Administrative head in consultation with the respective departmental head.

### **6.3 Purchase/Acquisition of Fixed Asset**

Fixed Assets can be acquired in the following ways:

- Self-Constructed Assets- construction of buildings, in house furniture etc §  
Outright Purchase

In view of this only the salient points that need to be kept in mind while processing payments towards Fixed Assets has been discussed below.

- All Fixed Asset purchases shall be duly routed through the administrative officer responsible for the same.

<b>Asset</b>	<b>Officer Responsible</b>
Library books	Librarian
Computer, Software	System Manager
Furniture & Fixtures	Stores Officer
Building and campus related	Estate Officer
Equipments & Electrical works	Estate Officer

- Institute's Fixed Asset Registered is prepared and maintained by Store & Purchase department.

- Fixed Asset purchases shall be preceded by the process of approval, request for quotations, finalising the tender issuance method and thereafter the vendor selection as required by the Purchase Manual/GFR depending on the nature and value of the asset.
- The financial concurrence for proceeding with the asset acquisition shall be taken from the F&A department, in terms of budget availability, before issuing Purchase Order for approved requisitions.
- The bills shall be sent to the F&A department with the goods received note and certification by the concerned officer and the acceptance by the user department.
- Approval copies for purchase/construction of asset shall be sent along with the bills for processing the payment at the F&A department.
- The F&A department shall verify in detail whether appropriate approvals for purchase, certification, quality check, invoices etc are available and are consistent with the requirement, approvals and budgets.
- The F&A department shall ensure that extra cost components of assets previously acquired shall be added to the asset itself if it improved the value of the asset or was required to be spent in order to bring it to an usable state. For eg. tax on imported articles
- The statutory requirements like TDS on labour, GST TDS, Labour cess as applicable shall be accounted appropriately by the F&A executive.
- Advances to suppliers in case of materials, labour or in general for the asset shall be adjusted while processing the final bill.
- The payment is initiated by the concerned department by obtaining the approval of the competent authority is and sent to the in F&A department. The F&A Department authorises the payment bank transfer is initiated.
- All asset bills in original are filed along with the payment voucher. The F&A Department updates the asset register for every addition on a monthly basis.
- All asset ledgers shall be sent to the respective administrative sections to be verified by them and ensure that the accounting is in order. The concerned section shall also reconcile the data at their end and the ledger sent by the F&A department and point out corrections required, if any.

#### **6.4 Grant in kind**

Government grants received in kind in the form of fixed assets or fixed assets received as donations by various departments like library, computer centre etc should follow the procedure given below:

- The concerned department shall intimate the Director and FA&CAO of the receipt of such donation.
- The MOU/terms of such donation shall also be forwarded to the F&A department.
- The F&A department shall update the Fixed Asset Register held separately for Assets received as donation. The asset shall be accounted in the books at a nominal value based on approved journal voucher. The asset account shall be debited, and capital reserve account be credited with the value of the asset.
- Gift/ Donated assets are valued at the declared value where applicable, if not available, the value is estimated on the present market value adjusted with



reference to the physical condition of the asset. They are set-up by credit to Capital Fund. Depreciation is charged at the rates applicable to the respective assets.

Books received as gifts are valued at selling prices printed on the books. Where they are not printed, the value is on assessment.

## **6.5 Accounting for acquisition of fixed assets**

The F&A department while passing the payment towards the fixed asset shall also update the Fixed Asset Register.

### **6.5.1 Cost Component**

The foremost activity while accounting for fixed assets is the capitalisation value. The cost of fixed assets shall comprise of:

- Purchase price after adjusting any trade discounts/rebates
- Inward Freight
- Import duties and other non-refundable taxes or levies
- Any directly attributable cost of bringing the asset to its working condition for its intended use like:
  - Site preparation
  - Initial delivery and handling costs
  - Installation cost
  - Professional fees paid to architects, engineers etc
- Insurance for transportation of assets to the place, it is to be used or Insurance during construction.
- Finance and borrowing costs incurred till the time assets is ready for use can be capitalised and included as an element of cost provided the asset is a qualifying asset.
- Qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use (fixed assets or Investment properties) or sale (inventory).
- Administration and other general overheads are usually excluded from the cost of fixed assets. Nevertheless, if such overhead expenses are specifically attributable only to an item of Fixed Asset, these can be included (role of judgement).
- Improvements and repairs to existing Fixed Assets shall be capitalised if the expenditure increases future benefits from the existing asset beyond the previously assessed performance. The amount spent is either added to the existing gross value of the asset or an asset with separate identity emerges.

### **6.5.2 Capital Work in Progress (CWIP)**

Fixed assets under construction like office buildings, classrooms, hostels or specialised IT hardware/software etc shall be initially booked to CWIP account.





Transfer to CWIP account items to respective fixed asset account shall be carried out only on receipt of formal intimation in this regard from the concerned officer i.e Estate or Stores or Computer Centre.

All expenses incurred during the CWIP phase shall be taken only to the CWIP account and should be transferred to the fixed asset account only on completion of the activity and when the asset is ready for put to use.

The F&A Department shall review the CWIP account on a monthly basis for timely booking of cost to respective fixed asset account and follow up with respective departments for any CWIP items lying beyond the expected date of completion as declared in the contract.

### 6.5.3 General accounting aspects

- All fixed assets shall be accounted to the appropriate account head based on the classification of type of asset.
- Ready to use assets shall be capitalised immediately at the time of receipt of fixed asset.
- Gains/Loss due to fluctuation in foreign exchange on account of purchase of fixed assets from a country abroad either on deferred credit or foreign currency loan shall also be booked to the same fixed asset account.  
Principles of Accounting Standard-11 ‘The Effects of Changes in Foreign Exchange Rates’
- Project assets shall be initially recorded under a separate program code under the respective consultancy or sponsored research account. On completion of project and transfer of asset to the institute it shall be transferred to the respective asset account under the “Project Asset” organisation.
- Buy back of Fixed Assets often occur in the case of Computers where the systems are frequently replaced due to changing technologies. Though the same vendor may buyback the old systems and reduces the invoice price of the new systems with the amount he is willing to pay for those taken back, it is important to treat these as two independent transactions from accounting point of view.
- The total price shall be taken for accounting the purchase of new systems and the discount shown in the invoice shall be taken as the sale price for the old systems.

Accounting Entries for purchase of Fixed Assets:

Transaction	Debit Account	Credit Account
Purchase of Fixed Asset out of own funds	Fixed Asset A/c dr- for the respective asset purchased	Cr. Bank A/c Dr- with the amount paid for the asset
Fixed Assets received in Kind	Fixed Asset received in kind a/c with the nominal value of the asset received in kind	Cr. Capital Reserve-Fixed Assets

Fixed Assets out of Project	Project Fixed Asset Type a/c	Cr. Capital Reserve – Project
Account	with value of asset retained in the books of Institute	Assets

## 6.6 Physical Verification

- According to the policy of the institute, physical verification of the assets of the institute shall be carried out by a committee appointed for the same, once in a year.
- The fixed asset listing along with the location and unique identification shall be provided to the physical verification team, on the basis of which the physical verification shall be carried out.
- Variation between physical assets and the records shall be brought to the notice of the competent authority.
- Writing off fixed assets from the books shall be only with the approval of the competent Authority of the Institute. Loss on account of write off shall be the difference between the Gross book value and the accumulated depreciation on the asset.
- Report of Physical Verification of Fixed Assets should be placed before the Board for its suggestions/ recommendations.
- Any addition or deduction to be done to the books of account based on the physical verification shall be carried out by the F&A Department and approved by the Board.

## 6.7 Depreciation

Depreciation is a measure of wearing out, consumption or other loss of value of a “depreciable asset” arising from use, efflux of time or obsolescence through technology and market changes.

Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset. Depreciation includes amortization of assets whose useful life is predetermined.

### 6.7.1 Accounting

- Depreciation on fixed assets is provided using the straight-line method.
- Depreciation is charged at the rate of 100% per annum on fixed assets costing less than Rs.2000/- each.
- Depreciation is charged at 100% of the rates applicable irrespective of date of acquisition/installation/purchase during the year, on all the additions.
- The Institute has adopted the rate of depreciation as specified by MHRD as per the new formats of accounts as per notification number 29//IFD dated 17/04/2015.





The current rates of depreciation in force are given in the table below:

<b>Asset</b>	<b>Depreciation rate per annum</b>
Freehold Land /Site Development	NIL
Buildings/roads & Bridges/Tube Well& Water Supply/Sewage & Drainage	2%
Plant & Machinery/ Electrical installation &equipment	5%
Furniture and fixtures / Office Equipment/Audio Visual Equipment	7.50%
Scientific & Laboratory Equipment	8.00%
Vehicles /Library Books and Journals	10.0%
Computer/Software /E Journals	40.0%
Computer Peripherals	20.0%
Patents & Copy rights	9 yrs.

- Assets acquired under lease shall be depreciated on a straight-line basis over the lease term. Where there is reasonable certainty that the Institute shall obtain ownership of the asset as at the end of the lease period, such assets shall be depreciated at the above-mentioned rates.
- Depreciation is charged on the remaining useful life of asset in case of change in the estimated useful life of the depreciable asset.
- Depreciation provision shall be created by debiting the depreciation account i.e. the expense account to be taken to Income and Expenditure account and the respective accumulated depreciation account. For complete list of depreciation accounts refer chart of accounts.
- In case of sale or buyback of assets the accumulated depreciation is credited to the asset account and the net difference between the book value and the amount received on sale/buyback shall in case of loss be debited to the Income and Expenditure account and in case of gain be credited to I&E a/c as "Gain on Sale of Asset". The depreciation for the current year shall be charged up-to the date of sale in such cases.

Disclosure in financial statements relating to depreciation:

- Historical cost or other amount substituted for historical cost of each class of depreciable asset
- Total depreciation for the period for each class of assets
- Opening balance of accumulated depreciation
- Depreciation method used
- Depreciation rates used or the useful lives of assets, if they are different from the principal rates specified in the statute governing the enterprise



## 6.8 Disposal of Assets

- Fixed Assets shall be eliminated from the FA Register on disposal or when no further economic benefit is expected to be derived from it.
- As per the policy of the Institute, disposal of assets shall be forwarded by user departments to the Stores manager giving all the details of the asset that is required to be disposed.
- The Stores Manager shall put up a proposal for disposal to the Local Disposal Committee.
- The Local Disposal Committee shall dispose off the asset as per guidelines given in the Store & Purchase Manual.
- The intimation of disposal is given to F&A department. The F&A department shall based on the intimation and approval from FA&CAO, write off the asset being disposed.
- The value of the fixed asset shall be transferred from the fixed asset account to the Asset held for disposal account. After the asset is disposed and proceeds are received the gain or loss shall be calculated by subtracting the amount received by the book value of the asset.
- The gain or loss on disposal shall be taken to the Income and Expenditure account.

## 6.9 Fixed Assets Register

- The Fixed Asset Register shall be maintained by the F&A department for calculation of Depreciation.
- The Fixed Asset Register shall be maintained as per the format specified by the GFR and shall include the following details:
  - Details of the fund/grant that sourced the fixed asset
  - Class and description of the asset
  - Make/Manufacturer
  - Supplier
  - Model number
  - Date of purchase
  - Value of Asset
  - Depreciation
  - Useful life
  - Particulars of transfer and disposal
- The Fixed Asset numbering and maintenance is the responsibility of the Stores department. The unique number logic should consider the class of fixed asset, running serial number etc. The numbers for the existing assets and additions shall be communicated by the Stores department.
- The details of transfer of asset location shall be recorded by the Stores department.
- The F&A Department shall update the FAR in all respects every month and reconcile the balance with the ledger balances periodically.

#### 6.10 Other Records and Registers to be maintained

Records/Registers	Responsibility
Fixed Asset Register	F&A Department, Stores Department (Quantitative)
Title deeds of lands, buildings etc	Estate department
Original contracts for construction	Estate department
Original copies of purchase of assets, copy of P.O., copy of GRN, installation report	Original Purchase requisition, quotation Stores department/Computer Centre/Library details, P.O copy, Invoice copies, Approvals, depending on nature of asset bought comparative statements

#### 6.11 Disclosure Requirements

Under each head mentioned in the classification of assets, the following shall be disclosed:

- Gross and net book values of fixed assets at the beginning and end of accounting period
- Additions, disposals, acquisitions, and other movements in the fixed assets
- Expenditure incurred for fixed assets that are in the process of construction or acquisition shall be disclosed as CWIP. This shall be added to the Net block and shall comprise of outstanding payments or advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use before the balance sheet date.
- Depreciation on the opening balance, additions/deletions and up to the previous year end and the total accumulated depreciation up to the year end
- The format of the Fixed Assets schedule is enclosed in annexure 3.

## Chapter 7 – Investments

Investments are assets held by an enterprise for earning income by way of dividends & interest, for capital appreciation or for other benefits to the investing enterprise

In the context of Indian Institute of Management Jammu, Investment could arise out of:

- Corpus Funds
- Earmarked/Endowment funds
- Terminal Benefits Fund-set aside to provide for terminal benefits
- Vision Fund- set aside to fund the long-term vision of the Institute

Investment of surplus funds would depend on the retained earnings of the previous financial year and have to comply with the “Guidelines for Investment of surplus funds by Autonomous bodies” issued by the MHRD.

Earmarked funds and the other specific funds listed above can be invested only in specific investments and the income from them has to be utilised for predefined purposes.

### 7.1 Fund Management

- The FA & CAO shall evaluate the total fund requirement of the Institute, available sources, compliance with existing financial agreements and covenants, the targeted activities of the Institute for which budgets have been allocated etc
- To enable planning of funds, the F&A Department in consultation with the FA&CAO shall prepare a projected (long term) cash flow statement (format in Annexure 4) on the basis of the following inputs:
  - Projected Financials (refer chapter on Budgeting)
  - Approved and final budget for the current year, estimates for next year
  - Current and future fund requirements based on specific long-term plans
  - Past experience
- The projected cash flow statement shall be prepared monthly based on the budget estimates.
- The annual projected cash flow statement shall be reviewed on a fortnightly basis, compared with actual and revised based on the turn of events.
- This would give an idea of the sources and uses of funds based on planned activities. Hence the investing activity can be executed in a more informed and efficient manner.

### 7.2 Investment Policy

- The Institute has formulated its own Investment Policy for the investment of both Long term and short-term funds, keeping in mind the broad guidelines issued by the MHRD for the same.
- The current approved Investment Policy of the Institute for both Long- and Short-term Investments is available with the FA & CAO and all investment decisions are concluded with reference to the same. The Investment Policy is reviewed depending on the need for revisions and shall be initiated by the FA & CAO.



- The Investment Policy shall be proposed by the FA&CAO and approved by the Finance Committee, which is a Board sub-committee, overseeing the finance function of the Institute. The amendments to the policy shall also be done in the same manner.
- All Investments shall necessarily be approved by the Investment Committee.

### 7.3 Purchase of Investments

The decision to invest is guided by:

- Accumulations in the bank account
- Maturities of existing investment
- Projected cash flow statement
- The F&A Department shall identify the surplus available based on the projected cash flow statement and other criteria as mentioned above. The amount to be invested shall be arrived at.
- F&A Department shall collect the details of the available investment opportunities in the Nationalised Banks where the Institute is having account. FA&CAO prepares the initial short list of potential Investment alternatives disclosing the following information:
  - Name of the entity in which the investment is proposed
  - Nature of Investment
- Details of rate of return, term of investment, interest frequency, annualised yield, yield to maturity, rating of the investment or of the entity where available
- Comparative statement with all the options
- Based on the initial shortlist of investment alternatives the FA&CAO proposes a note to the Investment Committee giving the available options and submitting for approval of the same.
- The Director after satisfying himself/herself and clarifying issues, if any, accords approval.
- The decision is communicated to the F&A department and copy of the approval is also forwarded to them.
- The F&A Department proceeds with the actual investment based on the approval. The voucher is prepared by debiting the concerned Investment account and crediting bank account.
- The F&A Department shall maintain an Investment schedule giving all the details of the Investments for each category such as corpus, earmarked, terminal benefits etc
- The Investment schedule shall have details of the nature, type, amount, maturity date, interest rate, interest payment frequency, total interest received during the year, interest accrued for the year etc.
- The Investment schedule is also an instrument to track the interest due and received on investments. This has been discussed in the section Interest on Investments in detail.

The F&A Department shall update the schedule on a monthly basis and ensure that the ledger balance of respective Investment accounts match with the schedules.

#### 7.4 Liquidation/Withdrawal/Maturity of Investments

- Short term deposit maturity, premature withdrawal shall be executed with the approval of the Director.
- The reasons for liquidation could be any of the following:
  - To meet any unanticipated expenses
  - Such other need arising from time to time
- The process to be followed for liquidation/withdrawal shall be similar to that of Investment of funds as discussed above.
- The F&A Department shall identify the investment that needs to be liquidated and give all the relevant details in the form of a proposal to FA&CAO.
- The FA&CAO recommends the same and forwards it to the Director for Authorisation.
- Based on the approval received the F&A Department goes ahead with the liquidation and ensures that funds are received by the Institute.
- The F&A Department should obtain the interest and such other detail on the Investment matured from the investee on the day of maturity and shall make necessary entries in the books of account and update the investment register/schedule.
- F&A department should reconcile the accrued Interest on Investment matured with the Investment schedule before passing the entry in the books of the accounts.

#### 7.5 Accounting for Investments

##### Accounting Entry

Transaction	Debit Amount	Credit Amount
Investment of Funds under respective category	Debit Respective a/c (with the amount invested.	Credit Bank a/c with the amount of outflow
Maturity / Liquidation of Investment	Debit Bank a/c with the amount received on maturity	Credit Respective Investment A/c
Permanent diminution in the value of the investment	Debit Loss in value of investment a/c with the amount by which the investment has declined in value to be taken to I/E a/c	Credit Respective Investment A/C

#### 7.6 Disclosure Requirements

The following information should be disclosed in the financial statement –

Investment shall be classified in the Balance Sheet as given below =

1. Investment Earmarked / Endowment fund
2. Investment - Other which include Investment of Corpus fund and Terminal benefit fund



In case it does invest in such category the appropriate disclosure of the same shall be made in the Financial Statement of the Institute.

Short term deposit held by investment is reported along with Bank balance as balance held in deposits. The difference between the book value and market value of securities, wherever applicable shall be given in notes to accounts. Gain or losses of long and current investment is to be classified separately.

### **7.7 Investment Register**

The F&A Department shall maintain an investment register detailing the following:

- Description of the Investment
- Amount Invested
- Details of the fund relating to the investment along with the organisation/account code as per ERP chart of accounts
- Name and address of the entity in which investment has been made
- Investment certificate number
- Investment Custody i.e. Demat/SGL/Physical
- Date of Investment
- Amount Invested
- Departments of Investment
- Maturity date(if any)
- Rate of return
- Due dates for receipt of dividends, interest etc
- Details of dividends, interest received
- Date of disposal
- Amount received on disposal/maturity

The F&A Department shall update the Investment Register on a quarterly basis and ensure that the ledger, schedule and the Investment Register balances match.

### **7.8 Custody and Verification of Investment certificates**

- The FA&CAO shall ensure the safe custody of Investment Certificates, receipts etc.
- The original certificates shall be chronologically filed and tagged with the category to which it belongs.
- The physical verification of the original investment scripts and those electronically maintained shall be conducted by the Internal Auditor half yearly. The Investment register shall be initialled after such verification.

### **7.9 Process Flow for Investment Decisions**

As per the policy approved by the BoG. The decision would be taken by an Investment committee, based on the options and interest rates applicable as on date and expected periodicity of availability of funds.





## **Chapter 8 – Current Assets, Loans and Advances**

Current Assets include Cash and Assets that will be converted into cash or consumed in a relatively short period of time, usually within a year or the business's operating cycle. Prepaid Expenses and Supplies (already paid for or a liability incurred) are included because they will normally be used or consumed within the operating cycle.

The following items are reported under the head Current Assets, Loans and Advances:

### **8.1 Cash Receipts**

#### **8.1.1 Accounting Entries Related to Cash Receipts**

In general the transactions in cash is avoided but in some of the exceptional cases if the same is unavoidable. The cash is to be deposited into the bank immediately without delay through the payee himself/herself.

The entry to be passed in this regard would be as under:

- Dr. Bank account
- Cr. Concerned receivable/income account

### **8.2 Bank Accounts**

This section deals with the amounts lying in the bank as below:-

- balances in savings bank/current accounts
- balances in deposits

The following section covers:

- Bank receipts
- Bank payments
- Opening and closing of bank accounts
- Letter of Credit
- Term deposit
- Bank Guarantee
- Bank Reconciliation Statement

#### **8.2.1 Bank Receipts**

The main sources of bank receipts are:

- Receipt of grants/sponsorships from Government and other agencies
- Tuition fees from various academic courses.
- Placement receipts from various organisation
- Interest on Long term, Short term Investments
- Consultancy, Professional Activity, Sponsored Research receipts
- Centre related receipts such as grants, expenditure reimbursements etc



- Miscellaneous receipts that include library deposits, scrap sale, Tender fees, journal subscriptions, conference receipts etc
- Bank receipt vouchers for the above are issued by the F&A Department on receipt of the cheque/ draft along with the details of the account code, purpose, remitters' details etc
- In the case of admissions, tuition fee receipts, placement fees, interest credits where the amounts are directly received by way of credit into the Bank account, the BRS department verifies the credits into the books with the data from the respective department as the first level accounting is directly done by them.
- The Bank receipt vouchers are generated by inputting the details of the instrument, Ledger Name to which it pertains, remitter's name etc and is generated in duplicate. One copy is retained by the F&A department and the other returned to the user department to be handed over to the remitter.
- The cashier makes a list of the instruments and banks it with State Bank of India, Jammu. The bank challan for deposit of instruments as well as the supporting list shall be filed chronologically and kept at the cash section.
- Necessary entry to be passed in Tally for the receipts concerned.

### 8.2.2 Bank Payments

Bank payments are in the nature of payment to vendors, salary to employees, outflow on account of investments, advances, statutory dues, reimbursement to employees etc

Process Flow and accounting

- The F&A department receives instructions for payments from various sections which are distributed to the concerned case worker.
- The case worker processes the bill based on priorities and forwards the same to the concerned authority in the F&A department for further processing and release of payment.

**voucher on processing shall be affixed with "PAID and CANCELLED" seal to indicate that it has already been processed.**

- The processing of voucher shall be guided by principles as explained in the "Voucher Approval process" under the chapter "Expenditure".
- The vouchers prepared by the F&A executives are verified for correctness of accounting including statutory issues, adjustment for advances, account codes etc at the time of authorisation by the Senior Executive /Finance & Accounts Officer/ F&A Department/FA&CAO as the case may be.
- The vouchers shall be fixed with respective seals for cheque payments, demand draft, bank transfer in different colours which enables distinction and proper filing of vouchers. The cheque number/demand draft register serial number shall also be mentioned in the voucher.
- Approved vouchers shall be sent to the cheque writer in case cheques need to be issued. The F&A department shall make use of the DD register/ Bank transfer format in case where the payment is in the form demand draft or bank transfer.



- The vouchers shall be sent along with the filled cheque, DD register, Bank transfer register to the authorised signatories based on the delegation of powers.
- The vouchers for foreign currency payments arising in the case of import of fixed assets, travel and registration expenses for attending foreign conferences by faculty members etc is prepared only after obtaining the rupee value based on the debit to the bank account.
- The A1/A2 forms for assets/ other expenses duly filled and enclosed with the supporting papers such as invoice, conference invite papers, employer endorsement etc shall be submitted to the bank. The bank verifies the papers and issues currency/traveller cheques/ does telegraphic transfer of funds as the case may be.
- The F&A department responsible for processing the foreign currency payment shall ensure the debit amount from the bank and raise the voucher subsequently.

All the bank vouchers shall be filed date wise according to the automatic voucher numbers generated by the system.

### **8.2.3 Opening and Closing of Bank Accounts**

The following process shall be followed for opening and closure of bank accounts:

#### **Account Opening**

- A written request for opening of bank account shall be raised by the FA&CAO stating:
  - Location where the bank account needs to be opened
  - Need for opening the account
  - Proposed authorised signatories for the account
  - Type of account to be opened (savings, current etc.)
  - The request is submitted to Director for his approval and subsequently communicated to the Finance Committee for approval their-of.
  - The F&A Department shall create the new account head for the bank account
  - Separate account shall be opened for contributions in foreign currency received from funding agencies outside India for research purposes. This requires a special account duly registered with the Ministry of Home affairs.
  - The FA&CAO shall monitor receipts and payments from the FCRA account and ensure that all statutory returns, statements required for the account is filed with the concerned authorities within the specified due dates.

#### **Closure of bank account**

- The process for closure of bank account shall also be performed in similar lines.
- The FA&CAO shall periodically review accounts not in use and propose for closure. The note is sent to the Director.
- Based on the approval received, the FA&CAO shall send a letter to the bank requesting for closure along with the unutilised cheque books.
- The proceeds received are credited to the respective account and the balance brought to nil.
- The F&A Department locks the code of account and the F&A department files the closure related papers in the respective bank file.



### Change in authorised signatory

Any change in Authorised signatory for financial instrument does need approval of FAC & BoG. Once the approval of FAC & BoG is obtained, FA & CAO shall intimate to the all the banks about change in the authorized signatory or their limits along with the copy of the relevant authorisation issued by the Director.

### **8.2.4 Term Deposit**

The process for investment in short term deposits has been elaborated in the section “Interest earned on term deposits” under “Income” chapter as well as under “Investments”.

The F&A Department identifies the amount to be invested, ideal tenure and quotes from empanelled Bankers quotes for the tenure.

- The F&A Department proposes a note to the FA&CAO laying down the options available. The FA&CAO puts down his/her recommendations and forwards the proposal to Director for approval.
- Based on the approval from the Director, the F&A Department shall initiate the investment of funds in short term deposit.
- The F&A Department shall also maintain a schedule of short-term deposits with complete details of name of the bank, deposit account number, start date, maturity date, rate of interest, amount, total interest on the deposit, interest for the year and the accrued interest.
- This schedule shall be updated every month and the deposit balance be reconciled with ledger balance of term deposits. The interest receipts and maturities shall also be tracked with the help of the schedule.
- The F&A Department shall ensure that the original fixed deposit receipts are received and verify the details such as amount, interest rate etc as per the request letter.
- The F&A Department shall maintain the original fixed deposit receipts in safe custody in chronological order. For maturities and withdrawals, the receipts shall be discharged by the authorised signatories and a copy retained before submitting to the bank.

The F&A Department shall maintain a separate file for the approvals, communication with the bank for Short term deposits.

### **8.2.5 Bank Guarantee**

The Stores department/Estate department/Library/IT Section/ other department shall ensure that all Bank Guarantee's received by them shall be forwarded to the F&A department specifying the following:

- Purpose for which the BG is received
- Name and address of the party from whom BG is received
- Currency and amount of BG
- Bank name and address



- Tenure and Validity of the BG
- The F&A department shall make an entry in the BG register which shall, inter alia, contain the BG reference number, amount and currency of the BG, details of party from whom the BG is received, name and address of issuing bank, date of issue, date of expiry, purpose for which the BG has been obtained and the department/Organisation and account code concerned.
- The BG register shall be utilised towards tracking BG received and shall be reviewed by the FA & CAO on a quarterly basis.
- On a monthly basis the BG register shall be reviewed by the F&A department to identify the BGs which have expired and need to be renewed or surrendered to the concerned party.
- User department shall intimate F&A department of completion or expiry or termination of a contract covered under BG. The F&A department shall ensure that the BG received from such a vendor shall be returned at the time of final settlement. F&A department shall forward the original BG to the user department after updating the register accordingly.

Details of expired BG's and follow up for revised BGs shall be sent by the user department to the party concerned. This shall be done within 7 days from the month end during which the BG is set to expire. The original BGs shall be in the custody of F&A department.

#### **8.2.6 Numbering of Vouchers**

All the vouchers are required to be kept by the F&A department after realising of payment their-of in chronological order and readily available for verification as and when required.

#### **8.2.7 Bank Reconciliation Statement**

- Bank reconciliation statement (BRS) shall be prepared on a monthly basis as on the last day of the month by the F&A department for all the bank accounts.
- The Accountant shall on a fortnightly basis obtain the bank statements from the bank in the form of excel spreadsheets making the process of pairing off, search etc simpler and faster.
- The day to day RTGS inflows and other transfers into the bank account for various academic's programmes, placement receipts etc shall be confirmed by the F&A department in the BRS department through the net banking statement.
- The accountant shall be responsible for maintaining all the bank vouchers passed during the month. F&A department shall ensure serially and date wise filing of vouchers as well as their easy retrieval.
- Prior to the preparation of the BRS, the F&A department shall first ensure that all the vouchers, payment as well as receipts, have hit the GL. In order to ascertain this and rectify vouchers that have not hit the ledger the exception statement from the ERP is taken out and verified.
- The Accountant shall obtain all credit and debit advices from the bank as appearing in the statement to verify and account the same appropriately.



- The receipts and the payments side of the bank statement shall be paired off with the receipts and payments side of the bank book and outstanding items shall be listed.

The outstanding items need to be handled on a case to case basis based on the nature of payment/receipt.

- This shall be further scrutinised with the earlier outstanding to see if any of the older cheques have now got cleared/presented, as the case may be. If the cheques issued remained uncleared/ presented for more than three months, then, the same should be credited to Stale Cheque Liability A/c with a corresponding debit effect in the bank book. Subsequently when another cheque is issued, in such cases, Stale Cheque Liability should be debited
- The bank charges, debits shall be reviewed against bills in the case of bank advice in the case of charges and accounted only after ascertaining the correctness of the same.
- Cheques that were deposited and have been returned for various reasons shall be marked to the user department/ forwarding department in order to take follow up action with the customer or party concerned. The receipt entry in that case shall be reversed from the books of account.
- The BRS should indicate the date of reconciliation and should be completed within 15 days of the following month.
- The BRS statement shall be forwarded to the FA&CAO for authentication with the signature and comments on long pending reconciliation items, inconsistencies with bank records, unusual items etc and the follow up action initiated to rectify the errors.
- The F&A Department shall ensure that the correct balances have been considered and that there are no long pending items of reconciliation. In case such items exist and need to be sorted out from the bank, Accountant shall communicate with the bank in writing seeking that the issue be clarified at an early date.
- BRS signed by the Account Department shall be forwarded to the FA & CAO for perusal and there after filed separately after making the due entries.
- Confirmation of bank balance shall be obtained once in three months and cross verified with the bank statement by the Manager, Finance.

#### 8.2.8 Accounting entries for bank transactions

Transaction Details	Debit Account	Credit Account
	credit pertains	Current Asset/Project a/c
Bank Payment	Respective expenditure or other a/c for which payment is made	Cr. Bank a/c -from which the cheque or draft is issued or transfer is made
Term Deposit booking	Short Term deposit a/c- under current assets	Cr. Bank a/c- from which the funds are flowing out



Term Deposit Maturity	Bank A/c dr with the total proceeds of the deposit	Cr. Interest Received account- with interest component Cr. Term Deposit account- Principal component Cr Interest accrued - if applicable
Accounting Bank charges	Bank Charges a/c dr	Cr. Bank a/c -to which the charges need to be debited

### 8.2.9 Records and Registers

Records/Registers	Responsibility
Term Deposit register, Schedules, Files	Accountant
Term Deposit Certificates	Accountant
Individual Bank files/correspondence with bankers	Accountant
BRS files	Accountant
Assets register	F&A, department handling concerned asset payments
Bank Guarantee received register	F&A department
Cheque Cancellation register	F&A department

### 8.3 Loans and Advances

Loans and advances represent amounts advanced by the Institute to its employees, vendors or other stake holders and are receivable as per the terms on which it has been made. This could also include amounts paid in advance and for services to be received in future.

The different types of advances have been explained below:

#### 8.3.1 Employee related advances

Employees of the Institute are given advances in accordance with the central government rules and orders on personnel administration. In accordance to the same the following kinds of advances have been granted to employees:-

- Official tour Advance
- Imprest Advance etc.
- The Payroll department of the F&A department shall maintain all the data relating to staff related advances and ensure monthly recovery of amounts due.

- Separate schedules for principal and interest repayment for each category of advance shall be prepared and maintained with employee wise details by the F&A department in Payroll department.
- The schedule shall be updated on a monthly basis for fresh advances and recoveries for existing advances. The balances as per books and as per schedule shall be tallied and reported to FA & CAO for his/her initials.
- Fresh advances shall be granted in accordance with rules and regulation in force from time to time, after examining whether the eligibility criteria, conditions and purpose are satisfied and necessary approvals from the Head, Finance have been obtained.
- A separate register showing the date, name of employee, amount of advance shall be maintained and the outstanding as per the books shall be tallied with the register on a quarterly basis.
- Employees are required to settle leave travel advances within one month from the date of travel. Outstanding advances shall be followed up and monitored by intimation to Personnel department on a quarterly basis.

### **8.3.2 Advance to Suppliers**

The Institute pays money to various suppliers/contractors as per the terms of the P.O/work order/contract. These are amounts paid initially to begin the work or source the required materials and shall be settled against the final invoice or bill of the vendor.

Request for such advances could arise from the estate department, stores section, IT Section, library or any other end user requiring purchase of items or hiring of services.

#### **Accounting**

- i) On giving the advances, party a/c should be debited.
- ii) Provisions of Income Tax TDS and GST TDS should be taken care of.
- iii) Advances given should be monitored at regular intervals to ensure that purpose of advance has been met.
- iv) On receiving the invoice, advance a/c should be settled.
- v) Schedule of advances should be prepared and updated on regular basis. The same should be reconciled with the books of account.

### **8.3.3 Project/ Programme Advance**

The staff of the Programmes department or faculty members for their consultancy or sponsored research projects, etc, draw advance to meet expenses relating to such activities.

These are classified under the head Project Advance.

These advances shall be settled within one month from the performance of the activity for which the advance was drawn.



The F&A department shall maintain a separate register showing the amount advanced, date, name of the employee, purpose/project code and settlement date. The register shall be updated on a monthly basis.

The F&A department shall report to FA & CAO and follow up for outstanding advances on a quarterly basis.

#### **8.3.4 Admissions Related**

Advance is drawn by the admissions department or the faculty members involved in admissions towards meeting certain expenses that may be incurred in the course of their activities. These could be for travel, conducting of exams, printing etc.

Procedures mentioned above are required to be followed for admissions related advances also.

#### **8.3.5 Miscellaneous**

Advances for any other purpose other than the ones specifically covered above shall be accounted under the head "Miscellaneous Advance". For example advances taken by stores department to buy consumables on urgent basis, advance taken by F&A department for statutory filing, travel related to administration work etc. Party-wise register shall be maintained by F&A department. (Procedures mentioned above are required to be followed for miscellaneous advances also).

#### **8.3.6 Common Process Flow**

The common process flow and accounting practices applicable across all types of advances is described below:

- All advances shall be disbursed only if the amount has been approved by the competent authority.
- In case of travel advance the place sought to be visited, number of days of travel and approximate fare shall be mentioned.
- For supplier related advances, the proforma invoice and the approval for advance in original shall be attached to the advance request form.
- Advance taken by faculty for National/international travel for conferences shall be duly authorised by Director and shall be supported by the conference related papers. The admissibility shall be examined based on the rules prevalent for the same.
- Advances for consultancy and sponsored research projects shall be disbursed after ensuring sufficient balance in the respective project account and availability of budget for such activity.
- Travel bills settlement shall be done in the approved format and in accordance with the Institute guidelines for domestic and international travel in force from time to time
- F&A department handling respective advance accounts shall update the relevant advance register on a monthly basis and reconcile the same with the ledger.
- Where advance settlements are made, the employee shall be reimbursed the difference in case actual amount spent is greater than the advance amount and the



employee shall refund the balance if the amount spent is lesser than the advance amount.

- Follow-up action shall be initiated by the F&A department on all outstanding advances on a quarterly basis with due intimation to FA & CAO.
- F&A department shall ensure statutory deductions such as TDS, accounting for GST component etc are taken care of while paying the advance.
- Loans and advances shall be disclosed under the head “Current Assets” in the Balance Sheet.

### 8.3.7 Accounting Entries for Loans and Advances

Transaction	Debit Account	Credit Account
Payment of Advance	Respective Advance a/c dr- employee related/ vendor / mobilisation etc	Cr. Bank – based on the mode of payment Cr. Tax deducted at source a/c-where applicable Cr. GST Tax a/c- where applicable
Settlement of Advance	Expense/Asset a/c dr- with the actual expense on the advance  Cash a/c dr – amount to be refunded in case expense is lower than the advance.	Cr. Relevant Advance a/c- to reverse the original advance entry  Cr. Cash a/c – reimbursed to employee if the expenses is greater than advance.
Recovery of employee related advances	Salary recovery and remittance a/c dr- with the amounts recovered	Cr. Respective Advance a/c Cr. Interest on employee advances a/c

### 8.3.8 Records and Registers

Records/Registers	Responsibility
Documents relating to mortgage of property against housing loan, hypothecation of vehicles and purchase of computers filed employee wise	CAO Office
Leave Travel Advance register	F&A department handling bills
Other Advance Register-Miscellaneous, Supplier, Project, Mobilisation, CAT & Admissions, International travel	Concerned Department who is initiating advance and F&A department handling respective advance accounts

## 8.4 Accounts Receivable

Accounting for receivables shall be made under the following heads:

- Programme Fee Receivable- All fees due from LTAPs (Limited Time Academic Programs) conducted during the year and not received up to the yearend shall be recorded under this head. This shall be done after verifying the total amount receivable against each programme with the total amount due as per the credentials of payment submitted by student and cross verified with the receipt figures of F&A section.
- Income Tax Recoverable: The taxes deducted on payments made to the Institute are recorded as receivable. The amounts received on assessment of income tax return shall be credited to this account. The taxes due are recorded in a year wise manner. This shall be recorded as and when tax deductions have been made on amounts due to the Institute. Income Tax Recoverable A/c should be reconciled with Form 26AS on a quarterly basis. Efforts should be taken so as to balance the amount as appearing in the books of account and Form 26AS with respect to both income and TDS thereon. Further, Income Tax TDS Certificate in Form 16A should be collected from the respective deductees after the end of each quarter and TDS Deduction Certificate should be separately obtained from the banks with respect to interest earned on term deposits. This is strictly required under the Income Tax Laws.

A year wise schedule of balances in the Income Tax Recoverable A/c should be prepared on quarterly basis.

On filing of return of income with the Income Tax Department, balance appearing in Form 26AS, Income Tax Recoverable A/c and the amount being claimed in the return should be tallied. This reconciliation process should be completed at the time of finalisation of annual accounts.

On receiving the refund from the Income Tax Department, interest earned on income tax refund should be recognised as income. Further, the amount claimed in the return of income should be tallied with the refund amount received. In case of any shortfalls, rectification or necessary action should be taken up.

- Others: All other kinds of receivables like those from Professional Activity, Consultancy, Sponsored Research, Placement Income, CAT income, EEP fees shall be recorded under this head. This shall be recorded on the basis of invoices raised as well as activity performed and invoices due to be raised, amount in the form of research grants due, fees due from students as certified by the EEP department.
- Care should be taken to record the amount of TDS deducted on such income so that the debit balances do not appear in the receivable ledger.
- **Interest Accrued and Not due:** This shall record the Interest receivable on the following kinds of Investment:
  - On Investment from Earmarked/Endowment Funds
  - On Investment –Others
  - On Deposits-Others



- Interest due entry shall be passed after the finalisation of the respective Investment schedules and tallying it with the ledger balances.
- On subsequent receipt of amounts during the following year, they shall be taken to the respective receivable accounts and the entire balance in the receivable account to the extent receivable during the following year shall get nullified.
- A separate schedule of receivables for “Programme Fees” and “Others” shall be prepared for the final ledger balances and shall include the amount due, nature of transaction and party name.
- Accounting Entries for recording receivables

Transaction	Debit account	Credit account
Recording of receivable amount	Relevant Receivable account dr- with the amount due to be received	Cr. Respective revenue a/c- interest or placement fee or programme fee or consultancy fee etc
Recording receipt of receivable amount	Bank or Cash a/c dr- depending on the amount received in cash or bank	Cr. Relevant Receivable a/c to which it was originally debited.

### 8.5 Closing Stock of Stores and Consumables

- The Stores department purchases the consumables required for the Institute’s consumption in a centralised manner. The stocks of consumable items are replenished periodically based on consumption and re-order level requirements.
- The physical stock of consumables is verified on a designated date during the last week of March and the closing stock in quantity and value is arrived at. This is certified by the Stores Officer and forwarded to the F&A department for appropriate accounting after the approval of the CAO.
- F&A department verifies the statement with the balances of purchases and issues (i.e consumption by various departments) so as to ascertain the correctness of the book balance of stock of consumables.
- Once the reconciliation is done, the consumption during the year, if any, not charged off earlier is transferred to the particular user department and the balance representing the closing stock is transferred to “Closing Stock of stores and consumables” and reported under the head “Current Assets” in the Balance Sheet.
- Closing Stock of Stores and Consumables should be valued at Cost.
- Accounting Entries for recording “Closing Stock of Stores and Consumables”:

Transaction	Debit Account	Credit Account
Purchase of Consumables	Stores and Consumables- Purchase a/c- for purchase of stock items	Cr. Cash/Bank a/c- based on the nature of payment
Monthly Allocation based on issues	Dr. User department’s Stores & consumables expense a/c dr – with the value of items	Cr. Stores and Consumables Purchase a/c- under Stores organisation



	issued to the particular department	
For recording closing stock	Closing Stock of stores and consumables a/c dr- with the value of closing stock	Cr. Stores and Consumables- Purchase a/c

## 8.6 Prepaid Expenses

The Institute pays annual maintenance contract amounts for various equipment, hardware, network maintenance, facility maintenance etc for specific periods. These may be paid on a quarter, monthly, half yearly or annual basis. When a part of the payment is made for the period falling in the coming financial year it constitutes Prepaid Expenses.

- Expenses paid and not pertaining to the current financial year is referred to as “Prepaid Expense” and the benefit on such expense accrues only in the following financial year.
- Such expenses are not charged to revenue as they do not pertain to that particular financial year and hence recorded under “Current Asset” head in the balance sheet depicting payment for which service/value is yet to be rendered/ received.
- Adequate care should be taken to ensure the amounts booked as prepaid Expenses are charged to revenue appropriately.
- Accounting Entries for Prepaid Expenses

Transaction	Debit Account	Credit Account
Recording of prepaid expense at the time of payment	Expense a/c dr -with the amount pertaining to current year Prepaid Expenses a/c dr- with the amount pertaining to next financial year	Cr. Cash/Bank a/c – for the whole amount based on the mode of payment
Reversal of Prepaid expense to be charged off in the subsequent financial year	Expense a/c dr- to which the prepaid amount pertains	Cr. Prepaid Expenses a/c- to nullify the balance on charging off to revenue

## Chapter 9 – Government Grants

Government Grants are assistance by government in cash or kind to an enterprise for past or future compliance with certain conditions. The Institute generally receives two types of grants from the MHRD, Government of India:

Grant under Head 35 - to be utilised to meet capital expenditure

Grant under Head 31 & 36 - utilisation towards revenue expenditure

In addition to these grants, based on policies that may be formulated from time to time the Government may also give other kinds of grants.

### 9.1 Regular Grants

- The Institute submits an annual budget for the following year consisting of the Budget Estimates of the following financial year and Revised Estimates of the Current financial year to the MHRD. The Budget figures are sent to the Ministry only after its due approval by the Finance Committee. On the basis of the information sent by the Institute and also keeping in mind specific requirements for new proposals, the MHRD sanctions the amount of Plan and Non-Plan grants to be released.
- Sanction letters are received from the Ministry specifying the amount of grants sanctioned under each category and the conditions attached to the same.

#### Process Flow

- The Director on receipt of the sanction letter from MHRD shall retain the original for record purpose and forward a copy of the same to the F&A department routed through the FA&CAO.
- The F&A department shall retain a copy of the sanction letter and file another copy in the Grants communication file maintained in the office of the FA&CAO.
- Relevant entries for recording the grant amount received shall be passed by the F&A Department.
- F&A Department shall maintain a grant register showing details of the grant received from MHRD. The sanction order number, date of the order, amount sanctioned, amount received, date of receipt, purpose for which the grant is to be utilised, important terms and conditions attached to the grant etc shall be recorded in the grant register.
- The copy of the sanction letter shall be enclosed in the Grant Register where the corresponding grant entry has been made.
- The F&A Department shall update the FA & CAO on a monthly basis on the status of the grants received/receivable.
- Director shall follow up with MHRD for receipt of sanctioned grants on the basis of the information received from FA&CAO.
- FA & CAO shall ensure compliance of all the conditions laid down in the sanction letter, submit utilisation certificates annually and report on the status to the Director once in a quarter. The format for submission of utilisation certificates shall as per GFR Form 19A, 19B given in annexure 5.



## 9.2 Other Grants

- In addition to the Regular Grants mentioned in the earlier section, the Government also advances other kinds of Grants to the Institute.
- These grants may be specific to an activity in which case it is treated like an Earmarked/Endowment Fund. For example grants received towards expansion of infrastructure on account of additional intake of OBC students. The process flow as explained in the section
- “Earmarked/Endowment” Funds shall be followed
- In other cases it might be similar to regular grants but sanctioned on some predetermined basis.

## 9.3 Accounting for Grants

W.R.T Government grants the following accounting policies shall be adopted:

- Government Grants are accounted on receipt of sanction order & corresponding credit in bank account.
- Government Grants in respect of specific/earmarked purposes are shown as “Earmarked/Endowment funds” and on achieving the specified purposes are transferred to the Corpus Fund.

### 9.3.1 Accounting Entries for Grants

Transaction	Debit Account	Credit Account
On receipt of funds from MHRD	Bank a/c dr.- with the amount received	Government grant a/c – as the case may be
On receipt of funds-Other grants	Bank a/c dr.- with the amount received	<Grant name> Fund account

### 9.3.2 Disclosure in the financial statements

- Government Grants utilised for Capital items / Revenue items is shown under “Corpus/Capital Fund” in the Balance Sheet.
- Government Grants received by the entity to be utilised for specific earmarked purposes and remaining to be expended for such purposes should be shown under “Earmarked Funds/ Endowment Funds” in the Balance Sheet”
- Government Grants/Fund receivable account” shall be disclosed under the head “Current Assets”

## 9.4 Records and Registers

Records/ Registers	Responsibility
Grant Register	F&A Department
Original Sanction Order and correspondence with Government	Director /F&A Department
Copies of Sanction Order, important correspondences having financial implications, Utilisation Certificates	FA & CAO





## **Chapter 10 – Corpus Fund**

### **10.1 Composition of the fund**

- This section deals with the accumulated balance in the corpus fund account.
- Corpus Fund includes the net balance transferred from the Income and Expenditure account as at the yearend after meeting all expenses, provisions and appropriations.
- While the surplus is added to the fund, negative values actually bring the balance down. Memorandum of the Institute require for the above treatment, where the surplus generated by operations are credited to the common fund and shall be utilised towards running the affairs of the Institute.

The amounts those form part of the Corpus Fund are:

- Accumulated balance of Income and Expenditure account
- Matching Grants received from Government on Donations and Savings (an erstwhile scheme of the Government not applicable now)
- the-Donations from general public, alumni, corporate bodies explicitly to the Corpus Fund of the Institute.
- The balance in the corpus fund shall be increased by the additional membership amount and donations received during the year.

### **10.2 Donations/Contributions to the fund**

- Donations to the Corpus fund shall include donations from the general public, corporate bodies, alumni of the institute etc.
- Donations shall be accompanied by a letter specifically stating that the amount is donated towards the corpus fund of the Institute.
- The donations/contributions shall not have any performance or conditions clause attached to the grant of such amounts.
- Details of donations to the corpus fund along with the donor's letter shall be forwarded to the F&A department by the Director's Secretariat.
- Receipt shall be issued to the donor and a separate register showing donations received during the year, the donor details, receipt number, date of receipt etc shall be maintained by the F&A department and the communication with the donor, donor's grant letter shall be filed separately.
- F&A department shall ensure that such receipts are credited under the head "Donation/Contribution" under the "Corpus/Capital Fund account".

### **10.3 Withdrawals/Utilisations from the fund**

- Accumulated balance in the corpus fund shall be utilised towards meeting the revenue expenditure of the Institute.
- All revenue expenses, provisions, appropriations shall be first met out of the current year surplus generation and negative balance, if any, arising out of excess of expenditure over income shall be met from the accumulated balance of the corpus fund.
- In accordance with the provisions of the General Financial Rules, 2017 the corpus fund may be created, the returns of investment of which along with internally

generated resources shall enable the autonomous organisation to meet its revenue expenditure.

- Arising from the above, the increase in the balance of the corpus fund account as at 31st March of a financial year, shall stand invested before the end of the following financial year.

#### 10.4 Records and registers

Records/Registers	Responsibility
Original Donor Letter	Director
Copy of Donor Letter, correspondence with the Donor, Register of Donations	F&A Department, FA&CAO
Details of special sanction of corpus withdrawal, FAC board minute extracts etc	FA & CAO
Bog Board Meeting minutes and extracts	CAO



## Chapter 11 - Earmarked Funds

Funds are received by the Institute specifying the purposes for which these can be utilised or expended. These funds may be received in cash or kind from various sources such as Government Agencies, Corporate Bodies, Institutions and Individuals etc.

Endowment funds from Government – In addition to the Grant mentioned in chapter 9 the Institute may receive either specific grant from the Central Government and State Government. The sanctioned order specifies the manner in which the grant is to be utilised and other conditions that need to be fulfilled. Usually a Programme Director / Chairperson is appointed for monitoring the activities for which the Grant are to be utilised.

### Process Flow –

1. The sanction order is usually addressed to the Director of the Institute. On receipt of the sanction order the same shall be forwarded to the Faculty who would act as Chairperson to monitor the activities for which the grant has been received with a copy to F & A department for accounting the receivable.
2. The Chairperson shall ensure that all demand draft and other instrument received along with the necessary documents are forwarded to the F & A department on the same day or the following working day.
3. The Head F & A shall create a separate ledger account for the fund under Earmarked Fund Account and communicate same to the Chairperson. Alternatively, he/she shall authorise the credit to an existing earmarked fund account if it is in continuation of existing activity.
4. The F & A executive shall file the sanction order and other relevant communication in a separate file for the respective earmarked fund
5. The Chairperson shall ensure that a budget is drawn in lines with the requirement of the grant and authorise all expenses in accordance with the same.
6. Receipt and Payment relating to the Endowment grant shall be routed through the Chairperson for the F & A department to be able to process any payment /receipt voucher relating to same.
7. The Chairperson along with the F & A department monitor the expenditure / utilisation of the fund and ensure compliance with the term and conditions laid down in the sanction order.
8. In case recurring Grant which are annual receipt for meeting the year's revenue the amount shall be expended for the approved purpose as per the grant.
9. In the case of capital grant, the funds shall be invested in the manner described in the endowment grant letter and the income shall be utilised to meet the expenses. These investments shall form part of the Endowment Fund Investment schedule discussed under the chapter Investment maintained and monitored by Head F & A.
10. In case Grant in kind the Chairperson shall ensure that the assets are used for the purpose for which it has been granted. The F & A executive shall record



entry of asset and credit the Capital Reserve account with the nominal value of the asset.

#### Accounting Entry

Transaction	Debit Amount	Credit Amount
Receipt of endowment amount	Debit Bank a/c with the amount received as grant	Credit Endowment /Earmarked fund a/c
Receipt of endowment under a centre	Debit Bank a/c with the amount received as grant	Credit Grant a/c under centre account head
Expenses met out of the endowment fund	Debit Expenses ledger under Earmarked fund a/c with the amount of expenses	Credit Cash/Bank a/c based on whether it was cash or bank payment
Purchase of asset under a centre account	Debit Respective asset ledger under centre a/c head	Credit Cash/Bank a/c with the amount of asset purchased/
Transfer of interest from interest on earmarked fund investment a/c. Initially the interest on earmarked fund investment is credited to interest on EF Invs a/c and later transferred to respective fund account.	Debit Interest earned on EF investment a/c with the amount of interest pertaining to centre investments	Credit –Interest earned on investment a/c with the interest pertaining to the centre investments.
Depreciation on Centre assets acquired out of its funds	Debit Depreciation on centre asset a/c with the amount of depreciation chargeable to the relevant centre asset	Credit the Asset a/c
Asset received in kind from Endowment Grants	Debit Asset a/c with the nominal value of asset received	Credit Capital Reserve a/c

#### Disclosure Requirement

- Grant received from Government and other Donor for specified purpose shall be disclosed under the head Earmarked / Endowment Fund in the Balance Sheet.
- The Grant amount under each fund shall be disclosed separately
- The transaction on the income side such as interest earnings, other credit and the expenses side consisting of recurring expenses, capital expenditures shall be shown distinctly and the closing balance arrived by subtracting income from expenditures.

- This detail presentation shall be given for all centre accounts, ongoing research projects and consultancy accounts.

## **Chapter 12 - Terminal Benefits Fund**

According to the provision of Accounting Standard 15 the liability towards pension for retired employees and the liability arising on account of current employees towards their separation cost i.e. retirement benefit shall be estimated as at the balance sheet date and provided for in the books of accounts.

The balance in the account is topped up with transfer out of the surplus earning and investment made during the following financial year. The Institute shall on a year to year basis review the provision to be made from earning for the actuarial liability and decide on the amount to be set aside.

### **Actuarial Valuation–**

The component of earning included under Actuarial Valuation as per AS-15 issued by the ICAI as follows

1. Gratuity
2. Leave benefits for both encashable and non-encashable leaves
3. Pension scheme
4. Long term service reward ( e.g awards given on completion of certain numbers of years of service or at retirement)
5. Bonus sharing arrangement
6. Leaves for leisure and travel purpose.

In order to provide for the liability towards pension dues and the retirement benefits of current employees the Institute hires an actuary to do the actual valuation and arrive at the liability of the Institute.

The Actuary arrives at the following estimate at the end of the financial year for which data is sent

1. Leave encashment liability of Faculty and Staff
2. Gratuity liability of Faculty and Staff

The data for arriving at the liability figures is very crucial to the correctness of the provision to be created. The list of the permanent staff and faculty members along with their designation, basic salary, dearness allowance, date of birth, scale of pay to which they are classified, the increment amount, accumulated leave balance etc shall be furnished.

For retired employees the date of retirement, basic pension, medical allowance and the fixation details shall be sent to actuary. Based on the data sent to the actuary, s/he calculate the liability and submit in the form of a report with clear assumption of life expectancy, discount rate etc. used in the calculation.



### Accounting of Terminal benefits -

The difference between the liability figure of 31<sup>st</sup> March of the previous year and that of the 31<sup>st</sup> March of the current financial year is the provision to be created on account of terminal benefit / liability.

The amount for respective components i.e. leaves encashment and gratuity liabilities shall be provided for individually to their ledger accounts. Expenses during the year on account of employee retirement and pension payment shall be met out of terminal benefit funds.

#### Accounting Entry:

Transaction	Debit Amount	Credit Amount
Provision for actuarial liability for the year based on actuarial report	Debit Income & expenditures a/c with the current years provision amount	Credit Terminal Benefits liability – Gratuity Fund a/c / Leave encashment with the respective provision amounts
Interest earned on Terminal benefit investment	Debit bank a/c with the amount of interest received	Credit Interest on Terminal Benefit fund a/c
Retirement benefits and pension payment paid during the year	Debit Expenses on employee terminal benefit a/c with the amount paid out	Credit Bank a/c with amount paid to the employee
Transfer of Expenses to Terminal Benefit funds	Debit Benefit Gratuity fund/Leave Encashment transfer of respective terminal benefits expenses to fund account	Credit Expenses on employee terminal benefit a/c with respective expenses amounts

#### Disclosure requirement –

The movement in the Terminal Benefit Liability shall be disclosed in the Balance Sheet for the following–

1. Opening balance of the fund
2. Addition to the fund on account of interest earning on investment made for the fund
3. Reduction on the balance on account of retirement benefit and payment made during the year.
4. Transfer from the Income and Expenditures account in order to top up / adjust the balance to match the liability as per the actuarial report to the extent decided by the management.
5. Closing balance of the fund.



## Chapter 13 - Current Liabilities and Provisions

Current Liabilities are generally defined as outstanding indebtedness of an organisation which shall be paid within the current fiscal year. It comprises of dues to vendors, suppliers, employees and others who have rendered services and are required to be compensated for the same. Monies received from students, contractors and retained for a specific period of time also fall under current liabilities.

### 13.1 Deposits

The institute accepts deposits from students, contractors, service providers, suppliers and others. These deposits are repayable by the institute to the concerned parties after specified time

#### 13.1.1 Security Deposit/ Earnest Money Deposit

- The Institute while issuing work orders for various repairs and maintenance as well as construction services collects EMD generally at the rate as applicable (though it may vary from case to case) of the contract value and Security deposit at the rate as applicable of the contract value.
- The amount is paid initially in the case of EMD and collected from final bill in the case of security deposit.
- While EMD can be refunded on successful completion of work, Security deposit is usually released only after the defect liability period expires. For short term work orders for repairs etc the defect liability period is around 3-6 months (though it may vary from case to case). For construction contracts it shall be refunded in accordance with the terms of agreement.
- The concerned department shall send a covering note along with the EMD/SD amount giving details of the nature of transaction, amount, contractor involved etc along with the cheque/draft remitted by the vendor to the F&A department.
- The cashier receives the instrument and makes a receipt by crediting the EMD/SD account and debiting bank/cash.
- The F&A department in charge of general bills shall make an entry into the EMD/SD register maintained for new deposits accepted during the month. The balance as at the month end shall be tallied with the register and the ledger.
- All refunds of EMD/SD shall be advised by the concerned department and the F&A department handling general bills shall make the payment only after ascertaining the balance in the EMD/SD register. Note shall be made of subsequent refunds also indicating the date of refund in the EMD/SD register.
- For refund of EMD/SD an IOM shall be sent along with the original receipt for payment of deposit or through an indemnity bond in case the receipt is lost
- A schedule showing the annual EMD/SD outstanding, date of acceptance of deposit and date of refund, if applicable, shall be made.

#### Accounting Entries

Transaction	Debit Account	Credit Account
Receipt of deposit	Bank a/c dr – with the actual amount received	EMD/SD account cr

Refund of deposit	EMD/SD a/c dr- with the amount to be refunded	Bank a/c
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### 13.1.2 Caution Money

- The Institute receives Caution Money intimation from the Chairperson Admission.
- The amount of Caution money is transferred/ paid by the students along with the first term fees.
- While the caution money amount is transferred to the liability account as it has to be refunded in 2 years or at the time of course completion.
- Caution money register should be maintained by PGP department or, F&A department.

### 13.1.3 Accounting Entries

Transaction	Debit account	Credit Account
Transfer of caution money	At the time of charge creation in the student	
	module, the caution money is credited separately and hence does not require manual entries.	
Refund of Caution money	Caution money deposit a/c dr. With the amount to be paid out	Bank a/c cr

### 13.1.3 Records and Registers

Records/Registers	Responsibility
EMD and Security Deposit Register	Concerned sections and F&A department
Caution Money Register	PGP (Student Module)
Library deposit Register	Library

### 13.2 Accrued Liabilities

- Accrued liabilities account represents the provisions made for expenses/amounts due to be paid for the particular financial year whereas the outflow of fund happens only in the following financial year.
- Examples of such expenses are as follows:
- Electricity, Water charges due for March paid during April/May of the following financial year
- Xerox charges, Printing charges due for Xeroxing/printing done during the last week of March paid only in April
- Library books, other assets/construction bills due for March paid during April of the following financial year



- These expenses are debited to the respective head of account/expense account during the financial year in which they are incurred and Accrued liabilities account is credited to show that the payment towards the same is due. TDS account will also be credited wherever it is applicable.
- The payment in the following year is made by debiting the Accrued Liabilities account since only the outflow happens in the next year while the expense was incurred during the previous year.
- F&A Department shall ensure that the Accrued liabilities schedule showing the amounts outstanding and the details relating to the same as of 31st March of the financial year is prepared. The F&A department must collect the pending payment details from each of the section in writing before finalising the schedule. In case no payment is pending a NIL report is to be obtained from the concerned Department.
- This schedule shall be updated by F&A Department as and when payments are made during the subsequent financial year. Accountant shall also ensure that the balance in the Accrued Liabilities account becomes “Nil” by the end of Q2 of the next year.

Further as per the Guidelines of MHRD for finalisation of Accounts, the ‘Provision shall be made for all known liabilities and losses even though the amount cannot be determined with substantial accuracy (and the amount of provision represents only a best estimate in the light of available information.’

#### Accounting Entries for Accrued Liabilities

Transaction	Debit Account	Credit Account
Recognition/recording of Accrued Liability	Expense a/c / Asset a/c / Other relevant account dr with the amount due to be paid	Cr. Accrued Liabilities a/c Cr. TDS A/c – where applicable
Payment of amount subsequently	Accrued Liabilities a/c dr	Bank/Cash a/c with the amount paid

### **13.3 Fee received in advance**

- Many a times the academic courses which are starting in the following financial year require payment of some part of the fees in advance as a commitment to join the course etc.
- When fee amount is received in part or in full before the commencement of the course, it represents money received the value/service for which is yet to be rendered.
- Hence this amount is recognised as a liability and transferred to the “Fee received in advance account”.
- During the subsequent year in which the course commences and the fee falls due the respective amount is transferred from the “Fee received in advance account” to the revenue account.

### Accounting Entries

<b>Transaction</b>	<b>Debit Account</b>	<b>Credit Account</b>
Recording of fee received in advance	Bank / Cash a/c dr with the amount received	Fee received in advance a/c cr- with the detailed narration specifying the activity/course to which the amount pertains
Reversal of amount in the subsequent year	Fee received in advance a/c dr with the amount received	Revenue a/c – MDP/Placement or relevant revenue a/c with the amount received in advance





## **Chapter 14 - Statutory Compliances**

### **14.1 Professional Tax**

- Institute recovers from the salary paid to its employees, “tax on employment” or “Professional Tax” payable to the Deputy Commissioner Commercial Taxes, Jammu if applicable.
- Establishment department should ascertain the amount to be paid by each employee as Professional Tax
- The details of recoveries and remittances relating to professional tax shall be intimated to the F&A department in the Payroll.
- Professional Tax should be deducted from the salary of each employee as per statue and will be deposit by F&A before due date.

### **14.2 Income Tax**

- The IIM's were set up by the MHRD, GOI as education institutions to impart quality management education to eligible students.
- The Institute has been substantially funded by the MHRD to this end by way of Plan and Non Plan grants.
- The Institute, though not specifically notified in the list of institutions substantially funded by the Government, continues to keep up its status as an educational institution recognised under section 10(23C)(iii)(ab) of the Income Tax Act, 1961 which exempts the income of such institutes from taxation.
- The Institute has also registered itself as a charitable educational organisation under Section 12AA of the Income Tax Act.
- As per the provisions of the Income Tax act the Institute shall also deduct TDS from certain kinds of payments and deposit the sums to the credit of the central government.
- Details of such tax deduction at source shall be filed electronically and furnished to the Income tax department in the prescribed format on a quarterly basis.
- The F&A executives while processing payment shall keep in mind the TDS requirement and give effect to the same.
- The annual return of income for the Institute is filed in the capacity of a society registered u/s.12 AA as a charitable organisation and is due to be filed on or before due date of the following financial year according to the prevalent income tax laws. F & A department must ensure timely filing of the return.
- Adequate care should be taken on regular basis to log into the Income Tax portal and view the intimation/ notice/letter from the IT department , if any.

### **14.3 Goods and Service Tax**

- The Institute has registered itself as a service provider liable to charge and remit service tax on services rendered by them, wherever applicable.
- The services for which the Institute has taken registered itself as a service provider are:
  - Management Consultancy Services covering the Consultancy,
  - Professional activity assignments undertaken by the faculty,

- CCTC-Commercial coaching and training centre for the various
- Executive development programmes conducted at the Institute.
- Invoices raised for the said activities shall clearly mention the service tax amount due to paid as part of invoice amount.
- Service Tax collected during a month shall be remitted to the credit of the central government account on or before 20th of the following month.
- Goods & Service Tax shall be levied on advance amounts received as well.

#### Compliances Summary

Statute	Compliance Due Date	Responsibility
Professional Tax	On or before: 10 <sup>th</sup> of the following month	F&A department
Annual Return	30 <sup>th</sup> May of the following FY	F&A department
Taxes Deducted at source (TDS) - on salary paid -on non-salary payments	On or before: 7 <sup>th</sup> of the following month	F&A department
Quarterly Filing of TDS data	On or before 30 <sup>th</sup> of the month following the quarter	F&A department
Annual filing of TDS data	30th of May of the following FY	F&A department
Issue of Form 16 & 16A	Form 16 – by 31 <sup>st</sup> May of the following FY Form 16 A – (every quarter (31 <sup>st</sup> July/31 <sup>st</sup> Oct/31 <sup>st</sup> Jan/31 <sup>st</sup> May)	F&A department– F&A department–
Form 16A	Form 16A will be forwarded by the concerned department to the party.  F&A department will provide the Form 16A to the concerned department within due date.	Concerned department  F&A
Return of Income for the Institute	On or before 30th September of the following FY	F&A Department
Goods & Service Tax Monthly Remittance	- On or before: -10 <sup>th</sup> of the following month for TDS collection For outward supplies GSTR 1 and GSTR 3B must be filled on or before 11 <sup>th</sup> and 20 <sup>th</sup> of the following month	F&A department



#### 14.4 Accounting

Transaction	Debit Account	Credit Account
Recovery of Professional Tax from salary	Earnings component of salary dr (Basic, DA etc) with the total outflow of salary	Cr. Professional Tax a/c -with amounts recovered other than Professional Tax
		Cr. Professional tax a/c – with the amount of Professional tax recovered Cr. Bank a/c - with the net outflow of salary
Payment of Professional Tax	Professional Tax a/c dr with the amount recovered during the month	Cr. Bank a/c
Remittance of TDS	TDS on salary, professional, rent, contractor a/c dr with the total amount to be remitted	Cr. Bank a/c
GST at the time of raising the invoice – on accrual basis	Programme Fee receivable/ Other Receivables a/c dr with the GST amount due on the respective invoice	Cr. Service Tax a/c with the GST amount stated in the invoice Cr. Respective income a/c depending on the activity
GST recovered from receipts	Bank a/c dr with the amount received from the party	Cr. Respective Receivable a/c- with the GST amount
Remittance of service tax with set off/rebate	Service tax a/c dr with the total amount to be paid out	Cr. Service tax input credit a/c with the amount set off  Cr. Bank a/c- with the net amount paid out/remitted



## **Chapter 15 - Financial Year End Procedures**

Books of account of the Institute shall be closed as of 31st March of every year. F&A department has to ensure that all the transactions pertaining to the period under consideration are booked before the books are closed.

### **15.1 Circular**

FA & CAO shall issue circular for accounts closure to F&A executives, Administrative Officers, Chairpersons during the third week of February of the financial year stating the following:

- Dates on which books of account shall be closed for each year;
- Transactions that need to be booked within the respective accounting period with adherence to the cut off procedures.
- Initial scrutiny of ledgers, reconciling transactions and preparation of schedules by the F&A executives
- Nature of transactions for creating provisions, write offs, write back etc

The circular should clearly state the statements/schedules that shall be prepared by the respective departments and the dates of submission to the F&A department

#### **15.1.2 Timetable for Accounts closing**

- The internal timetable for the F&A department shall be prepared by F&A Department and issued by FA & CAO giving the target dates to cover the following closing related activities:
- Preparation of schedules pertaining to accounts including initial scrutiny of current asset, current liability, ongoing programme accounts etc and passing of necessary entries in the books of account- to be completed by the end of 2nd week of April of the following financial year
- Provisional entries and identification of write back/write off items- to be completed by 2nd week of April of the following financial year
- Passing accounting entries for transfers from reserves, grants, adjustments, rectifications etc- to be completed by 3rd week of April of the following financial year
- General Ledger final scrutiny by F&A Department- to be completed end of April of the following financial year
- Hard close of accounts-Preparation of final accounts- to be completed by the second week of May of the following financial year

#### **15.1.3 Restatement of balances in Foreign Currency**

- The assets and liabilities denominated in foreign currencies shall be translated at the end of the year by converting into Indian Rupees (INR).
- The institute generally enters into the following transactions in foreign currencies:
  - Import of books, Foreign Subscriptions or other assets



- The F&A Department shall obtain the closing rates of currency and pass translation entries in the books of account.
- The accounting entry shall be:
  - in case gain
    - Debit: Concerned Asset/Liability account
    - Credit: Gain/Loss on Foreign currency revaluation account
  - in case of loss
    - Debit: Gain/Loss on Foreign currency revaluation account
    - Credit: Concerned Asset/Liability account

### 15.2 Write Off/Write back

- Write off involves removal of an asset (other than fixed asset) from the books of account due to reasons like non-recoverability, time barring, obsolescence etc. In contrast to this write back is reversing liability, if the amount is not required to be paid.
- F&A Department shall prepare a Write-off/Write back memo (refer Annexure 6) stating the details of the asset or liability to be written off or written back respectively. The book value, realizable value, reason for write off/back etc should be mentioned on the memo along with supporting documents for the same.
- The memo shall be routed through F&A Department, for obtaining necessary authorization as per LoA.

On approval of the memo, F&A department shall prepare the JV for write-off or write-back by passing the following accounting entry:

Transaction	Debit Account	Credit Account
Write-off	Write off a/c dr- with the amount to be written off	Cr. Concerned asset a/c
Write-back	Concerned liability a/c dr - with the amount to be written back	Cr. Write back a/c (prior period item)

Further, Write off or Written back should be treated as expenses in Financial Statement.

### 15.3 Cut- Off Procedure

- The write off and write back accounts shall be disclosed in the Income and Expenditure account as gain/loss respectively.
- Cut-off procedure is required to ensure that only transactions pertaining to a particular accounting period are considered in the books of account, to preclude the possibility of any misstatements in the financials during that period.



- F&A Department shall communicate to the various departments the cut-off date by which all the transactions should be forwarded to the F&A department and ensure adherence to the cut-off procedure requirements.
- Based on the information from stores, estate, computer centre, library the F&A Department shall ensure that the goods received up-to the cut-off date and for which the title has been passed to the Institute shall be accounted for.
- F&A Department shall also ensure creation of provision for expenses for which services such as consultancy, etc have been rendered up-to cut-off date.
- Tuition fees, placement income, consultancy income, EDP income etc upto the cut-off date have been invoiced and booked based on the information provided by the Chairperson/ faculty involved.

#### 15.4 Fixed Assets

- On the basis of physical verification or on recommendation by concerned user department, proposal for write off/write back of assets shall be prepared by the F&A Department and necessary accounting entries shall be passed in the books after obtaining the approvals.
- The depreciation as stated in the chapter on Fixed Assets shall be computed by the F&A Department and validated by the FA & CAO. The F&A Department shall also pass necessary entries to record the depreciation.

#### Accounting Entries

Transaction	Debit Account	Credit Account
Write off of assets	Accumulated depreciation a/c dr-with the asset deprn. Bank/cash a/c dr- with realizable value if any recd. Loss on write off asset a/c dr —with the difference between asset cost and depreciation, scrap sale	Cr. Asset a/c with the book value of the asset
Depreciation on assets	Depreciation on asset a/c dr with the depreciation amount	Accumulated Depreciation a/c

#### 15.5 Investments

The investments schedule shall be finalized and reviewed for cases where “interest income is accrued and due” and where “interest income is accrued and not due”.



- Current investments are shown at lower of cost and net realizable value, which shall be determined on an individual basis and the shortfall, shall be provided for in the books of account.
- Long term investments shall be held at cost and shall be reduced when there is a permanent decline in the value.

#### Accounting Entries

Transaction	Debit Account	Credit Account
Yearend valuation of current investments when the realizable value is lower than cost	Decline in value of current investments (to be transferred to I&E a/c) a/c dr- with the amount by which the value has gone down	Cr. Concerned investment a/c

### **15.6 Current Assets, Loans and Advances**

#### **15.6.1 Bank**

- The F&A department handling the bank activities shall obtain a certificate from the banker confirming the balance as on the balance sheet date.
- The Accountant shall ensure that all charges, interest, etc debited and credited by the bank have been accounted and the BRS as on the balance sheet date contains only details of “cheque deposited but not cleared” and “cheques issued but not presented/cleared”.
- The balance in foreign currency in the EEFC a/c shall be converted into the reporting currency i.e. rupees at the selling rate prevailing on the Balance Sheet date.

#### **15.6.2 Loans and Advances to Employees**

- The schedule of employee related advances shall be prepared and tallied with the respective ledgers in the books of account
- Balance confirmation letters shall be emailed to all the concerned employees in order to reconfirm the outstanding against their name.
- The letter shall specify the last date by which the reply shall be furnished.
- In case the employees do not respond the book balance shall be treated as final and no further changes shall be made.

#### **15.6.3 Receivables.**

- A schedule of receivables across categories such as programmes, interest etc shall be prepared as at the year end and party wise details listed therein.
- Balance confirmations shall be obtained from all the parties from whom sums of money are receivable.

## 15.7 Provisions

### 15.7.1 Provision for Expenses

Transaction	Debit Account	Credit Account
Creating provision for	Expense a/c Dr – with the	Cr. Accrued liabilities a/c

Provisions need to be created for the Institute's liabilities for the materials procured and

- During the first week of April, the F&A department shall follow up with the Stores, Estate, Administration department, Chairpersons of various centres, Personnel department etc to obtain bills for which goods have been received or services have been provided for the previous financial year.
- Provision for expenses shall be made at the year-end:

Account Head	Basis of provision
Purchases – goods received but vendor's invoice not received	Purchase order
Salary, allowances etc	Salary register
Gratuity, Pension, Leave encashment	Yearend provision based on actuarial valuation report
Bank charges, interest	Advice/letter from the bank
Travel bills	Travel requisition, advance settlements
Telephone, electricity, utilities etc	Bill from service provider

- F&A Department shall prepare a standard checklist of expenses for which provision is required.
- In cases where bills are not received, the F&A department shall go by the Purchase orders issued, work orders issued etc.

#### Accounting Entry

For creating the provision for expenses	Dr. Concerned expense heed with the amount of provision to be created	Cr Prosion for Expense a/c
Reversal/payment of such expense (in the next financial year)	Provision for expense a/c dr- with the outstanding amount paid	Cr. Bank a/c

### 15.7.2 Provision for doubtful debts

- Provision for doubtful debts shall be made on a case to case basis as per the policy of the Institute. This usually occurs in the case of Placement receipts.
- Provision shall be created on the basis of the written approval from the Chairperson specifying the amount and the reason for the provision.



- This section applies only in cases where receivables have been recognized out of invoices raised and amounts are due from parties.

#### Accounting Entry.

Transaction	Debit Account	Credit Account
Creation of Provision for doubtful debts	Provision for bad and doubtful debt/advance (expenditure)A/c dr. with the amount to be provided as doubtful	Cr. Provision for doubtful debts a/c (Balance Sheet)
Write off of Bad debts	Bad debts a/c dr with the amount that cannot be recovered	Cr. debtor a/c with the amount that cannot be recovered.

### **15.7.3 Deposits received from third parties**

- Earnest money/ Security deposits received from third parties shall be reviewed by the Estate department, Stores section and they shall intimate to the F&A department the details of the write back together with the reasons for the same.
- The party wise outstanding of EMD/SD as per the Estate/Stores records shall be reconciled with that of the F&A ledger balances.
- Balance confirmation from all parties shall be obtained by the Estate department and forwarded to the F&A department.

### **15.8 Contingencies**

- Contingencies are those liabilities or assets that may fall out of present or possible obligations/benefits, arising from past events and would depend on the occurrence or non-occurrence of certain future events.
- Further to the provisions of AS -29 issued by the ICAI, it is important for every organisation to assess the existence or possibilities of contingent assets or liabilities and give suitable disclosure wherever it is relevant and material.
- In order to give effect to the above the F&A Department as a part of the financial year end activities, shall collect information from departments such as Estate, Stores, Computer Centre or any other department which in his/her opinion may involve activities such as works contracts, construction projects, warranties and guarantees etc., where there could arise a contingent asset/liability.
- Similarly, statutory issues, pending legal disputes, sanctions and grants shall also be reviewed to examine the possibility of contingencies or to revise the existing disclosure in the light of recent developments.
- Contingent assets/ liabilities shall not be recognised in the books of account and only be disclosed in the manner required in AS-29, as follows:
  - Brief description of the nature of the contingency
  - An estimate of the financial impact, where possible to measure
  - Indications about uncertainties attached to the issue
  - Where an entity for reasons of practicality has not been able to disclose in the above manner, statement of the same.



### **15.9 Change in Accounting policies and Prior Period items**

- Any revision in statutory provisions or accounting standards which requires more appropriate presentation of financial statements may demand for a change in accounting policy.
- Prior Period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of financial statements of one or more prior periods.
- The F&A Department shall list out all such items where the accounting policies have to be changed or adjustments are required in the accounts due to errors of previous years.
- On subsequent discussion and approval from the FA & CAO, the necessary entries may be passed, and disclosure shall be given to the notes on accounts.
- The significant accounting policies in force and the accounting standards relevant to the same are furnished in Chapter 17.



## **Chapter 16 – Financial Reporting**

The financial reporting requirements of the Institute can be divided into Quarterly and Annual breaks. They are detailed below.

### **16.1 Quarterly Reporting**

Quarterly Reporting –

1. Tuition Fees due and received from students
2. Reconciliation of Advance account
3. Reconciliation and updating of Fixed Assets Register.
4. Quarterly Income & Expenditures Account.
5. Verification of consumables balances

### **16.2 Annual Reporting**

#### Routine Reports

- Annual I&E A/c, Balance Sheet and Cash Flow
- Reconciliation of Asset Ledgers
- Reconciliation of Advance accounts and follow up of outstanding advances
- Reconciliation and updating of Fixed Assets Schedule, Investment Schedules with respective ledgers
- Verification of Consumables balance with accounts ledger and stores stock registers
- Preparation of all relevant schedules to the accounts

#### MIS/Controls

- Comparison of Actuals with Budgets for the whole year
- Analysis of Variances
- Donations, Grants received during the year
- Institute share component out of total income
- Statement showing close and open projects
- Ageing analysis of Receivables

### **16.3 Significant Accounting Policy**

#### Schedule 23: SIGNIFICANT ACCOUNTING POLICIES

##### **1. Basis for Preparation of Accounts:**

The accounts are prepared under the historical cost convention unless otherwise stated and generally on the accrual method of accounting in accordance with uniform format of accounts for Central Autonomous Bodied prescribed by the office of C&AG.

The preparation of financial statement requires the management to make estimates and assumptions that affect the reported balance of assets and liabilities and disclosures relating to the contingent liabilities as at that date of the financial statements and reported amounts of income and expenses during the period.

**2. Revenue Recognition:**

Fees from Students and Interest on savings Bank Account are accounted on cash basis.

**3. Fixed Assets & Depreciation:**

- 3.1 Fixed assets are stated at cost of acquisition including inward freight, duties, taxes & other directly attributable expenses related to their acquisition, installation & commissioning.
- 3.2 Government grants in the nature of contribution towards capital cost for setting up of projects are treated as General Assets Fund.
- 3.3 Fixed Assets are valued at cost less accumulated depreciation. Depreciation on fixed assets is provided on Straight line method as per rates prescribed by MHRD
- 3.4 Assets, the individual value of each of which is Rs. 2000 or less (except Library Books) are treated as Small Value Assets, 100 % depreciation is provided in respect of such assets at the time of their acquisition. However physical accounting and control are continued by the holders of such assets.
- 3.5 Depreciation is provided for the whole year on additions during the year.

**4. Intangible Assets:**

Patent and copy right, E-Journal and Computer Software are grouped under Intangible Assets.

**5. Stocks:**

Expenditure on purchase of Stationary/ Printing material & electrical items are accounted as revenue expenditure, except the value of closing stocks, held on 31<sup>st</sup> March, 2020, which stands at nil.

**6. Retirement Benefits:**

- 6.1 An actuarial valuation of the leave encashment benefit and Gratuity was initiated during the year. The provision for accumulated leave encashment and gratuity benefit to the employees is computed on the basis of actuarial valuation done as on the date year ended.
- 6.2 Employee benefits under defined contribution plans comprising New Pension Scheme are recognised and charged to revenue on the basis of actual liability.

**7. Investments:**

Investments are generally made keeping in view the guidelines and provision applicable to the Institute. All investments, short term, are stated at lower of cost or net realisable and Long-Term Investment are stated at cost and shall be reduced when there is a permanent decline in the value. Our short- term investment are



made in no-marketable securities. Investments are broadly made as per the GOI guidelines in the scheduled commercial banks only.

**8. Government and UGC Grants**

- 8.1 Government grants are accounted on realization basis.
- 8.2 To the extent utilized towards capital expenditure, (on accrual basis) Govt. Grants are transferred to the Capital Fund.
- 8.3 To the extent utilized for Revenue expenditure, (on accrual basis) Govt. grants are treated as Income of the year in which they are incurred.
- 8.4 Unutilized /(Receivable) Grants under Object Head 35 (including advances paid out of such grants) are carried forward & exhibited as a liability/ (asset) in the Balance Sheet.
- 8.5 Unutilized /(Receivable) Grants under Object Head 31 and 36 (Salary and Non-Salary Component) are carried forward & exhibited as a liability/ (asset) in the Balance Sheet to be carried over to the next financial year to be utilized under the same component.

**9. Income Tax**

The Institute is exempt from Income Tax under Section 10 (23C) (iii) (ab) of Income Tax Act 1961. No provision of Income Tax is therefore made in accounts.



## Chapter 17 – Internal and External Audit

Increased size and business spread dilute direct management oversight on various functions, necessitating the need for a full time, independent and dedicated team to review and appraise operations.

Further the statutes covering the set up and functioning of the Institute require compliance with audit requirements specified for the same.

With the expansion activities and the need for dynamic changes in policies and strategies to cope up with the rapid growth, the Institute has decided to go in for an independent audit as well, in order to have a third eye to scrutinize and review the financial statements and performance.

To summarize the Institute is subject to the following kinds of audit:

- Internal Audit
- Statutory Audit by C&AG

### 17.1 Internal Audit

The Preface to the Standards on Internal Audit, issued by the Institute of Chartered Accountants of India defines Internal Audit as follows:

*“Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control system.”*

Keeping with the essence of the Internal Audit function, the Institute hires a separate Internal Audit team, headed by a Chartered Accountant and his dedicated 3-member team.

The scope and functions of the internal audit wing is reviewed from time to time and necessary modifications are made depending on the needs/observations of the team.

The current scope of Internal Audit is as per Internal Audit Manual of IIM Jammu.

### 17.2 Statutory Audit

- The Institute has been set up by the Government of India under the aegis of the MHRD. The land which houses the Institute today was granted by the Government of Jammu.
- Substantial Plan and Non Plan grants is being disbursed by the MHRD during the initial years of the functioning of the Institute. As a result of this, the Institute is bound to be audited by the C&AG (Comptroller and Auditor General).
- Balance Sheet audit is the regular audit of financial statements whereas Propriety audit is transaction-based audit concentrating on principles of economies, adherence to general financial rules and policies framed by the Institute.
- The final accounts of a particular financial year need to be approved by the Finance Committee and submitted to the AG's office along with a copy of the FC resolution.

- All financial records, statements and data requested by the audit team shall be furnished and explanations/replies given to queries in order to ensure smooth and effective conduct of the audit.
- The FA & CAO shall depute F&A executive for liaising and coordinating the audit, while F&A Department shall supervise the same.

### **17.3 Audit related documents and processes**

- The F&A Department shall be responsible for liaising with the statutory, independent and Internal Auditors to ensure smooth conduct of audits.
- The FA & CAO shall in association with the F&A Department ensure timely completion of the final accounts and related schedules, registers and all audit related information in order to enable the commencement of audit.
- The records and registers that need to be kept ready for Statutory audit (CAG)/ Independent Audit include:
  - Complete final accounts with schedules and notes
  - Resolution of Finance Committee approving the draft accounts
  - Letter from Director inviting the CAG/Independent auditor
  - All Registers
  - Lists for all current assets and current liability items
  - Balance confirmations
  - Cash Books, Bank Books and Bank Statements, cheque counterfoils and pay-in challans
  - Vouchers- Cash, Bank and Journal o Bank Reconciliation Statements o Project, Programmes, Centres/Chairs and Research related files o Faculty payment details covering consultancy, professional activity, sponsored research and entitled reimbursements.
  - Salary and Pension Rolls with employee related advances
- The F&A Department shall nominate one F&A department representative to handle the audit in terms of co-ordinating the flow of data and files to them, within the F&A department as well as with other departments of the Institute.
- All requests, queries shall be received by the F&A department and duly filed before handing it over to FA&CAO Department.
- F&A Department in consultation with FA & CAO shall prepare replies and take suitable action in respect of audit queries. The corrections made, entries passed shall be filed along with the replies separately and furnished to the Auditors for verification.
- At the end of the audit a joint discussion with the auditors shall be held in order to even out the issues and revise the accounts after arriving at a consensus.
- The revised accounts shall be signed by the Director, FA & CAO and after which it shall be submitted to the CAG team present for Statutory Audit



## **ANNEXURES**

- Annexure 1 – Budget Format
- Annexure 2 – Fixed Assets Register
- Annexure 3 – Fixed Assets Schedule
- Annexure 4 – Cash Flow Statement
- Annexure 5 – Utilisation Certificates format
- Annexure 6 – Write Off/Write Back memo



## Annexure I

## INDIAN INSTITUTE OF MANAGEMENT JAMMU

Revised Estimate for 20\_\_-\_\_ and Budget Estimate for FY 20\_\_-\_\_

(Rs. in Lakh)

Object Heads	Components	Actual 20__-__	Budget Estimates 20__-__	Actual 20__-__ up-to	Revised Estimates 20__-__	Budget Estimates 20__-__
1	2	3	4	5	6	7
<b>OH 31 - Grants in-Aid- General</b>	<b>(1) Pension &amp; Pensionary Benefits (These items should not be included in Salary)</b>					
	(i) Pension					
	(ii) Contribution to Pension Fund					
	(iii) Contribution to New Pension Scheme					
	<b>Total (i to iii)</b>					
	<b>(2) Scholarships</b> [No of Students getting scholarship X scholarship rate may be annexed]					
	<b>(3) Non Salary / Other recurring items (item wise details is to be annexed)</b>					
	(i) Other Administrative Expenses					
	(ii)					
	---					
	<b>(4) Total (1+2+3)</b>					
<b>OH 35 - Grants for creatio n of Capital Assets</b>	<b>(5) Creation of Capital Assets (item wise details is to be annexed)</b>					

Object Heads	Components	Actual 20__-__	Budget Estimates 20__-__	Actual 20__-__ up-to	Revised Estimates 20__-__	Budget Estimates 20__-__
1	2	3	4		5	6
<b>OH 36 - Grants in-Aid- General</b>	<b>(6) Salary</b>					
	Faculty					
	Non-Faculty					
	Guest faculty honorarium					
	<b>Total (Faculty and Non-Faculty)</b>					
	<b>(7) Other Component (These items should not be included in Salary)</b>					
	(i) Leave Encashment					
	(ii) LTC					
	(iii) Children Education Allowance					
	(iv) Retirement Benefit					
	(v) Professional Development Allowance (PDA) {only for Technical Institutes}					
	(vi) Medical Treatment					
	<b>Total (I to vi)</b>					
	<b>(8) Total (6+7)</b>					
	<b>Grand Total (4+5+8)</b>					

FA&CAO  
IIM JAMMU

CAO  
IIM JAMMU

Director  
IIM JAMMU



## ANNEXURE 2

### INDIAN INSTITUTE OF MANAGEMENT JAMMU

#### Fixed Assets Register

Date	Asset ID	Particular of Asset	Classification based upon source of Fund	Voucher Reference	Supplier / Vendor detail	Invoice / Bill Reference	Invoice Bill date	Date of Installation /usage	Cost of Asset	Location	Depreciation Rate

## Annexure –3

#### Fixed Assets Schedule

Sl No	Name of the Asset	As at 01/04/XX	Addition	Deletion	As at 31/03/XX	Rate of Depreciation	Depreciation as at 01.04.XX	Net Block WDV as at 31/03/XX	Net Block WDV as at lat FY
	MHRD GRANRT ASSET								
	ASSET OUT OF OWN FUND								
	PROJECT ASSET								
	CENTRE ASSET								

Cash Flow Statement format

<b>INDIAN INSTITUTE OF MANAGEMENT JAMMU</b>		
<b>Cash Flow statement for the year ended 31.03.20XX</b>		
<b>( Amt in ₹ )</b>		
<b>PARTICULARS</b>	<b>Amount</b>	<b>Amount</b>
<b>Cash Flow from Operating Activities:</b>		
<b>Surplus/(deficit) for the year</b>		
Adjustments for the non-operating incomes/expenses		
Depreciation on Fixed Assets as per Schedule no. 4		
income in the Income & Expenditure Account)		
Grant- in Aid MHRD Govt. of India New		
MDP open Programme (TEQIP)		
<b>Surplus /(deficit) before changes in the Current</b>		
<b>Assets/Current Liabilities</b>		
(Increase)/Decrease in Current Assets		
Increase/(Decrease) in Current Liabilities		
<b>Net Cash from Operating Activities (A)</b>		
<b>Cash Flow from Investing Activities:</b>		
(Purchase)/Sale of fixed assets		
(Purchase)of investments		
Sale of investments		
Interest received		
<b>Net Cash from Investing Activities (B)</b>		
<b>Cash Flow from Financing Activities:</b>		
Grants/funds related to assets not requiring		
<b>Net Cash from Financing Activities (C)</b>		
<b>Net Increase /Decrease in Cash equivalents (A+B+C)</b>		
Cash and Cash equivalent at the beginning of the period		
Cash and Cash equivalent at the end of the period		
<b>For and on Behalf of Indian Institute of Management Jammu</b>		
<b>(Director)</b>	<b>(Chief Admin. Officer)</b>	<b>(FA &amp; CAO)</b>
Internal Auditor has also assisted in preparation of the above Cash Flow Statement and its Schedule		
<b>(Internal Auditor)</b>		

**GFR 12 - A**  
**(See Rule 238(1))**  
**FORM OF UTILISATION CERTIFICATE**  
**FOR AUTONOMOUS BODIES OF THE GRANTEE ORGANISATION**  
**UTILISATION FOR THE YEAR 2019-20 IN RESPECT OF RECURRING/NON-**  
**RECURRING**

**GRANTS-IN-AID/SALARIES/CREATION OF CAPITAL ASSETS**

1. Name of the Scheme for SC Students Top Class Education
2. Whether recurring or non-recurring grants Non-Recurring
3. Grants position at the beginning of the Financial year
  - (i) Cash in Hand/Bank ₹ 0.00
  - (II) Unadjusted advances ₹ 0.00
  - (III) Total ₹ 0.00

4. Detail of grants received, expenditure incurred and closing balances (Actuals)

Unspent Balances of grants received years (Figure as at Sl. No 3(III))	Interest earned there on	Interest deposited back to the Government	Grant received during the year			Total available fund (1+2+3+4)	Expenditure Incurred	Closing Balances
1	2	2	4			5	6	7
			Sanction No. (i)	Date (II)	Amount (III)			

Component wise utilization of grants

Grant in General	Grant in Aid Salary	Grant in aid-creation of capital assets	Total
NIL	NIL	NIL	NIL

Details of Grant position at the end of the year

- (i) Cash in Hand/Bank ₹ 0.00
- (II) Unadjusted advances ₹ 0.00
- (III) Total ₹ 0.00

Certified that I have satisfied myself that the conditions on which grants were sanctioned have been duly fulfilled/are being fulfilled and that I have exercised following checks to see that the money has been utilized for the purpose for which it was sanctioned:

- (i) The main accounts and other subsidiary accounts and registers (including assets registers) are maintained as prescribed in the relevant Act/Rules/Standing instructions (mention the Act/Rules) and have been duly audited by designated auditors. The figures depicted above tally with the audited figures mentioned in financial statements/accounts.



- (ii) There exist internal controls for safeguarding public funds/assets, watching outcomes and achievements of physical targets against the financial inputs, ensuring quality in asset creation etc. & the periodic evaluation of internal controls is exercised to ensure their effectiveness.
- (iii) To the best of our knowledge and belief, no transactions have been entered that are in violation of relevant Act/Rules/standing instructions and scheme guidelines.
- (iv) The responsibilities among the key functionaries for execution of the scheme have been assigned in clear terms and are not general in nature.
- (v) The benefits were extended to the intended beneficiaries and only such areas/districts were covered where the scheme was intended to operate.
- (vi) The expenditure on various components of the scheme was in the proportions authorized as per the scheme guidelines and terms and conditions of the grants-in-aid.
- (vii) It has been ensured that the physical and financial performance under IPDS has been according to the requirements, as prescribed in the guidelines issued by Govt. of India and the performance/targets achieved statement for the year to which the utilization of the fund resulted in outcomes given at Annexure – I duly enclosed.
- (viii) The utilization of the fund resulted in outcomes given at Annexure – II duly enclosed (to be formulated by the Ministry/Department concerned as per their requirements/specifications.)
- (ix) Details of various schemes executed by the agency through grants-in-aid received from the same Ministry or from other Ministries is enclosed at Annexure –II (to be formulated by the Ministry/Department concerned as per their requirements/specifications).

Date:

Place: Jammu

Signature

Name

FA&CAO

Seal

Signature

Name

Head of the Organisation

Seal

Note: Any interest earned on unutilized funds during previous year and not remitted back to Govt. should be included in the opening balance at Sl. No. 3(i)

**Write off / Write back memo format****Indian Institute of Management Jammu**

<b>Write Off / Write back Memo -</b>			
			Reference No
Account Description			Date
Department			
Amount to be written off			Annexure No
Amount to be written back			Annexure No
Reason / Remark			
Verified By			
FA & CAO			
Approval –	Signature	Date	Remark
Authority –			
Chairperson			
FA & CAO			
CAO			
Director			