NICHE KANYAKUMARI DEEMED-TO-BE UNIVERSITY
NOORUL ISLAM CENTRE FOR HIGHER EDUCATION
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Finance and Accounting Policy

1. Introduction

Financial policies are the rules and principles of **NOORUL ISLAM CENTRE FOR Higher Education's (NICHE)** accounting and financial practices. They should reflect the Institute's values and culture. These procedures outline what the institute's employees must do to abide by these policies.

2. Objectives

The institution's financial policy aims to make the optimum use of resources to achieve various objectives. The financial policy of the institution intends to achieve the following objectives:

- Efficient and effective management of the financial resources.
- Transparency in all aspects of financial management and financial reporting.
- To comply with the legal requirements of various Acts and Provisions of this country andAuthorities.
- Documentation of income and expenditure, assets and liabilities, banking requirements, budgeting, internal controls, reporting, etc.
- To ensure desirable standards of accountability and credibility of the institution in the useof funds entrusted to it.
- To deliver maximum benefits at minimal cost.
- Examination and audit of financial transactions and records, as well as clarification of informationby internal and external auditors periodically.

3. Definitions

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

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

(iii) **Accounting Standards:** Principles of Accounting adopted by the Finance Department inpreparation of accounts.

(iv) **Budget:** A formal written financial statement of estimated future plans for a specified period of time for the Sources and Application of Funds of the Institution.

(v) **Board of Management:** NICHE governing body.

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

(vii) **Finance Committee:** NICHE Finance Committee nominated by the BOM

(viii) **Fixed assets:** Tangible & Intangible assets acquired with the intention of use on a continuous basis for a period beyond 1 year.

(ix) **Financial Statements:** This includes the income and expenditure statement, balance sheet,funds flow statement, receipts and payments statement, and notes and forms prepared for the financial year.

(x) **Financial Year:** The Institute's financial year is twelve months, from 1 April to 31 March.

(xi) **Income:** The inflow of funds from various sources of Fee Collection, Income from Investments and Grants etc.,

(xii) **Internal Audit:** It is the periodical verification of the institution's records and the verification of the sources of income and utilization of funds by an Internal Audit Committeeas decided by the BOM from time to time.

(xiii) **Internal Audit Committee:** A team of members shall consist of a minimum of two, as appointedby the Institute's authorities from time to time. Members may be internal staff membersor external persons, as decided by the BOM.

(xiv) **Purchase & Services Maintenance Committee:** A team of members shall be at least three, as appointed by the authorities of the Institute from time to time, of whom one shall be a senior professor, one another professor, and one Admin Staff; strictly no one from the Finance/Accounts Dept.

4. Financial Administration

4.1. Management of Institute Finances:

The overall responsibility of management of the University's financial resources lies with theInstitute's Board of Management. The Board of Management has the following functions:

- Approve the Institute's Annual Budget.
- Approve Finance Policies.
- Approve Fee and other levies.
- Administer the property and funds of the University
- Approve the Annual Financial Statements.
- Any other decision related to Finance for the better Management of the Institute.

4.2. Finance Committee:

The Finance Committee's role is primarily to provide financial oversight for the institution. This includes budgeting, financial planning, financial reporting, and developing and monitoring internal controls and accountability policies.

The Finance Committee presents the financial implications and audit reports to the BOM. It also serves as an advisory team, offering suggestions to the BOM on how to use the funds with discretion.

The Committee considers all proposals for new expenditure and makes recommendations.

They also consider the periodical statements of accounts and review the institution's financial matters from time to time.

The main objective is to ensure the proper utilization of funds.

The Financial Committee shall meet periodically, and the Vice-Chancellor will preside over the meetings.

4.3. Finance Officer:

The Finance Officer shall have the Powers and Functions of:

(i) exercise general supervision, or such specific supervision, as may be provided for, from time to time in accordance with the regulations, over the funds of the Institute and advise the Vice-Chancellor on all such issues and matters, forming a part of or arising out of, its financial policy

(ii) Perform other functions related to finance as may be assigned by the Board of Management or Vice-Chancellor.

(iii) Subject to the direction of the Vice Chancellor as approved by the Board of Management, shall:

- (i) Hold and manage the property, investments, and endowed property of the Institute, being the trustee thereof, to further any of the objects of the Institute.
- (ii) Ensure and observe that the limits fixed by the BOM for Plan and Non-plan expenditure for a particular year are not exceeded and that all monies are expended on the purposes for which they are received or allotted;
- (iii) Be responsible for the preparation of the annual accounts and the university budget for the next financial year and for their presentation to the Finance Committee.
- (iv) Constantly monitor the state of cash and bank balances and the state of investments.
- (v) Reporting the Vice-Chancellor on financial matters.

4.4. Accounts Officer

There shall be an Accounts Officer, reporting to the Vice-Chancellor and responsible for:

- Management of the Institute's financial resources.
- Coordination and control of budgets.
- Management of the investment portfolio.
- Preparation of financial reports and statements.
- Coordination of internal and external audits.
- Liaising with relevant stakeholders such as banks and other statutory compliances.
- Any other duties as may be assigned by the Vice-Chancellor from time to time.

4.5. Internal Audit

There shall be an Internal Audit Committee reporting to the Vice-Chancellor.The Internal Auditor's main responsibilities shall be to:

- Evaluate and provide reasonable assurance that risk management, control, and governance systems are functioning as intended by the funds of the Institute.
- Evaluate information security and associated risk exposures.
- Evaluate regulatory compliances.
- Report risk management issues and internal control deficiencies identified.
- Recommend improvements to the Institute's operations, with an aim to enhance internal controls and mitigate risk.

a) Under the direction of the Vice Chancellor, an Internal Auditor shall maintain continuous examination and audit of accounts, financial records and transactions, stores, and inventories.

b) The Accounts Officer and any other officer or employee of the University shall provide the Internal Auditor(s) with all the records and documents they may require from time to time while discharging their duties.

c) The Internal Auditor shall have the authority to inspect any section or department established by the University and has access to such reports and documents as he/she may require. The Internal Auditor may require the production of cash, stores, and other property and shall be entitled to receive such explanations as he/she considers necessary and proper so as to make an informed report to the Audit Committee.

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

4.6. Mobilization of Funds

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

- Fees from the students.
- Research grants from Government and Non-Government agencies. Income from investments and other services.
- Endowments, gifts, voluntary Contributions, CSR funds and other donations. Grants received from government and private agencies.
- Consultancy fees.
- Loans from Financial Institutions.
- Other sources, such as the Board of Management, may identify and approve this from time to time.

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

4.7. Utilization of funds

The following are the important areas for application of funds:

(i) Pay the staff salary.

(ii) Operating expenses include Administrative, Establishment, maintenance, student acquisition, and finance expenses.

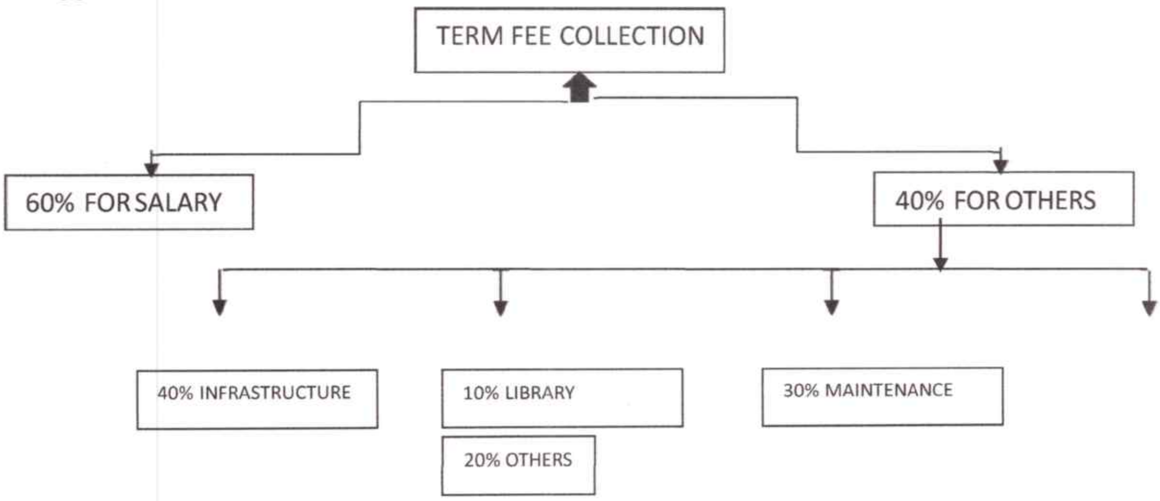
(iii) Expenses on library resources and research.

(iv) All other expenses relating to Academic and Physical Support of the Institute.

(v) Investments and transfers to Corpus fund.

(vi) Infrastructure Development expenditures

(vii) Any other expenditure as the BoM will authorize from time to time.The student's academic fee collection shall be apportioned as follows:



4.8. Annual Budget

Before the commencement of a financial year, the Finance Committee shall consider the draft regular and development estimates of the Institute for that year in consultation with the Vice-Chancellor and recommend them to the Board of Management for approval.

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

(i) The payment of salaries, allowances, and other benefits for all the employees of the Institute.
(ii) The funding of all administrative and support services necessary to facilitate the Institute's achievement of its objectives.
(iii) Funding for the cost of institutional scholarships and other services that are necessary to facilitate the Institute's achievement of its goal of teaching and research activities.
(iv) Allocation of funds for the development of physical facilities and infrastructure.
(v) The proper maintenance of the buildings and grounds.
(vi) The creation of such other reserve funds to meet future or contingent liabilities.

5. Final Accounts and Audit

5.1. Responsibility and timelines

a) The BoM shall require the maintenance of proper books and records of income and expenditures, assets, and liabilities accounts.

b) External auditors shall audit the Institute's accounts annually.

c) Within three months from the end of each financial year, the Vice-Chancellor shallsubmit to BoM Draft accounts of the University for Approval and submission for audit.

d) The draft final accountsshall be submitted to external auditors for audit within the prescribed time of the statutory end of the financial year.

5.2. Standards

a) The Institute’s financial statements will be prepared in accordance with Indian GAAP and Accounting Standards issued by ICAI.

b) The Institute's financial statements will always be prepared as an ongoing concern.

c) The Policy and form of presentation of the financial statements will be kept consistent, but disclosure will be made in case of a need for change.

d) The Institute will follow the historical cost concept for Reporting Financial Statements.

6. Control, Collection and Recovery of Income

6.1. Control of Income

(i) All fee collection shall be approved by the BoM and be in compliance with the procedures, modes, and rates approved by the authorities and the local government regarding fee collection.
(ii) Any proposal that seeks to vary an existing source of revenue or establish a new source of revenue shall only be adopted with prior approval of the BoM.
(iii) The BoM shall consider the Chairman's report on the proposal's financial implications before granting such approval.
(iv) All transactions shall be in compliance with the provisions of the Income Tax Act 1961

7. Plan and Non-plan Expenditure

7.1. General guidelines

a) In all cases, expenditures must be within the budgetary ceilings as approved by the Board of Management from time to time and recommended by the Finance Committee.

b) All payments shall be made in compliance with the provisions of law and regulations of the county in all cases.

c) Under specific circumstances, the chairman may approve a proposal for revising the funds' budget, whose written consent shall be obtained, subject to ratification by the Board of Management.

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

i) Increases in salaries and wages.
ii) Any other recurring and non-recurring expenditures, including capital nature.

7.2. Payments to Suppliers of Goods and Services

(a) All the Expenditures of the Institute for Purchases and Services maintenance for Plan and Non-plan Expenditures shall be made by the Purchases& Services Maintenance Committee duly identified, discussed in consultation with the department head concerned, and the completed bills/orders shall be forwarded to the finance department for payments in compliance with the law.
(b) The Institute shall always maintain good relationships with the suppliers of goods and Services.
(c) Payments for products or services received shall be made promptly, preferably within the period agreed upon, subject to:

(i) The supplier meets conditions of specifications and technical requirements in terms of price, quality and quantity of the goods supplied and services provided.
(ii) Credit arrangements made.

(d) The Accounts Officer/Cashier shall make all payments on behalf of the Institute with the exception of disbursements from Departments. He/she shall make such payments on behalf of the Institute subject to the approval by the Purchases and Services Maintenance Committee.

(e) The Internal Audit Committee shall be responsible for the examination, verification and certification of invoices and accounts certified for payment. In the case of items supplied to departments, the department heads shall be responsible for certifying the supply along with the Purchases and Services Maintenance Committee of the Institute.

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

- (i) The Invoice/Bill of Supply or Services is satisfied at all levels.
- (ii) The quantity and prices are correct.
- (ii) Payment has not been made previously.
- (iii) The goods or services have been received and recorded as intended.
- (iv) The account is arithmetically correct.
- (v) All discounts, if any, have been deducted or taken into account.
- (vi) Funding approval has been obtained.
- (vii) The person who receives the goods is not the same one who recommends/certifies the payment.

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

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

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

8. Delegation of Power to Departments

8.1. Department Accounting

(i) The Registrar, in consultation with the Vice-Chancellor, may delegate power to departments for the purchases/services of minor and/or basic items they may require for use from time to time of the department concerned. This shall be a fixed percentage of the fee collection for the department concerned, subject to a minimum amount for all departments concerned as directed by the BoM.

(ii) Any HOD who has made transactions for departments shall:

a. avail advances for such transactions or shall approve and forward payments to the institute's Main Cashier.

b. Obtain and retain Bills/vouchers with the proper Identity of the Supplier in legible invoice/bill of supply in substantiation of each payment made.

c. Ensure the safe custody of balances in his/her possession in Department Designated Bank Accounts.

d. Restrict the amount of each separate payment to such limit as may be approved in writing by the Vice-Chancellor in relation to specific classes of expenditure from time to time.

e. avail not exceed a 50% advance on the estimated expenditure with prior approval from the Vice-Chancellor.

9. Establishment of Records and Payment of Staff Emoluments

9.1. Records

(i) Staff payroll will be prepared monthly.

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

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

(iv) The Registrar shall provide the Accounts Officer with information that he may consider necessary for the exercise of his functions under this clause.

(v) All changes to employees' earnings shall only be made with the written authority of the Vice-Chancellor.

9.2. Payments

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

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

10. Capital Expenditure

(a) For coordination purposes, before authorizing or recommending any proposal involving capital expenditure, irrespective of the manner in which such expenditure may be met, the Vice Chancellor shall consider a report by the Accounts Officer on the financial implications of the proposal. The report shall also indicate the amount, if any, included in the approved budget with respect to the scheme.

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

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

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

(e) Regarding capital projects, the cost and the authorized provisions shall be reported to the relevant committee on completion, and the report shall contain a statement ofany additional funding requirements for submission to the Finance Committee and BoM for approval.

(f) The Vice-Chancellor shall submit progress reports on the capital budget to the BoM.

11. Control of Expenditure

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

12. Control, Collection and Recovery of Income

12.1. Control of Income

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

(ii) Prior to granting such approval, the BoM shall consider a report from the Vice Chancellor concerning the proposal's financial implications.

12.2. Collection and Recovery of Income

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

(ii) All monies due to the University shall be deposited in a designated bank account, and depositslips shall be surrendered to the Accounts Department for receipt upon authentication. University employees who are authorized to receive such monies shall maintain a record, in a form approved by the Accounts Officer, of all amounts received and deposited with the Accounts Departmentor the University's bankers.

(iii) No deductions shall be permitted from cash collections without the prior recommendation of the Accounts Officer in consultation with the Vice-Chancellor. University officers receiving monies on behalf of the institution are personally responsible for the safekeeping of such monies and should deposit such monies with the Accounts Department within 24 hours after receipt.

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

12.3. Recovery of Dues

(i) The Vice-Chancellor shall cause dues to the University to be recovered.

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

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

(iv) Under the direction of the Vice Chancellor or his delegated officer, the Accounts Officer shallbe responsible for designing, ordering and controlling all receipt forms and bills which are used to acknowledge sums paid to the University.

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

13. Banking

13.1. Banking Arrangements

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

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

(c) All arrangements with University bankers concerning bank accounts and related transactions shall be made by the Vice Chancellor and the Accounts Officer on behalf of the University.

(d) The BoM shall approve an overdraft facility for the main bank account.

(e) The Accounts Officer shall only order cheques in consultation with the Vice-Chancellor. The Accounts Officer shall then make adequate arrangements for their safe custodyboth in the bank and in the office.

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

(g) Subject to approval by BoM, the Vice Chancellor may nominate other officers to sign cheques in their own name in writing, and every cheque drawn from a bank account of the University shall bear an authorization signature.

(h) There shall be two signatories for every cheque as authorized by BoM.

13.2. Bank Reconciliation Statement

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

(b) The Account Officer shall also be required to prepare a monthly cash flow report and submit it to the Vice-Chancellor.

(c) Bank reconciliation statements shall be prepared on all bank accounts on a monthly basis and submitted to the Vice Chancellor by the 15th day of the following month.

14. Accountable Documents

14.1. Custody

(i) All accountable documents shall be entered in an Accountable Documents Register and be kept in the custody of a designated officer in the Accounts department. Loss of serialized accounting documents shall be reported promptly to the Vice Chancellor.

(ii) No copies of accounting documents and records shall be made or given to University employees or third parties without the authority of the Accounts Officer.

(iii) The University's Electronic devices for processing accounting information shall be restricted to the use of the assigned employees.

(iv) Accounting documents shall be stored in accordance with the relevant guidelines and treated with confidentiality.

15. Accounting Arrangements

15.1. Stock and Stores (including consumables)

(i) The Purchase Department shall have a University Store from which all departments shall order the items/consumables they need.

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

(ii) The Store in charge shall be responsible for the care and custody of the stores, equipment, andmaterials maintained in the store.

(iv) The respective store units shall maintain Records of physical stores, stores used, and balance in hand in a form to be approved by the Accounts Officer.

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

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

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

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

(ix) Obsolete/unserviceable stores or assets shall not be disposed of without the approval of the BoM, which shall consider a report from the Vice Chancellor before giving such approval.

15.2. Fixed Assets

i. As a policy, the University shall acquire assets only to achieve its aims and objectives.

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

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

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

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

vi. Except for land, the estimated useful life of an asset must be determined, and its depreciation (or amortization) must be based on it. The depreciation method applicable shall be based on a written-down value.

16. Insurance

16.1. Responsibility for Insurance Covers

i. Under the direction of the Vice Chancellor, the Accounts officer is responsible for effecting all Insurance covers on behalf of the University and for negotiating claims, and where necessary, in consultation with other officers of the University.

ii. In compliance with these financial regulations, the accounts officer shall effect payment of the premiums by the due dates, maintain adequate records of insurance transactions, and hold all university insurance policies in safe custody.

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

17. Irregularities

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

On the advice of the Vice Chancellor, BoM shall have the discretion to determine how to dispose of the results of such investigations.

18. Review

This Policy is subject to amendment by the BoM from time to time as the need arises. The Vice-Chancellor shall recommend such amendments to the BoM.

Registrar

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