



## FINANCE POLICY

### Preamble:

Nehru Arts and Science College is committed to remain accountable to the members of the society. NASC believes in creating and maintaining sound financial and accounting system for safeguarding the interest of stakeholders, by inculcating efficient mechanism to administer the financial system. This manual foresees to provide guidelines to the finance functions with the objective that all NASC activities are carried out in an orderly manner, to safeguards and add value to the assets, facilitate and enhance financial reporting and meet all accreditation standards and statutory compliances.

### 1. Objectives of the Manual:

The key objective of this manual is as given below:

- 1.1 To provide guidelines for the orderly functioning of the finance and accounting processes.
- 1.2 To provide basic framework of internal controls including budgetary control
- 1.3 To provide guidelines for the preparation of financial statements and internal audit reports.

### 2. Fund Mobilization Mechanism

- 2.1 The primary source of income earned by the institution is sourced through fee collection, which includes Academic fees, Hostel fee and other related incomes
- 2.2 Funds are also mobilized by the institution for various activities. The other sources include, funds mobilized through Sponsorship, Consultancy Faculty Development Programmes, Workshops and Seminars and Donations/Contributions from individuals and philanthropist
- 2.3 Grants and Financial Aid from Government
- 2.4 Borrow Loans from banks for infrastructure development

Each of the funds is routed through the accounting entities of the college, so that the funds mobilized are utilized for the purpose for which it was mobilized. The sanction and approval authorities approve the utilization of the funds.

### 3. Budgetary Process

- 3.1 The Finance Officer/a person authorized by Finance Committee shall prepare an annual budget on the basis of consultation with various departments or units.



**3.2 The budget shall include :**

- 3.2.1 Projected income and expenditure for the subsequent financial year.
- 3.2.2 Comparisons with the current financial year.
- 3.2.3 Commentary on major deviations if any.
- 3.2.4 Cash flow projections
- 3.2.5 Projected Capital and Operating Expenses for subsequent financial year.

4. The Budget shall equate between the estimated income and estimated expenditure focusing on the vision of RCSS, Term goals and other key performance indicators.

5. The Budget shall be submitted by Finance Committee after periodic reviews to the Governing Body of the college for approval, and shall be ratified prior to the commencement of the new financial year.

6. Periodic review as recommended by the Finance Committee shall be in place to monitor budget vs. actual, and to initiate remedial steps for achieving the financial goals.

7. The autonomy budget is kept before the finance committee/governing council for approval prior to the commencement of the next financial year.

8. Management budget is kept before the administrative council for approval prior to amount of the next financial year.

**9. Internal Controls**

9.1 The Finance Officer or any person appointed by the Finance Committee shall ensure that the finance regulations, policies and procedures as detailed in this Manual are followed and complied with efficiently by performing periodic internal audits (Internal or through External Qualified Professionals)

9.2 The objective of the audit shall be Preservation of Asset, Prevention of Fraud, Mismanagement, and Detection of Errors and to ensure the accuracy and completeness of accounting and financial data.



9.3 The Internal audits shall be conducted on regular Intervals-Quarterly or half yearly basis using an Internal Control Questionnaire and the scope shall be reviewed annually by the Finance Committee.

**10. General accounting policies to be followed:**

10.1 **Revenue Recognition:** The income is recognized in the books of accounts as and when fees/ contributions are received or in the case of student fees there is considerable certainty that it shall be received provided necessary obligations in terms of course content have already been met.

10.2 **Expenditure:** Expenditure shall be accounted as and when it is incurred.

10.3 **Depreciation:** Depreciation is charged on the basis of Written down Value Method (WDV) based on the user-life of the asset

10.4 **Fixed Assets:** Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition. In respect of construction, related direct expenses form part of the value of the assets capitalized.

10.5 The Annual Financial Statements shall be subject to audit by the auditors as appointed by the Administrative Council. Audit shall be completed as per prescribed timeline as mandated by the Administrative Council from time to time.

10.6 The audit objections pointed out by the auditor are discussed with the finance committee, which enables the management to take remedial action immediately. The objections are rectified by the accounts department and a report with explanation is submitted to the Finance Committee. The report is also sent to the auditor for further ratification, if any, and for final approval.