

# KINGS

## ENGINEERING COLLEGE

**An Autonomous Institution**

**Affiliated to Anna University, Chennai**



# FINANCIAL POLICY

As per the Approval of Governing Council  
(Updated in 2025)

## PREFACE

The **Finance Department** serves as the fiscal backbone of our Institution, overseeing all internal and external monetary transactions. This department is responsible for the meticulous management of cash inflows and outflows, ensuring the seamless execution of routine operations—including supplier and vendor settlements, facility rentals, payroll administration, and the fulfillment of interest obligations to financial partners.

Establishing robust accounting and finance policies is not merely a procedural requirement; these policies serve as **essential directives** designed to:

- **Ensure Transactional Governance:** Maintaining transparency and integrity in every day-to-day financial interaction.
- **Guarantee Statutory Compliance:** Adhering strictly to local and national regulatory frameworks and tax mandates.
- **Enhance Stakeholder Experience:** Providing consistency and reliability for students, faculty, staff, and external partners.
- **Drive Institutional Health:** Securing the long-term profitability, sustainable growth, and reputation (goodwill) of the Institution.

At its core, **Financial Management** within our college is the practice of strategic planning, organizing, directing, and controlling all financial undertakings. By aligning our fiscal resources with our academic mission, we ensure that every investment contributes to an environment of excellence and innovation.

## OBJECTIVES OF FINANCE POLICY

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1. To systematically monitor and maintain a consistent **inflow of funds** into the Institution.
2. To ensure the **optimum and efficient utilization** of available financial resources.
3. To maintain comprehensive, accurate, and real-time **records of all monetary transactions**.
4. To provide structured **Financial and Accounting Reports** to the Principal and the Board of Management.

### DELEGATION OF FINANCIAL AUTHORITY

This section outlines the financial jurisdiction and spending limits assigned to key administrative roles to ensure operational agility while maintaining fiscal control.

#### 1.1 Financial Powers of the Chairman & Managing Director (CMD)

As the primary trustee and legal custodian of the Institution's assets, the Chairman & Managing Director holds ultimate financial authority.

- **Universal Authority:** The CMD is the sole authorized signatory for the Trust regarding all capital expenditures, long-term investments, and major developmental projects.
- **Final Approval:** All financial outlays exceeding the delegated limits of the Principal or those involving permanent infrastructure require the CMD's explicit sanction.
- **Policy Oversight:** The CMD reserves the right to revise spending limits, approve annual budgets, and authorize any extraordinary expenditure not covered in the routine budget.

#### 1.2 Financial Powers of the Principal

The Principal is granted functional financial autonomy to ensure the smooth day-to-day academic and administrative operation of the college.

- **Expenditure Limit:** Authorized to sanction expenses up to **Rs. 1,00,000/- (Rupees One Lakh only)** per instance for academic, co-curricular, or extracurricular activities.
- **Laboratory Oversight:** Authority to approve the procurement of laboratory consumables that exceed the budgetary limits of individual Heads of Departments.
- **Personnel Development:** Power to sponsor faculty and staff for professional development, seminars, or workshops, including the authorization of associated essential costs.
- **Reimbursement Approval:** Authority to approve Travel Allowance (TA) and Dearness Allowance (DA) for official duties, adhering to the limits prescribed by the CMD.

### **1.3 Financial Powers of the Heads of Departments (HoDs)**

To facilitate immediate departmental needs and practical learning requirements, HoDs are provided with discretionary operational funds.

- **Imprest Cash (Petty Cash):** Each HoD is sanctioned a standing imprest of **Rs. 25,000/- (Rupees Ten Thousand only)** for immediate departmental needs.
- **Urgent Procurement:** Authority to utilize imprest funds for the emergency purchase of laboratory consumables or minor non-recurring items required for instructional continuity.
- **Departmental Mobility:** Power to authorize and pay for TA/DA for departmental staff traveling for official duties within approved institutional scales.
- **Accountability:** All expenditures must be substantiated with valid vouchers and receipts, subject to periodic ratification by the Principal.

## **BUDGETARY PLANNING AND PROCUREMENT POLICY**

### **2.1 Constitution of the Budget Committee**

The Budget Committee is the apex financial planning body of the Institution, ensuring that resource allocation aligns with academic and infrastructural goals.

- **Composition:** The Committee shall consist of the Chairman, Directors, and Secretary of the Educational Trust, the Principal, and all Heads of Functional Departments (HoDs).
- **Primary Objectives:**
  - o To evaluate and approve institutional and departmental infrastructure requirements.
  - o To conduct strategic reviews of budget proposals against actual expenditure statements.
  - o To ensure the financial viability of all new academic and research initiatives.

## 2.2 Roles and Responsibilities

1. **Departmental Planning:** HoDs are responsible for drafting annual requirements based on academic and extracurricular roadmaps.
2. **Utilization Monitoring:** The committee shall conduct quarterly reviews to monitor budget utilization, identifying variances and implementing corrective measures to optimize fund usage.

## 2.3 Annual Budget Submission Process

At the commencement of each financial year, the following protocol must be observed:

1. **Comprehensive Proposals:** HoDs shall submit detailed expenditure proposals covering:
  - o **Academic & Research:** Lab establishment, equipment procurement, and research projects.
  - o **Student Support:** Placement activities, co-curricular events, and extension services.
2. **Justification Mandate:** Any capital expenditure (CapEx), such as high-value equipment or new lab setups, must be accompanied by a **Technical Justification Note** from the HoD.

3. **Administrative Vetting:** The **Administrative Officer (AO)** shall verify the proposals for clerical accuracy before forwarding them to the Principal.
4. **Executive Review:** The Principal shall evaluate the rationality of planned expenditures and forward the consolidated Institutional Budget to the Management for final sanction.

## 2.4 Common Budgetary Procedures

- **Consolidation:** The Accountant/AO shall prepare the **Master Budget**, incorporating Departmental, Salary, Library, Transport, and Hostel requirements.
- **Review Meetings:** Formal budget hearings will be convened with HoDs to discuss and confirm requirements.
- **Approval Flow:** Following Management approval, the budget is presented to the **General Body**. The Principal then issues formal Approval Orders to respective Departments to initiate spending.

## 2.5 Procurement Protocol

### 2.5.1 Equipment and Lab Consumables

To ensure transparency and "Value for Money," the following multi-stage procurement process is mandatory:

1. **Initiation:** HoDs initiate purchase requests based on the approved budget, submitting a list of required items and potential suppliers to the Principal.
2. **Quotations & Comparison:** \* Enquiries are sent to a minimum of three reputable vendors.
  - o A **Comparative Statement** must be prepared and signed by the Lab In-charge and HoD.
  - o The Accountant shall verify the statement against original quotations.

3. **Purchase Committee & Negotiation:** A Purchase Committee (HoD, Lab In-charge, and Principal) will conduct first-level negotiations. Final negotiations and vendor selection are concluded by the Director.
4. **Order Placement:** The Storekeeper prepares the formal **Purchase Order (PO)** for the Chairman & Managing Director's signature.
5. **Inventory Entry: \* Gate Entry:** Initial log upon arrival.
  - o **Store Entry:** Main stock registration.
  - o **Departmental Entry:** Items are transferred to the department, verified by the HoD, and entered into the **Departmental Stock Register**.
6. **Payment Clearance:** Accounts will release payments only after the HoD certifies that the equipment is functional and there are no pending vendor disputes.

### 2.5.2 Stationery Management

1. **Annual Assessment:** HoDs must submit stationery requirements (Logbooks, Records, etc.) at the end of each academic year for the upcoming session.
2. **Bulk Procurement:** To leverage economies of scale, the Storekeeper shall execute a centralized bulk purchase for the entire Institution.
3. **Special Indents:** For workshops or seminars, a special indent must be submitted **10 days in advance**.
4. **Recusal of Surplus:** Any unutilized stationery from special events must be returned to the central stores within 3 days of the event's conclusion.

## PROTOCOL FOR ACTIVITY-BASED FINANCIAL SUPPORT

This policy outlines the procedure for departments to secure institutional funding for academic and professional development events.

### 3.1 Proposal Initiation and Budgeting

To initiate any event (Guest Lectures, Workshops, FDPs, Co-curricular, Extra-curricular, or Extension activities), the respective Head of Department (HoD) or Event Coordinator must:

- **Draft a Formal Proposal:** Define the objective, target audience, and expected outcomes.
- **Itemized Budget:** Provide a detailed breakdown of projected costs, including honorariums, hospitality, materials, and certificates.

### 3.2 Review and Validation Process

1. **Principal's Evaluation:** The proposal is submitted to the Principal for verification. The Principal will assess the proposal based on:
  - o **Beneficiary Impact:** How the activity benefits the students, faculty, or the Institution's reputation.
  - o **Strategic Alignment:** Whether the event fits within the college's academic roadmap for the semester.
2. **Sanctioning Authority:** The Principal shall forward the proposal to the **Management** with a recommendation for final approval.

### 3.3 Eligibility for Funding

- Once approved, the department is eligible to claim financial support up to the limit stipulated in the approved budget.
- Requests for Advance Funds must be made at least 5 working days before the event to the Accounts Section.

### 3.4 Post-Event Settlement and Reconciliation

To ensure financial accountability, the following "Close-out" procedure must be followed within 7 working days of the event's conclusion:

1. **Submission of Expenditure Statement:** The HoD/Coordinator must submit a comprehensive statement of actual expenses.

2. **Documentation:** The statement must be backed by original bills and vouchers. For payments where bills are unavailable (e.g., minor local transport), a signed voucher must be provided.
3. **Verification:** The Accountant or Administrative Officer (AO) will audit the bills against the approved budget to ensure there are no unauthorized variances.
4. **Final Ratification:** After verification by the AO, the file is moved to the Principal for final approval and closure of the account.

## **STANDARD OPERATING PROCEDURES (SOP) FOR FINANCIAL TRANSACTIONS**

### **4.1 Receipt and Registration of Invoices**

To ensure no liability is overlooked, every incoming bill must be formally logged upon arrival.

- **Manual Registry:** The Accounts Officer (AO) shall maintain a "Bills Inward Register," recording the date of receipt, vendor name, invoice date/description, and amount.
- **Unique Identification:** Every bill must be stamped with a Unique Serial Code corresponding to its entry in the register.
- **Verification:** The Administrative Officer (AO) must review and sign off on the entry the same day it is received.

### **4.2 Accounting Entries and Statutory Compliance**

Before a bill is entered into the financial software, it must undergo a rigorous compliance check.

- **Three-Way Match:** The AO shall verify the bill against the approved Purchase Order (PO) and the physical delivery note.
- **Tax Compliance:** The AO is responsible for calculating TDS (Tax Deducted at Source) and GST/Service Tax implications.

- **Inventory Integration:** For equipment or materials, a Stock Register Entry must be completed first. The stock serial number must be written on the invoice before accounting.
- **Timeline:** All entries into the Books of Accounts must be completed within 24 hours of initial receipt.

#### 4.3 Payment Approval Workflow

No payment shall be released without a formal "Approval Note."

1. **Documentation:** The Accounts Officer prepares an approval file containing the Original Invoice, Journal Voucher, and relevant Agreements.
2. **Authorization:** Forwarded by the Principal to the Management for final sanction.

#### 4.4 Instrument Preparation and Disbursement (Cheques/EFT)

- **Mandatory Signatories:** All cheques require Management approval/signature as per Trust bylaws.
- **Scheduled Payment Dates:**
  - **General Vendors:** 10th and 25th of each month.
  - **Salaries & TDS:** 5th of the following month.
  - **Statutory Taxes (GST):** 3rd of the following month.
- **Dispatch Protocol:** Cheques must be dispatched via courier or hand-delivered on the day of signing. A Control Register must track courier tracking numbers and delivery status.

#### 4.5 Cash Transactions and Petty Cash

- **Ceiling Limit:** No single cash payment shall exceed **Rs. 1,00,000**.
- **Authorized Use:** Cash is strictly reserved for:
  - Meeting refreshments and staff conveyance.
  - Minor office maintenance and urgent petty stationery.

- o Emergency departmental needs (as per Imprest rules).
- **Control:** All cash releases require a signed approval note from the Principal.

#### **4.6 Payroll Administration**

The Institution views payroll as a high-priority compliance area.

1. **Salary Computation:** By the 2nd of every month, the AO prepares the salary sheet based on attendance and leave records.
2. **Deductions:** The AO must factor in TDS (based on Form 16 and declarations), loan repayments, and salary advances.
3. **New Joinees:** Payroll will only be processed upon verification of Appointment Letters and Relieving Certificates from previous employers.
4. **Full & Final (F&F) Settlement:** \* Initiated upon resignation/termination.
  - o Requires a "**No Dues Certificate**" (clearance of library books, lab equipment, laptops, etc.).
  - o Final settlement must be passed by the Finance Manager and approved by the Principal/Management.

### **ROLES AND RESPONSIBILITIES OF FINANCE PERSONNEL**

#### **5.1 Responsibilities of the Administrative Officer (AO)**

The AO acts as the Chief Controller of financial discipline, ensuring that all internal systems function according to the Standard Operating Procedures (SOP).

- **Financial Governance:** \* Enforce internal checks and controls for the maintenance of account records.
  - o Oversee the preparation of Annual Financial Statements.
- **Statutory Compliance (Tax & Labor Laws):**
  - o Guarantee timely deposit of TDS, GST (Service Tax), PF, and ESIC.
  - o Calculate monthly TDS for employee salaries and ensure proportional deductions.

- o Maintain "Tax Credit" (CENVAT/ITC) trackers and service tax liability sheets.
- o Coordinate with external tax consultants and auditors to resolve queries.
- **Bank and Cash Oversight:**
  - o Verify bank balances and ensure daily reconciliation before presenting cheques for signature.
  - o Strictly regulate the issuance of Post-Dated Cheques (PDCs), requiring explicit written approval.
  - o Audit and approve all Purchase, Cash, and Journal Vouchers.

## **5.2 Responsibilities of the Accountant**

The Accountant is the Custodian of Data, ensuring the accuracy and integrity of the Institution's books.

- **Ledger Maintenance:**
  - o Maintain up-to-date Books of Accounts with detailed, professional narrations for every entry.
  - o Conduct Monthly Reconciliation of all debtor and creditor balances.
  - o Ensure all bank accounts are reconciled to the penny.
- **Payment Processing:**
  - o Draft "Payment Notes" backed by valid POs, Agreements, and Approvals.
  - o Secure necessary signatures and record payment entries immediately upon receipt of signed cheques.

## **5.3 Responsibilities of the Cashier**

The Cashier manages Liquidity and Physical Assets, focusing on immediate cash requirements and banking logistics.

- **Banking & Documentation:**

- o Execute cash withdrawals and prepare cheques based on approved payment notes.
- o Input Journal and Cash Vouchers into the Tally System (or equivalent accounting software) daily.
- o Provide real-time fund position reports to the AO.
- **Petty Cash Management:**
  - o Maintain the Petty Cash Book for all minor institutional receipts and payments.
  - o Ensure the Petty Cash Register is reviewed and signed by the Principal/Management regularly.



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