Internal Control System in State owned Universities: A Study to Formulate Internal Control Manual

Research Committee
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Foreword

Higher Education sector in India has mostly been the prerogative of the State since Independence due to its ability to provide aids and grants to meet the financial needs of educational institutions in providing quality education to the people. Since the state universities have a major role in imparting higher education in country, there is a serious and growing concern that whether Universities and Educational Institutions should adopt stricter financial controls, checks and balances for effective utilization of the funds to the satisfaction of the grant disbursing authorities and other stake-holders.

Further, as Higher Education System in India is primarily funded by the State, it is of utmost importance to ensure that the funds are managed and utilized in most effective manner which can be achieved through an effective internal control framework, standard operating procedures & risk control matrices. Higher Education needs to be governed by a system of internal control for better management and administration of the educational institutions.

I am very pleased that the Research Committee of the Institute under the 'ICAI Research Project Scheme 2020' has undertaken the Research Project on the topic of "**Internal Control System in State Owned Universities A Study to Formulate Internal Control Manual**".

I would like to take this opportunity to express my thanks to CA. Anuj Goyal, Chairman, Research Committee and CA. Kemisha Soni, Vice-Chairperson, Research Committee, who took the initiative to introduce 'ICAI Research Project Scheme 2020' to encourage research-based activities. I would also like to take this opportunity to express my gratitude to members of the Research Committee who have made invaluable contribution through their expert guidance in the finalisation of the Research Report.

I am confident that this internal control manual incorporating sound internal control framework, standard operating procedures & risk control matrices will be extremely useful to educational institutions and other stakeholders as well.

New Delhi
January 29, 2021

CA. Atul Kumar Gupta
President, ICAI

Preface

The findings of the Research Report on “**Internal Control System in State Owned Universities A Study to Formulate Internal Control Manual”** stated that most of the state-owned universities are still following conventional method of accounting and doesn’t have an internal control system / manual, internal financial controls and Standard operating procedures in place to prevent, detect and control revenue leakages and wasteful expenditures.

A basic and scalable internal control system/manual has been developed with sound internal control framework; standard operating procedures & risk control matrices relating to following areas and risk factors to cope up with the said procedural gaps:

Financial planning and Analysis (FPA)

Treasury and Finance (T & F)

Capital Expenditure

Period End/Month End Closing procedures

High Level Chart of authority (High Level DoA)

I am thankful to CA. Atul Kumar Gupta, President, ICAI and CA. Nihar N. Jambusaria, Vice President, ICAI who inspired me and Research Committee to introduce ‘ICAI Research Project Scheme’ and undertake research projects on contemporary and relevant topics.

I would also like to extend my thanks to CA. Kemisha Soni, Vice-Chairperson, Research Committee and all the members of the Research Committee.

Further, I would like to take this opportunity to congratulate CA. Kuldeep Kothari for writing Research Report on the topic of “**Internal Control System in State Owned Universities A Study to Formulate Internal Control Manual”** and to express my thanks to CA. Jagdish Kapoor, Expert for providing his valuable comments and observations for improvement of technical and presentation aspect of the Research Report. I also appreciate the whole hearted support and cooperation of Dr. Amit Kumar Agrawal, Secretary, Research Committee and CA Rahul Paul, Project Associate who gave their valuable inputs during preparation of this Research Report.

I believe and trust that this Research Report will be immensely useful to the members of the Institute and others concerned.

New Delhi
January 29, 2021

CA. Anuj Goyal
Chairman, Research Committee

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Introduction

Imparting higher education in India, not so long back was largely the prerogative of the state as the fee paying capacity and limitations of the masses prevented too many private players to venture into the education sector. Off late, however, the education sector has become one of the most sought-after businesses for both novice entrepreneurs as well as established corporate players of India.

State universities are Public Universities run by the state government of each of the states and union territories of India, and are usually established by a local legislative assembly act. These Universities offer affiliation to colleges and have presence in almost all states of India. As per University Grant Commission as on 01.06.2020 there are 412 State Owned Universities (SOU) as of now; and not all state-owned universities are recognized under section 12 (B) of the UGC Act,1956 and receives Central/UGC Assistance. As per UGC as on 01.02.2020 there are 242 SOU which are eligible under 12(B) to receive Central Assistance.

As per all India Survey on Higher education 2018-19 there were a total of 993 universities out which 371 were State Public Universities; and there were 39158 Affiliated Colleges/Constituent Colleges associated with the SOU. SOUs are the one which affiliates colleges out of campus and millions of students are at present enrolled in these universities, affiliated colleges and constituent colleges.

Below is the Graphical Presentation of growth and total number of universities and colleges over past 5 years and state wise no. of universities (Source:- AISHE 2018-19) :

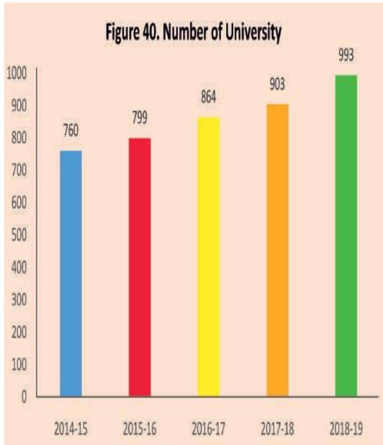

Figure 40. Number of University

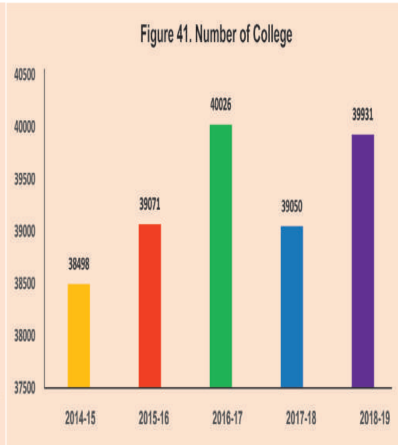

Figure 41. Number of College

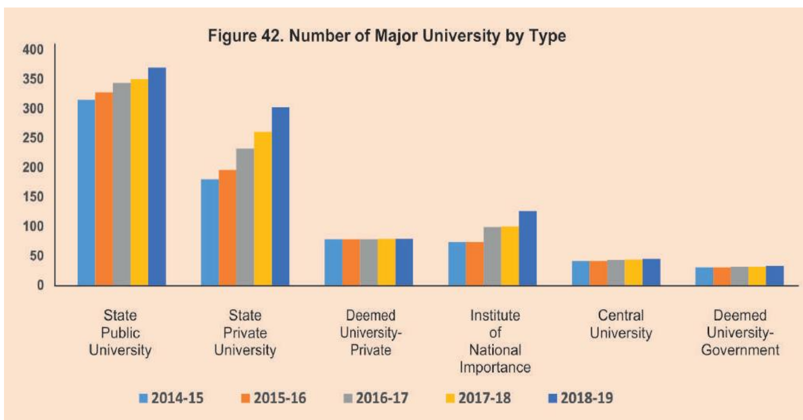

Figure 42. Number of Major University by Type

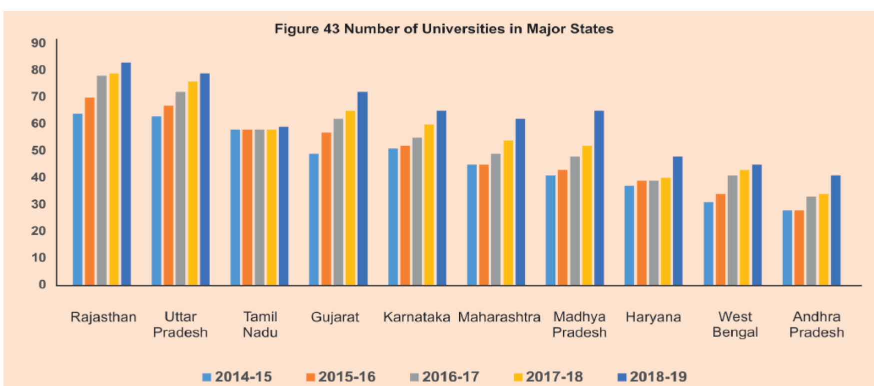

Figure 43 Number of Universities in Major States

Chapter 1

Executive Summary

Higher Education sector has mostly been the prerogative of the state since independence due to the fee paying capacity and inherent limitations that it has in the past.

State Universities are basically Public universities run by respective state governments, established under local legislative assembly acts and funded by state, central and UGC assistance. As per the University Grant Commission (UGC) there were 412 state owned universities as on 1.6.2020 out which 242 universities were eligible to receive central assistance.

Since the state universities has a major role in imparting higher education in country, there is a growing concern over the present state of financial management and internal control framework of these Universities. In other words, there is a serious concern that Universities / Educational Institution adopts stricter financial controls; checks and balances for effective utilization of the funds to the satisfaction of the grant disbursing authorities / donors and other stake-holders. It is also important to note here that the Higher Education System in India is primarily funded by the State so indirectly the Higher Education Institutions owes it to the Society also, who funds, that the funds are managed and applied/utilized in most effective manner and the University has an internal control framework in place that allows it to achieve so.

Since the state is also financed by the society through tax collections and taxpayer's money it is obligated upon the management of the universities to have a transparent and accountable financial system in place in order to ensure quality and efficient higher education in India.

During our preliminary assessment we have observed that most of the state owned universities are still following conventional method of accounting and doesn't have an internal control system / manual , internal financial controls in place and Standard operating procedures to prevent , detect and control revenue leakages and wasteful expenditures.

Considering the above all points, there is a greater need to develop a basic scalable internal control system/manual with sound internal control framework; and standard operating procedures & risk control matrices that covers/ addresses all concerns.

This research study initially proposed Rajasthan Technical University (RTU) as a Pilot for the research purposes. However following the interactive discussions, the committee observed that it would be more appropriate that the research study is not limited to RTU but should be extended to multiple universities in order to serve the larger objectives for the benefit of the system as whole.

The researcher was accordingly advised to carry out the research on the multiple state owned/public universities for serving their common interest and for also wider acceptance of this research work.

The research work is accordingly performed on the basis of information collected and analyzed in respect of multiple state universities interaction, online available data and various other sources.

1.1 Observations/Recommendations/Suggestion

1. The study was done during the months of August, 2020 to mid of January, 2021. However, the annual reports, financial data and notes on the internal Control system in case of most of the state universities were not available for the past few years. This reflects a huge time gap in financial statements and status thereof being available and hence we had to proceed with the available data which we were able to collect as and where available.

2. As the study has been prepared during the challenging times of Covid - 19 Pandemic, the study has certain embedded limitation along with the technical issues like we were not able to visit any of the institutions physically and we have taken the data and information such as annual reports, financial statements, other reports, etc. available on the websites of various universities, MHRD and UGC and other information through questionnaires & online interactions.

Since there is still scope of improvement in terms of financial and other information of State Universities which is available in the public domain, we had to complete the study with limited set of data and information available in public domain in respect of various universities.

3. Scope of further Study :- After development and application of the standard internal control manual , penetration testing of internal control system may be conducted to suggest improvements and update the whole mechanism where the same is in place and where the same is not available, improvement & Updation in standardized operating procedures can be suggested.

4. Suggestions/Outcome: We have developed a standard Internal control manual based on factors comprising of standard operating procedures and risk control matrices on relating to below mentioned Areas and risk factors :

a. Financial Planning and Analysis (FPA)

b. Treasury and Finance (T & F)

c. Capital Expenditure

d. Period End/Month End Closing Procedures

e. High Level Chart of Authority (High Level DoA)

The standard Internal control manual comprising of SOPs and Risk control matrices has been prepared with a holistic approach keeping in mind the overall needs and specific issues of Higher educational institutions and while applying the same at Educational Institution's (EI) level ,it can be expanded to any higher levels and customized as per the local environment, particulars EI's policies, financial structure and existing Processes related to Finance and Controls.

Chapter 2
Need of the Study

There is a growing concern over the present state of financial management and internal control Framework of higher educational institutions expressed by major users of financial information with reference to financing and pricing higher education and present Internal Control system in universities and colleges. In other words, there is a serious concern that Universities / Educational Institution adopts stricter financial controls; checks and balances for effective utilization of the funds to the satisfaction of the grant disbursing authorities / donors and other stake-holders. It's important to note that Higher education in India is basically a state funded sector; and the state is financed by the Society through tax collections and tax-payers money. As such the stake holders have every right to ensure proper and smooth financial management of and discipline in the Indian higher education and internal control system/Internal control framework allows to achieve so.

SOUs are the backbone of Indian Higher Education System; with 412 universities, more than 39000 colleges and the maximum number of students. In the year 2018-19 alone, a total sum or Rs. 917.41 Cr. was released to State Public Universities and its colleges by UGC under various grants and assistance schemes (Source: - UGC's Annual Report for 2018-19).

In this background, it is necessary to articulate the main issues which a State Public University faces and limitations that it has when it comes to financial & internal control system. They have yet to adopt and introduce a formal internal control system/framework and stricter financial controls. What we have seen during our preliminary assessment that one of main issues with the SOUs is that most of them follow conventional financial management system that doesn't have any formal internal control system/manual in place and standard operating procedures to prevent / control possible revenue leakages; wasteful expenditure and establish a control environment for effective management of its financial affairs

Considering that the tax payers and public funds are used for funding the financial needs of these universities, it is obligated upon the management of the University to have a transparent financial systems in place ,optimal utilization of funds; and no revenue leakages and zero wasteful expenditure policy/framework. However it is noted that most of the SOUs have no formal financial controls framework neither preventive nor detective. The SOUs continue to follow either cash-based or a hybrid accounting system that fails to provide an overview of the financial health of the SOUs.

Since these universities offer affiliation to various colleges, as per the AISHE 2018-19, 38114 affiliated colleges were there, and a number of transactions relating to various types of fee / receipts takes places both through online and offline mode. Therefore, it's difficult to reconcile and make sure that no revenue leakages take place in the absence of a sound internal financial control system in place. Furthermore, the control structure is equally important to ensure effective utilization of the funds available and made available for the defined specific purposes.

In view of the above, it is felt that there is a greater need to develop a comprehensive Internal Control Manual with a sound internal control framework; and basic checks & policies that covers / addresses all key concerns.

Chapter 3

Objective of Study

This Research Study aims to have and propose the following objectives. These objectives will be further assessed and aligned with the progress of the research study and on the basis of research outcomes.

i. Devise and Develop a Comprehensive Internal Control Manual to regulate the Internal Control System in a Standard Format.

ii. Devise and Develop Standard Preventive and Detective Internal Control Activities.

iii. Devise and Develop the Standard Responsibility Charter within the Internal Control Manual.

iv. Devise and Develop Standard Internal Control checks and policies.

v. Devise and Develop a Standard Internal Control Review and Audit System.

vi. Devise and Develop specific internal control checks and reconciliation system for the Receipts of the Universities to minimize possibilities of Revenue Leakages and to control wasteful expenditure.

vii. Devise and Develop Test check system for Online transaction of Universities and for Accounting system.

While the efforts are made through this study to assess and evaluate the existing internal control framework, the key objective is to develop an Internal Control Manual to support an internal control structure considering the above stated attributes.

Chapter 4
Research Methodology

Efforts have been made to follow a research methodology that suits the purposes of the research and enable the researcher to achieve the very objectives of the research. The research methodologies must allow the researcher to test the hypothesis effectively and infer the outcomes rightly. In this context it also becomes incumbent upon the research to follow a dynamic approach so that at each stage of the research the subsequent actionable are reviewed and re-aligned, if so required, on the basis of the outcomes available at each stage. In this study a dynamic approach has been followed by the researcher. Inferences have been drawn on the basis of the stage-wise outcomes, in order to re-align the actionable for the subsequent stages.

A brief literature review supporting the subject understanding; together with detailing of hypothesis and analysis tools, are provided hereunder. The detailed review of literature; its outcomes, and design of testing sheets for hypothesis are provided in subsequent chapters of the study paper.

4.1 Literature Review

A literature review is a survey of scholarly sources such as books, journal articles, and thesis related to a specific topic or research question in order to situate research work in relation to existing knowledge. A literature review is an explanation of what has already been done or published on any research topic. The objective of literature review is to review the critical points of current knowledge. It provides researchers easy access to research on a particular topic.

(a) SAMBO FRANCIS and BENNETH UMOGHANI IMIETE (2018)

The research team has gone through many researches (national and international), but no research has been found on this topic. We have found few international Researches indirectly relatable to the topic such as, SAMBO FRANCIS and BENNETH UMOGHANI IMIETE (2018) who conducted a study on “Internal control system as a mechanism for effective fund management of universities in Baylesa State, Nigeria.

The Main purpose of the study was to examine the effect of Internal Control

System on effective fund management by the university and how it can prove useful as the universities were running short of funds due to poor management. The researchers also recommended monitoring of the laid down internal control procedures, preventive and detective controls and safe keeping of all financial records/reports.

(b) Steven DeSimone and Kevin Rich (2019)

Steven DeSimone and Kevin Rich published a research paper on “Determinants and Consequences of Internal Audit Functions within Colleges and Universities” in the United States of America. Using a combination of publicly available and hand-collected data, this paper uses a two-stage model to first examine what drives the presence and use of internal audit functions (IAFs) at U.S. colleges and universities, and then how IAFs influence financial reporting quality (reported material weaknesses in internal controls for financial statements and federal programs) and grant outcomes therein. Results indicate that institutions receiving public funding, those with larger enrollments and endowments, and those that maintain a hospital and audit committee are more likely to maintain an IAF. Findings also suggest that the presence of an IAF is negatively associated with reported material weaknesses for major programs at significant levels. Finally, the presence of an IAF is found to have a positive and significant association with federal grants received by the institution. The study’s findings provide the first quantitative insights on IAF work within U.S. colleges and universities. Results should be of interest to college/university leadership as they attempt to improve financial reporting quality and transparency, as well as grant outcomes.

(c) Jian-Fei SHEN, Xi-Ya LUO, and Ya-Feng WANG (2014)

Jian-Fei SHEN, Xi-Ya LUO, and Ya-Feng WAN had conducted a study on ”the Internal Analysis of Colleges and Universities’ Financial Control under the Administrative Institutions Internal Control Standard” In China. This paper was based on the "administrative institutions internal control standard", discusses the completion of colleges’ financial internal control framework, provides the basis for further strengthening the construction of colleges and universities’ internal financial control. In addition, this paper also constructs the evaluation index system of financial internal control in colleges and universities, aimed at providing basis for colleges and universities effectively grasping the financial internal control

(d) Fr. Ninik Yudianti, Ilsa Haruti Suryandari (2015)

Fr. Ninik Yudianti, Ilsa Haruti Suryandari conducted a study on "Internal Control and Risk Management in Ensuring Good University Governance" in Indonesia.

This study was expected to have contribution to enhance the management quality of Private Higher Education. This research was done to evaluate the implementation of Internal Control and Risk Management in ensuring Good University governance. Results of the study showed that Internal Control and Risk Management positively influenced the implementation of Good University Governance. Limitation of this study was the respondents' comprehension of the risk management terms that were not very well understood by some of the Higher Educational Institution's Leaders.

4.2 Hypothesis/Research Parts

4.2.1 Null Hypothesis

H01: Implementation of internal control manual has a negative impact on revenue leakages in state public universities.

H02: Implementation of internal control manual will not have checks on Expenditure in state public universities.

H03: Implementation of internal control manual will not be able to increase the satisfaction of stakeholders of state public universities.

H04: Implementation of internal control manual will not be able to check the preventive and detective measures for various control activities adopted by state public universities.

H05: Implementation of internal control manual will not enable in process mapping of Standard Operating Procedures (SOPs) of state public universities.

H06: Implementation of internal control manual will not help in documenting the Standard Operating Procedures (SOPs) of state public universities.

4.2.2 Alternative Hypothesis

H01: Implementation of internal control manual will minimize revenue leakages in state public universities.

H02: Implementation of internal control manual will have checks on Expenditure in state public universities.

H03: Implementation of internal control manual will increase the satisfaction of stakeholders of state public universities

H04: Implementation of internal control manual will able to check the preventive and detective measures for various control activities adopted by state public universities.

H05: Implementation of internal control manual will enable in process mapping of Standard Operating Procedures (SOPs) of state public universities.

H06: Implementation of internal control manual will help in documenting the Standard Operating Procedures (SOPs) of state public universities.

4.3 Tools of Data Analysis/ Testing of Hypothesis

The study is based on both primary and secondary data.

The study being empirical in nature requires voluminous data and information at University level. In order to collect data, analyze and to devise the Internal control Manual, micro and in-depth understanding of the process and working at the university level will be required.

Besides primary data that will be collected at University level this study uses secondary sources of data like relevant reports and data of All India Survey on Higher Education, UGC and MHRD. All sources referred to have been duly acknowledged.

We have designed questionnaire addressing each of the stated hypothesis. We plan to take the feedback and responses from the concerned executives of the University. On the basis of the information available through such feedback / responses and through use of secondary information, an assessment in respect of the existence of a formal internal control framework will be made at the first level. This will be determined based on data collected through individual one-to-one interactions. Once the existence of an internal control framework is established, as a next step, the research will focus on the adequacy of the design of the internal control framework and perform the testing of controls to assess the operating effectiveness of such controls on real time basis.

The performance of the research activities largely depend upon the availability of support and records at the University level and the experience have not been that encouraging.

4.4 Period of the Study

The period of the study is from FY 2017-18 to FY 2019-20 along with the respective data and information, as may be considered necessary and required, at the beginning or prior of FY 2017-18 also.

Chapter 5

Scope of the Study

This study aims at understanding the existing internal control system as available presently at the SOUs; and developing a detailed internal control manual for State Public Universities on the basis of the understanding outcomes. For the purpose of building an understanding of the existing internal controls framework, the hypothesis are designed to address the key questions that validate both the existence of the framework and its design adequacy with operating effectiveness.

Since the aim is to develop a practically implementable internal control system and not a theoretical one this study empirically collects and analyzes the data, processes and embedded limitations.

This study also focuses on one-to-one interaction with the persons who are responsible as a part of the system to study the problems on ground in implementation of internal control system and developing relevant and key SOPs. This study also includes penetration testing of internal control system to see whether the preventive and detective control activities are working and focuses of process mapping and documenting the internal control manual.

Chapter 6

Limitation of the Study

The limitations as envisaged are:

1. Data Constraints

Data Constraints represents possibilities that the data made available or captured is incomplete data; its qualitative aspects, and other aspects that may restrict its usefulness for research purposes in whatsoever manner. These could also be due to embedded limitations in; and the present system of working in the state public universities.

Further the secondary data which is available on web, many a times, is not detailed and available on annual basis. It is also not updated regularly in all cases.

2. Accounting Data / Information

Since the Universities follows conventional cash / hybrid system of accounting its accounting and financial systems has limitations associated with the cash / hybrid system of accounting and their consequential impact on introducing and adopting a sound internal control framework.

3. Accounting Software & Other Applications

Since the SOUs follows conventional government accounting systems, they also have limitations in using appropriate accounting software. The applications used by SOUs cannot be fully implemented due to these inherent limitations and therefore lacks fundamental controls related aspects such as segregation of duties in managing accounting and financial processes. The software are used with limited functionality and processes wherein the duties and responsibilities of various departments are not being fully standardized and are also subject to the human resistant towards change. All these can be referred to as inherited embedded limitations.

4. Lack / Absence of Skill-set

It is noted that SOUs not being commercial entities do not have professionally qualified and experienced finance and accounting staff. The F&A function is managed by staff who has been promoted from clerical positions to supervisory roles due to their length of service rather than holding any qualification. Further even the F&A functions and processes are governed by the Academicians who have lesser understanding of F&A & financial controls and they are, many times, made responsible to manage F&A without any will; interest, or desire. All these factors refers to the skill-set that is desired / required in establishing an effective internal control framework at the SOUs.

Chapter 7

Outcome of the Study

This Study on the one side will have a robust internal control manual and framework to regulate the financial function of state public universities resulting in reduction in revenue leakages , checks on expenditure , increase in the trust of all stakeholders , transparency in utilization of taxpayers' money and on the other side by virtue of these benefits it will serve The Institute of Chartered Accountants of India's motto of being partners in Nation Building, contribution in growth of quality higher education in India and will create huge professional opportunities for its Members at large in the field of Internal Control implementation & assessment; and Internal Audit where the findings of this research study and manual will be a helping hand.

Chapter 8

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Chapter 9

Review of Literature of Internal Control systems across the world

9.1 Internal Control

"Internal control gets us where we want to go, without surprises along the way. Internal control is everyone's responsibility… Internal control is me."

- Cargill Corporation's Internal Control Statement

The internationally prevalent and accepted COSO framework described Internal control (IC) as a process, initiated by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The world, however, has come a long way since then and been assessing the applicability and the impact of internal controls across domains and sectors. Education is one such sector where several schools of thought deliberated upon the presence and form of internal control systems due to concerns regarding flexibility, significantly hampering the ability to serve the true purpose of education. However, on-ground projects provide sufficient evidence, settling such claims and furthering implementation across the world.

Besides, even when education is still seen as a not-for-profit or a state-run institution, limited resources herald the ability of such institutions to reach masses, which makes a strong case for internal control. However, internal control still has its costs, including but not restricted to money, time or human capital.

9.2 Due Diligence and Literature Study

Presence of investigative studies in the periphery of IC Systems in higher education institutions is scarce. The impact is amplified even further in the

Indian context. Most available research pertains to South East and Central Asian and African countries. Even when the same might not be directly applicable to the Indian experience, insights from the same, both in terms of the methodology and the results, may immensely assist in conducting a pilot study.

Duh et.al., 2014 investigated the relationship between ICs implementation and their Operating Efficiency of Universities using OLS regression model on data collected from over 99 universities in Taiwan. A number of aspects pertaining to operating efficiency were considered. The results indicated an insignificant association of IC implementation with teaching-related efficiency and a negative association (p-value <0.05) with research-related efficiency. The sample was further divided into public and private universities to assess the differentiation, if any, in implementation of ICs where the results indicted a significant positive relationship with teaching efficient for private universities as against an insignificant association with public campuses. The association between IC implementation and research-related efficiency, however, became even more significant and negative for private campuses.

Abdullahi, 2016 focused upon the financial effectiveness of Internal Control systems in the state of Puntland, Somalia. Although the study had a quantitative survey design, it could only garner a sample size of 30 respondents. Post-employment of tools like Correlation and Logit Regression Analysis, the study found that various internal stakeholders have been actively and willingly playing their respective roles. In addition, implementation of IC monitoring has helped in assessing the quality of performance of the institution over time. All revenues and expenditures appeared to be properly classified, and that assets of the University generally increased. The Study therefore concluded a positive and significant influence of IC systems, albeit with certain delays and lags, on the financial performance of the organization.

Abbas and Iqbal, 2012 was itself a comprehensive study of existing literature where the authors analyzed and reviewed as many as 3 legislations, 20 working papers and 30 articles apart from various theoretical books to conclude that a properly developed and implemented IC system prevents leakages and wastage of resources and serves as a pivot to the rest of the operations. Such properly implemented systems reduce operational risk and increase reliability of financial performance.

Mahadeen & Al-Dmour, 2016 investigated the impact of internal control system on organizational effectiveness in Jordan through three approaches namely; organizational ability to achieve its goals (Goal approach), organizational ability to control and maintain the needed resources (Resource Control approach) and the (Multiple Constituency approach) which deals with organizational competitiveness, job satisfaction, customer satisfaction and complaints. Results from the multiple regression model regarded awareness regarding the importance of IC crucial for the success of such systems. The organization benefited operationally from the implementation of IC systems. On the personal development front, employees felt a lot more confident and competent to undertake challenges post clear demarcation of responsibilities and accountibility.

Yudianti & Haruti, 2015 emphasized the ultimate end goal as the subject matter of their research on ICs in Indonesia, ensuring good university governance. The study had the largest sample of all the papers discussed. Through its analysis, the research concluded the positive relationship between awareness and effective implementation of internal control systems. Given that awareness flourished in private higher education settings, results pertaining to university governance were favoring ICs' effectiveness greater than public institutions in this respect.

Chapter 10

Existing Internal Control Frameworks

10.1 University of Southern Mississippi

There are five components of the organization's internal control system. These components are common to most websites in terms of the information available. The underlying source for the following components is COSO.

1. CONTROL ENVIRONMENT: - This is the attitude of the organization's executive management and staff regarding internal controls. A sound control environment is the foundation for all other components of internal control, providing discipline and structure. The basic elements of the control environment include -

- Integrity and ethical values.
- Leadership philosophy and operating cycle.
- The manner in which management assigns authority and responsibility, organization and development of its employees.

2. RISK ASSESSMENT: - This involves management's identification of areas at most risk and implementation of controls to detect errors or fraud that potentially result in material misstatements. Examples include -

- Unrecorded revenue or expense transactions.
- Ghost employees on payroll.
- Payments to fictitious vendors.
- Confirmation of inventory.

3. CONTROL ACTIVITIES: - Control activities occur within the internal control system. Internal controls are developed and implemented to prevent or to mitigate any risks identified. These are actually the specific policies, procedures and processes that are designed to meet the business objectives. There are a range of controls, which include -

- Segregation of duties.

- Reconciliation.
- Physical security of assets.

4. INFORMATION AND COMMUNICATION: - This area focuses on the systems and reports that helps to ensure that management directives to employees are carried out effectively.

5. MONITORING: - This involves assessing the quality and effectiveness of the organization's internal control over time. Monitoring can be an internal or external activity by management, employees or outside parties. Monitoring can involve the following -

- Assessing the design and operation of controls
- Assessing the compliance with policies and procedures
- Providing for implementation of corrective action plans

10.2 University of Pennsylvania

UPenn has adopted the Integrated Internal Control Framework (IICF), an adaptation of COSO (Committee of Sponsoring Organizations of the Treadway Commission), for utilization as the foundation of the internal control and compliance environment. Key aspects of Penn's structure are:

Business Purpose Documentation

All expenditures are expected to be made for ordinary, reasonable, and actual business-related activities in furtherance of University and Health System missions. Additionally, Penn receives significant funding from federal sponsors and other sources that carry substantial fiduciary responsibilities. Failure to require supporting documentation evidencing business purpose to internal reviewers can result in inappropriate expenditures going undetected. Failure to provide supporting documentation with business purposes to external reviewers could result in disallowances, fines, penalties which have financial and reputational impacts for the University.

An adequate business purpose should describe the reason why the transaction occurred as opposed to only restating the item purchased. For example, "Freezer" would not be a sufficient business purpose explanation. An appropriate explanation could be: "Freezer for storage of research samples in Dr. Smith's lab." Business purpose explanations should be sufficiently detailed to allow the reviewer, whether he/she be an internal supervisor, a federal auditor, an IRS agent, etc., to establish that the transaction was for the sole benefit and use of the University in accordance with its non-taxable mission.

Cash Controls

Any unit collecting or maintaining cash needs to ensure that collections are sufficiently safeguarded. "Cash" for purposes of controls discussion includes currency, coins, cheques, money orders, and gift certificates/cards. Types of cash typically on hand include cash receipts, petty cash accounts, and change funds. The following principles of good cash handling will be discussed in greater detail: Segregation of duties, Security, Reconciliation, Management Review, and Documentation.

Segregation of Duties

Cash handling duties can be divided into four stages: receiving, depositing, recording, and reconciling. Ideally, all four stages would be performed by different individuals. The purpose of this segregation of duties is to minimize the opportunity for an employee to misappropriate funds and avoid detection. In a smaller department, it may not be feasible to fully segregate all of the cash-related duties. In these circumstances, the department may rely on compensating controls to mitigate the risk that cash is misappropriated (e.g., increased monitoring).

Security: Keep all cash in a safe until it is deposited. For areas with regular cash receipts, a drop safe is recommended to limit access to the contents of the safe. Regardless of the type of safe used, limit access to supervisory and authorized personnel only. Locate the safe where it is continually visible by departmental employees but out of public sight. Change the combination of the safe on a regular basis (e.g. annually) and when an employee who knows the combination to the safe leaves the unit. If cash boxes are used ensure that they can be locked, are fire resistant, are not easily movable or concealable, and access is limited to the person collecting the cash. Cash boxes cannot be shared amongst employees as accountability for the cash will be diminished and management will not be able to readily assign responsibility for shortages to the appropriate employee. If large sums of money are being collected and/or cash is collected in a high traffic area, consider installing a camera and alarm system.

Reconciliation & Documentation: Cash collections must be reconciled on a daily basis to the cash register/point of sale system to ensure the completeness of receipts. On a monthly basis, an employee who does not collect funds must reconcile deposit tickets to general ledger accounts to ensure that all amounts were properly deposited and reconcile general ledger balances to bank records to ensure that deposits were appropriately credited by the bank.

Record keeping requirements exist throughout the cash collections process. A record of cash collected must be maintained by the employee responsible for accepting the cash. This could be in the form of a cash register tape, a revenue log, a pre-numbered receipts book, etc. This record will be compared to the actual cash on hand during the daily balancing of the register or cash box. Records of deposits made must be documented and retained to assist in the performance of reconciliations. Reconciliations between book and bank balances must be performed on a monthly basis and documentation that the reconciliation was performed, that reconciling items were investigated and resolved must be retained.

Management Review: Supervisors should initial and date all reconciliations to demonstrate that they were reviewed and approved.

Petty Cash Accounts

Petty Cash is easily misappropriated if business processes and internal controls are not established and enforced. The following controls and concepts will help you ensure that your petty cash accounts are appropriately used and safeguarded:

- Do not allow the use of petty cash for operating purposes including the payment of invoices or miscellaneous amounts, to pay salaries or wages, or to make advances or loans to staff.
- Allow only the established custodian to access the funds. If that individual is not available for an extended period, contact the Office of the Treasurer to transition responsibility to someone else.
- Require receipts/documentation for all petty cash reimbursements.
- Require that petty cash vouchers be approved by the requesting employee's supervisor or another appropriate individual familiar with activity that resulted in the original expenditure.
- Safeguard petty cash fund through the use of lockable cash boxes and secure the boxes in a locked cabinets drawer or safe when not in use by the custodian.

- During the supervisory review and approval of the replenishment request, ensure that receipts are included and appear appropriate.

10.3 Oregon State University

OSU's Adopted Internal Control Elements

The internal control system for the university is to utilize the COSO model, which includes Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring, as described in this section.

Control Environment. The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; the attention and direction provided by the board of directors.

Risk Assessment. Every entity faces a variety of risks from internal and external sources that must be assessed. A precondition to risk assessment is establishment of objectives linked at different levels and internally consistent. Risk assessment is the identification and analysis of relevant risks to the achievement of objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory, and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change.

Control Activities. Control activities are the policies and procedures that ensure management directives are carried out. They ensure that necessary actions are taken to address risks to the achievement of objectives. Control activities occur throughout the organization at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.

Information and Communication. Pertinent information must be identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Information systems produce reports containing operational, financial, and compliance-related information that make it possible to run and control the university's business. They deal not only with internally generated data, but also information about external events, activities, and conditions necessary to informed business decision-making and external reporting. Effective communication also must occur in a broader sense flowing down, across, and up the organization. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system, as well as how individual activities relate to the work of others. They must have a means of communicating significant information upstream. There also needs to be effective communication with external parties such as customers, suppliers, regulators, and shareholders.

Monitoring. A process that assesses the quality of the internal control system over time. This is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedure.

10.4 Houston Community College

The college, post statement of policies implemented in college, stated a range of limitations the college authorities contemplated over during execution of internal control, which are relevant to any organization planning to implement the same. It states that "*Internal controls do not provide absolute assurances - they help an entity achieve its objectives but do not ensure success, survival, or absolute reliability of financial reporting and compliance, only reasonable assurance. Internal controls are subject to a number of potential failures. Decision-making can be faulty; mistakes occur; management may override existing internal controls; employee collusion can cause controls to fail. The final, overriding limitation of internal controls is one of cost. With scarce resources, the benefits from internal control systems must be considered relative to the cost of implementing and maintaining those systems*"

10.5 University of Nevada, Reno

The university maintains an administrative manual, which is updated each year. Following is a brief summary describing general procedures followed, which can be classified as under:

Financial Reports

- Reconcile Workday financial reports to transaction documents at least monthly.
- Have an appropriate person review the monthly financial report and reconciliation.
- Prepare your budget with your best estimate of how the department's funds will be earned and expended during the year.
- Compare actual results to the budget and follow up significant variances.

Cash Receipts

- Endorse checks immediately when received.
- Safeguard cash and checks against loss. Maintain accountability for cash with appropriate documentation of cash transfers.
- Deposit receipts within 24 hours in accordance with UAM 1,061. Do not retain funds for any purpose.
- Keep a cash receipts journal, or a duplicate receipt copy, or another suitable record when accepting payments.
- Retain cash receipts documentation in accordance with the records retention rules in the administrative manual.

Other Expenses and Expenditures

- Follow the policies and procedures described in the University Administrative Manual.
- Review and edit purchasing card statements promptly.
- Be rigorous in following the review and approval requirements on purchasing card statements and other accounting documents.
- Do not sign contracts on behalf of the university unless you are specifically authorized in writing by the President to do so.

Other Guiding Principles

- Keep written procedures for your department's cash handling and accounting functions. These procedures should specify who does what and should be updated as needed.
- If you are a principal investigator, comply with the sponsor's requirements for accountability.

- Fulfill your responsibility yourself, do not delegate your accountability functions.
- In the case of a mistake, submit appropriate documents to correct the mistake as soon as possible.

10.6 Santa Fe University

Risk Assessment

Risk Assessment is the identification, analysis and management of relevant risk in financial reporting and in the achievement of objectives. Identification and analysis of relevant risk is done at many levels in the College. Various statewide committees, which this College is represented in, develop risk assessment policies. These committees include the Council of Business Affairs, the President's Council, and the Council of Instructional Affairs. Additionally, the State Auditor General's Office, the Southern Association of Colleges and Schools, the Florida Department of Education, and the College's legal council affect the operations of the College.

The College is continually evaluating and assessing the elements of risk in the development of Board of Trustees rules and College policy and procedures. Many levels of management are involved in this process through various internal committees, the President's Cabinet, the Coordinating Council, the Career Service Council, and the College Senate Council. College Staff with specialized expertise provides input into campus-wide training of procedures to minimize relevant compliance risks.

Control Activities

Control activities are the policies and procedures that help ensure necessary actions are taken to address the risks inherent in the achievement of the College's objectives. The College adheres to control activities in performance reviews, information processing, physical controls, and segregation of duties.

Information and Communication

The information contained in the College's financial records follows the standards prescribed by the State Department of Education. Reviews of the records conducted by external auditors and monitors provide feedback and ensure the College's financial reports are fairly presented in accordance with generally accepted accounting principles. Department ledgers detail are available real-time to Budget Signature authorities for their review through the College's accounting system.

Communication involves providing employees of the college an understanding of individual roles and responsibilities pertaining to internal controls over financial reporting. This communication is done primarily through policy and procedure manuals, accounting manuals, and systems manuals. Periodic training is offered to staff in the proper usage of the College's online accounting system.

Monitoring

Monitoring is a process that accesses the quality of internal performance over time. For the College, this process is accomplished through the ongoing monitoring of financial activities by the departments through monthly department ledgers and by accessing budgetary information online. Other types of monitoring activities include external audits designed to monitor internal controls applicable to financial, operational, and compliance objectives, and internal reviews at various management levels that monitor and report on integrity of information, effectiveness of operations, safeguarding of assets, and compliance with various governance.

The College's financial records follow the standards prescribed by State Department of Education. Annual financial statements are prepared in a manner consistent with the modified accrual method prescribed by the Industry Audit Guide for Colleges and Universities.

The integrity of the system and consistency are maintained by limited access to the accounts and by centralized account creation handled in the Finance Division. Additionally, the Chief Financial Officer and the Comptroller manage access codes for individual budgetary accounts. Functions controlled in this area include access to approval code screens, vendor payment screens, property control screens and payroll maintenance screens.

In order to maximize the control over cash and cash equivalents, the College maintains a centralized cashiering system in the Office for Finance. Established internal controls ensure the secure and accurate handling and reporting of money and separate accountability of all staff that handle it. Maintaining a single bank account for all receipts and disbursements enhances security and efficiency.

10.7 University of Buffalo

The university maintains a structured and elaborate internal control system. Aspects and practices differing from the systems identified up until now are:

Safeguarding Assets: Best Practices

- Designate a point person to establish responsibility and accountability for security.
- Store all assets in a secure, locked area.
- Store cash in a locked, preferably fireproof safe.
- Maintain accurate lists of equipment to reduce the risk of misplacement or personal use.
- Restrict access to data and other assets to a limited number of individuals within the department or organization.
- Ensure proper access controls are in place (e.g., user IDs and unique passwords that must be changed frequently).

Safeguarding Confidential Information: Best Practices

- Assess the information stored in files and computers and identify who has access to it.
- Collect only the information needed for legitimate business purposes and keep it only as long as necessary.
- Protect the information you keep, considering physical security, electronic security and employee training.
- Properly dispose of what is no longer needed.
- Create a plan to respond to security incidents.

Accounting: Best Practices

- Train employees on performing accounting functions.
- Ensure that proper segregation of duties exists within the accounting function.
- Document authority to create an expectation of responsibility and accountability.
- Review transactions, adjusting journal entries, and reports for accuracy, completeness and timeliness.

- Reconcile accounts monthly.
- Document the review and approval of reconciliations.
- Ensure that individuals performing account reconciliations are independent of the cash receipts or cash disbursements process.
- Identify and correct reconciling items, errors and omissions on a timely basis.
- Ensure that automated accounting systems have the proper level of input and processing controls to ensure the integrity of the financial data being reported.

10.8 University of Toledo

Reliability of financial reporting was touched upon and described in great detail on the University's website.

Ensuring appropriate recording of trades: Controls

- Enter executed trade transactions in the system each day.
- Perform an independent one-to-one check (such as checking amounts, quantities, cost, and maturity date) of information from the executed trade transaction to broker confirm (fax, email, or letter) approving the trade and then to the information put into the system. Research any discrepancies, including long outstanding trade transactions, in a timely manner and make corrections as necessary.
- Automatically forward executed trade tickets to independent pricing services and to custodians to ensure that changes in positions of securities are communicated in a timely manner.
- Check transaction details such as amounts, quantities, maturity date, and cost in independent reconciliations comparing custodian records and information system entries on a one-to-one basis. Research any discrepancies in a timely manner and make corrections as necessary.
- Reconcile trade tickets that have been completed but not approved.
- Reconcile trade tickets that have been approved but not executed.

Investments held by custodial accounts are recorded completely and accurately: Controls

- Review executed trade tickets to verify delivery or notice to the custodian.
- Require the custodian to have procedures in place to ensure that a transaction is approved (for example, review of trade ticket) before acceptance, delivery, or release of a security.
- In a one-to-one check, compare details in the custodial confirmation of the transaction with the executed trade documentation, including corporate actions. Research any discrepancies in a timely manner and make corrections as necessary.
- In an independent monthly reconciliation, compare the custodian records to the general ledger. Research any discrepancies in a timely manner and make corrections as necessary.

Classification of sale of investment transactions as short/long-term gains or losses is correct: Controls

- Compare custodian records and company records to assess the correct classification of investment transactions as short-term or long-term gains or losses for each reporting period.
- Require management to review the final classification of transactions as gains or losses.

Investments are valued properly: Controls

- Reconcile the listing of investments held by the custodian to the general ledger each month. Research any discrepancies in a timely manner and make corrections as necessary.
- Configure the system to produce a detailed report each quarter after valuations have been updated in the system, comparing the recorded value of investments in the current quarter to the value in the previous quarter.
- Identify and investigate significant or unusual price changes or the complete absence of price changes.
- Separate input documents into groups for batch totals before processing is complete and calculate numerical totals for the quantity of documents, dollar amount, and hash items. Compare these totals to reports following inputs and updates, and research and re-enter all out-of-balance conditions in a timely manner.

- Obtain mark-to-market valuations independently from third-party pricing sources for securities being traded or available for sale. For thinly traded investments or those lacking readily determined market prices, obtain valuations from sources skilled in pricing such securities or value the securities internally, using an established, theoretically sound, and consistent process.
- Compare all investment value adjustments to third-party pricing source documentation before input to the system.
- Require that personnel independent of the treasury and investment process compare adjustments to investment values to documentation provided by third-party pricing sources.
- Ensure that management approves any manual override in the pricing valuation.
- Require management to regularly compare the fair market valuation of held-to-maturity and available-for-sale securities to historical costs to identify any investments that are impaired more than temporarily. Ensure that any unusual items are researched and corrected as necessary.

10.9 Conclusions

The analysis of the existing framework across USA revealed that Internal Control still remains quite untested, more so in India's climate. Some countries, on the other hand, have made greater guidelines and also prescribed higher education institutions to adopt the same. However, most systems revealed that conformance to laid down norms and not their effectiveness is mainly responsible for adoption of ICs. As a result, organizations do not feel motivated to strongly implement and monitor the implementation of ICs, performing the bare minimum mandated by higher education bodies.

Our work, therefore, largely focuses on the accounts, audit and finance division as organizations tend to be the most concrete about these divisions and have a strong likelihood of having laws in place for the same.

We inferred that organizations strongly implementing ICs find it easier to follow or incorporate elements common to the institution's management such as delegation and decentralization, an element important for an organization's success, with or without ICs. This is in contrast with components relatively alien to the organization and not directly a part of the organization's values and ethos.

The point above also brings up a crucial parameter leading to lack of interest regarding ICs, which is the commonalities to general governance and IC systems like say cash management techniques. It is pertinent for an organization to have concrete rules regarding cash management. Thus, ICs in a sense act more like a tag than bringing significant changes to organizational policies for such institutions.

Literature studies on Internal Control systems too were scarce. The principal conclusions arising from the existing literature reported awareness as an essential precondition to the successful implementation of IC systems. The systems, if properly implemented, equipped, supported and monitored, are likely to lead an organization towards superior operational and financial results and also prevent wastages and leakages from an organization.

Private Institutions have successfully been able to achieve such goals even when public institutions have confronted problems in implementation and interest from stakeholders. This may clearly be associated to a less bureaucratic and proactive approach apart from result linked incentives in the private sector as compared to public institutions.

10.10 Limitations of the Report

1. *Most college websites offered internal control and related concepts, taken directly from Internal Control -- Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, they did not offer additional details regarding the means of implementing internal control. Such information had to be excluded to prevent redundancy of information, adding to the bulkiness of report offered.*

2. *The report is skewed in terms of the geographies covered. Despite efforts to extract literature and observe existing frameworks in the India, the same could not be found even though web search was conducted in a variety of different ways.*

3. *The report prioritizes prestigious and renowned institutions including **Ivy League** colleges over smaller and lesser trustworthy institutions based on the belief that the same are expected to have larger, more complete and organized systems in place given the tremendous amount of*

resources at their disposal. However, loss of insights arising out of such exclusion is deeply regretted.

4. *Finally, all attempts have been made to highlight necessary components of existing frameworks for the purpose of the study. Therefore, the entirety of internal control in institutions have not been taken up. Instead, only the components new to the report i.e. not covered by any other college in the report and making reasonable sense have been included.*

5. *Internal control and Internal Audit were covered by institutions under the same head. The writer exercised his discretion to exclude portions visibly identifying themselves with Internal Audit.*

6. *A restricted access of the reports and articles surrounding too limited the study.*

10.11 References

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Chapter 11

Design of Hypothesis Testing

As discussed earlier in this study, for the hypothesis testing, the researchers have designed questionnaires for validation of each of the stated hypothesis.

These questionnaires are designed in a manner, that in case the fundamental key aspect / condition of the hypothesis which is addressed through the very first question is not met satisfactorily the subsequent questions addressing are /may not be required to be attended or even these are attended to their outcomes may not necessarily fulfill the objectives of the hypothesis /research and therefore considering such outcomes are not likely to bring outcomes supportive of the same.

These hypotheses are used by the researcher on one-to-one basis for seeking information on the hypothesis related aspects in context of the existence; adequacy and operating effectiveness of the internal control structure in place at the concerned Educational Institution (EI).

Further the researcher has additionally browsed through the web-sites of the concerned SOUs to extract relevant data, as considered necessary for the purpose of seeking answers to the hypothesis questionnaires.

Hypothesis 1: Educational Institution ("EI") has a formal Internal Controls Framework (ICF) in place:

a) The Governing Council has approved an ICF for the EI.

b) ICF is implemented on a formal note.

c) ICF Framework is regularly reviewed / tested for design adequacy and operating effectiveness.

To Test: The Design Adequacy and Operating Effectiveness of the ICF at EI

For Individual Institution-Government Funded / State University

EI Name:

S. No	*Question*	*Response 2020*				*Remarks*
		Yes	*No*	*Partially*	*N.A.*	
1	Whether EI has a formal ICF is in place?					
2	Is ICF approved by EI's Management?					
3	Is ICF tested for Design Adequacy by EI?					
4	Is ICF tested for it's Operating Effectiveness as per required frequencies by EI Management?					
5	Are 1 to 4 above are verifiable?					
6	Are the testing outcomes reviewed by EI Management?					
7	Are the Actionable/Course-corrective Measures are directed by EI Management timely?					
8	Are actionable performed as directed?					
9	Does EI Management review the performance of Actionable?					
10	Is the performance verification mechanism for 5 to 9 in place and operating? How operating?					
11	Whether any					

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
	Disclosure of Internal Control policy is being made adequately in the financial statements by the institution ?					
12	Whether Internal audit manual/policy is in place and internal audit is being conducted periodically?					
13	Whether the EI has a system of adoption and updation of internal control system on the basis of suggestion and queries raised by CAG and Statutory Auditors?					

Hypothesis 2: Implementation of internal control manual will minimize revenue leakages in State Public Universities

Educational Institution ("EI") has a formal Internal Controls Framework (ICF) in place to prevent 'Revenue Leakages':

a) All instances of Revenue Leakages are reported & summarized.

b) All instances are analytically reviewed and a root cause analysis (RCA) is performed.

c) Any RCA indicating absence of /or failure of Controls are addressed appropriately by Management.

d) ICF is reviewed/updated regularly against noted/reported weaknesses.

e) ICF is reviewed regularly as a practice.

To Test: The ability of an ICF to prevent Revenue Leakages at EI

For Individual Institution-Government Funded / State University

EI Name:

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
1	Whether EI has a formal ICF is in place?					
2	Whether EI has noted / reported any instances of Revenue Leakages?					
3	Has EI performed a 'Root Cause Analysis' (RCA) of such instances (as a part of ICF)?					
4	Whether as per RCA such instances are due to absence of IFC?					
5	Whether as per RCA such instances are due to failure/weakness of IFC?					
6	Are the testing outcomes reviewed by EI Management?					
7	Are the Actionable/Course-corrective Measures are directed by EI Management timely?					
8	Are the outcomes of Actionable/Course-corrective Measures are reviewed by the Management?					

Hypothesis 3: Implementation of Internal Control Manual (ICM) will increase the satisfaction of stakeholders of State Public Universities

Educational Institution ("EI") has introduced a formal Internal Control Manual that allows EI to demonstrate that it is well governed and operate in a control environment with better safeguarding of its Assets to the satisfaction of its Stakeholders:

a) EI has a formally documented ICM.

b) EI has well-structured and formally documented Code of Conduct & Ethics for its all Academic and Non-Academic Staff.

c) EI has all key governance policies in place i.e Anti-Sexual Harassment Policy; Equal Opportunity Policy, Whistle Blower Mechanism, Anti-bribery Policy etc.

d) EI has a mechanism in place for regular review and update of its governance policies.

e) EI seek / evaluate feedback from Stakeholder on key governance matters for improvement purposes.

To Test: The ability of an ICM in increasing the satisfaction of Stakeholder in the management of EI

For Individual Institution-Government Funded / State University

EI Name:

S. No	***Question***	***Response 2020***				***Remarks***
		Yes	***No***	***Partially***	***N.A.***	
1	Whether EI has a formal ICM is in place?					
2	Whether EI has formally documented and implemented key governance policies?					
	Code of Conduct & Ethics					

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
	Anti-Sexual Harassment Policy					
	Equal Opportunity Policy					
	Whistle Blower Mechanism					
	Anti-Bribery Policy					
3	Does EI has a system of annual compliance confirmation of its key policies by Academic and Non-academic Staff?					
4	Whether EI performs regular assessment / testing of ICM Compliance?					
5	If Yes for 4 above, then are the assessment / testing outcomes reviewed/available?					
6	Are the testing outcomes reviewed by EI Management?					
7	Does EI has a system in place w.r.t ICM non-compliance are reported/notified and acted upon by EI executive council?					
8	Does EI seek / evaluate feedback from					

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
	Stakeholder in respect of ICM?					
9	How does the EI ensure that ICM is satisfactory to the Stakeholder?					
10	Are the outcomes of Actionable/ Course-corrective Measures are reviewed by the Management and ICM is updated based on same?					

Hypothesis 4: Implementation of Internal Control Manual (ICM) will be able to check the preventive and detective measures for various control activities adopted by State Public Universities

Educational Institution ("EI") has introduced a formal ICM that has inbuilt preventive and detective controls with regard to various control activities adopted by it:

a) EI has a formally documented ICM.

b) ICM has inbuilt preventive and detective controls.

c) ICM has controls in place with regard to all key financial and non-financial activities undertaken by EI.

d) EI performs regular testing of controls.

e) EI regularly update / revise it's ICM on the basis of testing outcomes.

To Test: The effectiveness of an ICM in respect of preventive/detective controls on activities of EI

For Individual Institution-Government Funded / State University

EI Name:

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
1	Whether EI has a formal ICM is in place?					
2	Does the ICM clearly define preventive and detective controls for all key financial and non-financial activities of the EI?					
3	Whether EI performs regular assessment / testing of ICM Compliance?					
4	If Yes for 3 above, then are the assessment / testing outcomes reviewed/ available?					
5	Are the testing outcomes reviewed by EI Management?					
6	Does EI has a system in place w.r.t ICM non-compliance are reported/ notified and acted upon by EI executive council?					
7	Are the outcomes of Actionable/Course-corrective Measures are reviewed by the Management and ICM is updated based on same?					

Hypothesis 5: Implementation of Internal Control Manual will enable process mapping of Standard Operating Procedures (SOPs) of State Public Universities

Educational Institution ("EI") has introduced a formal ICM that is fully mapped by the SOPs adopted by it:

a) EI has formally introduced an ICM

b) EI has adopted SOPs for its all key financial and non-financial activities

c) EI has developed a controls checklist (CC) for each SOP

d) Has EI formally introduced Risk Control Matrices (RCM) for each key activity?

e) ICM has captured all process controls defined in the CC and SOPs in RCM

f) All controls captured in the RCM has cross-references to the CC and SOPs

g) EI performs regular testing of controls of RCMs

h) EI regularly update / revise it's ICM on the basis of testing outcomes

To Test: The enabling aspects of ICM in process mapping of SOPs at EI

For Individual Institution-Government Funded / State University

EI Name:

S. No	***Question***	***Response 2020***				***Remarks***
		Yes	***No***	***Partially***	***N.A.***	
1	Whether EI has a formal ICM is in place?					
2	Whether EI has formally documented SOP?					
3	Has EI developed a CC for each SOP?					
4	Has EI developed formal RCMs for each key activity?					

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
5	Are all CC controls captured in RCMs?					
6	Whether EI performs regular assessment / testing of controls as per RCMs?					
7	If Yes for 6 above, then are proper records of the assessment / testing outcomes reviewed/available?					
8	Are the testing outcomes reviewed by EI Management?					
9	Does EI has a system in place w.r.t RCM non-compliance are reported/notified and acted upon by EI executive council?					
10	Are the outcomes of Actionable/Course-corrective Measures are reviewed by the Management and RCM is updated basis the same?					

Hypothesis 6: Implementation of ICM manual will help in documenting the Standard Operating Procedures (SOPs) of State Public Universities.

Educational Institution ("EI") has introduced a formal ICM that outlines the controls which are fully mapped by the SOPs adopted by EI and ensure that SOPs are appropriately documented:

a) EI has formally introduced an ICM with standardized controls

b) EI has adopted SOPs for its all key financial and non-financial activities

c) All controls forming part of the ICM are reflected in the SOPs

d) SOPs are updated immediately when a change is made in the ICM

e) EI regularly review / update / revise SOPs annually

f) EI also update / revise SOPs on the occurrence of any relevant event

g) Updated versions of SOPs are formally approved by EI for roll-out/implementation

To Test: The assess the effectiveness of ICM in documentation of SOPs at EI

For Individual Institution-Government Funded / State University EI Name:

S. No	*Question*	*Response 2020*				*Remarks*
		Yes	*No*	*Partially*	*N.A.*	
1	Whether EI has a formal ICM is in place?					
2	Whether EI has formally documented SOPs?					
3	Are controls defined in ICM are mapped with SOPs by EI?					
4	Whether EI has a formal SOP Review System in place?					
5	Whether EI has a formal SOP Change Management System in place?					

S. No	Question	Response 2020				Remarks
		Yes	No	Partially	N.A.	
6	Does EI revise the SOP as and when a change is made in ICM?					
7	Are all changes made in the SOPs are formally approved?					
9	Does EI effectively informs all of revised SOPs?					
10	Are the revised / updated versions are uploaded on the EI's internal system immediately upon revision / approval for roll-out/implementation purposes					

Summary of the Outcomes of Hypothesis Testing based on the questionnaires:

Hypothesis 1: RTU / Educational Institution ("RTU" or "EI") has a formal Internal Controls Framework (ICF) in place:

Based on testing of the hypothesis on the state universities which qualified and were selected for this study on the basis of our sampling none of the 30 universities were found to have a formal internal control Framework (system) in place and in most of the cases since there was lack of availability of the requisite and complete information related to the internal control and audit function of the university.

Since the response to the first question is in negative, documented internal control manual being not in place, lack of disclosures regarding internal control policy, the response of remaining questions based on the hypothesis automatically becomes negative.

Hypothesis 2: Implementation of internal control manual will minimize revenue leakages in State Public Universities

RTU / Educational Institution ("RTU" or "EI") has a formal Internal Controls Framework (ICF) in place to prevent 'Revenue Leakages':

Based on testing of the hypothesis on the state universities which qualified and were selected for this study on the basis of our sampling none of the 30 universities were found to have a formal internal control Framework (system) in place to prevent & detect revenue leakages. It was observed that none of the universities were found having the process of root cause analysis to analytically review the reason of such instances of revenue leakages.

Hypothesis 3: Implementation of Internal Control Manual (ICM) will increase the satisfaction of stakeholders of State Public Universities

RTU / Educational Institution ("RTU" or "EI") has introduced a formal Internal Control Manual that allows EI to demonstrate that it is well governed and operate in a control environment, with better safeguarding of its Assets to the satisfaction of its Stakeholders:

Based on testing of the hypothesis on the state universities which qualified and were selected for this study on the basis of our sampling none of the 30 universities were found to have a documented internal control Manual in place.

In some instances few governance policies were found but no formal comprehensively documented and implemented governing policies were found to be in place.

Its has been observed that none of the EI has any system of annual compliance confirmation of its key policies, System of regular assessment of ICM , seeking feedback from stakeholder in respect of ICM and policy of update of ICM on the basis of review of cross corrective measures and actionable were found to be in place.

Hypothesis 4: Implementation of Internal Control Manual (ICM) will be able to check the preventive and detective measures for various control activities adopted by State Public Universities

RTU / Educational Institution ("RTU" or "EI") has introduced a formal ICM that has inbuilt preventive and detective controls with regard to various control activities adopted by it:

Based on testing of the hypothesis on the state universities which qualified and were selected for this study on the basis of our sampling none of the 30 universities were found to have a documented internal control Manual in place and various preventive and detective controls for all key financial and non-financial activities of the EI were also not defined and no SOPs of regular assessment or review of such compliances were found to be in place.

Hypothesis 5: Implementation of Internal Control Manual will enable process mapping of Standard Operating Procedures (SOPs) of State Public Universities.

RTU / Educational Institution ("RTU" or "EI") has introduced a formal ICM that is fully mapped by the SOPs adopted by it:

Based on testing of the hypothesis on the state universities which qualified and were selected for this study on the basis of our sampling none of the 30 universities were found to have a Formal Internal control Manual and Documented SOPs in place.

We have not found Control checklists and risk control matrices for the key financial and non-financial activities and various preventive and detective controls for all key financial and non-financial activities of the EI are also not defined and no SOPs of regular assessment or review of such compliances were found to be in place.

Further, since RCM and CC controls for RCM were not found in place no such policy of review, assessment and update of RCM were found in place.

Hypothesis 6: Implementation of ICM manual will help in documenting the Standard Operating Procedures (SOPs) of State Public Universities.

RTU / Educational Institution ("RTU" or "EI") has introduced a formal ICM that outlines the controls which are fully mapped by the SOPs adopted by EI and ensure that SOPs are appropriately documented.

Based on testing of the hypothesis on the state universities which qualified and were selected for this study on the basis of our sampling none of the 30 universities were found to have a Formal Internal control Manual and formally documented comprehensive SOPs in place.

The system of SOPs Review, SOPs change management and revision and update of SOPs were not found to be in place in any of the universities.

Chapter 12
Internal Control Manual

Based on analysis and study we are proposing an Internal Control Manual comprising of SOPs, DoA and RCMs which is divided in various annexures as presented below:

12.1 Implementation Approach/Operative Note

This Standard Internal control framework comprising of Standard Operating Procedures and Risk Control Matrices have been developed keeping in mind the present status of financial management and greater need of Stricter Financial Controls, checks and balances on utilization of funds/grants, Standard Operating Procedures and effective internal control system/ framework.

This Proposed internal control framework has been designed and developed on the basis of few assumptions based on assessment of present situation and we have divided this operative note/implementation approach note in three part:

a. Assumptions

b. Pre-requisite for implementation of ICM

c. Sustainability

a. Assumptions:- While Designing and developing the proposed internal control following assumption have been relied upon :

1. The proposed Internal control Manual/framework is scalable to any extent based the needs, local environment and assessment of the situation of particular educational institution/university for different lines of activities.

2. The executive titles, headings and other references/section used in the proposed manual can be customized.

3. The proposed Internal Control Manual/Framework is developed based on the hybrid system of accounting that the Educational institution/State Universities are presently using.

b. Pre-requisite for implementation of ICM: There are certain pre-requisites which has to be in place are as below:

1. Well-structured formally documented Standard Operating Procedures (SOPS) with basic Checks & Balances
2. Availability of executive skill-set; basic training system for those who handling the responsibilities and proper delegation of authorities
3. IT System with all basic features and the capability of the IT resources w.r.t integration of design controls and Segregation of Roles & Responsibilities

c. Sustainability:

A comprehensive Testing system of Various controls and RCMs, for sustainable and effective internal control system, after implementation of the same should be there in place and testing outcome sheet is to be prepared based on periodic review.

The proposed internal control manual has to be reviewed, updated based on future events and situations that may arise to keep it relevant and effective. Based on the review and assessment if any of the Controls, SOPs and RCMs has become outdated needs to be replaced/updated and if some new control, checks and RCMs are required to be inducted than the same should be done.

Familiarization and training program should be put in place for smooth introduction, functioning and effective implementation of Internal Control manual/framework comprising of SOPs & RCM.

It is recommended that the proposed Internal Control Manual be implemented with a dynamic approach and thought to ensure it future relevant at all times.

Further the researcher suggests that for the purpose of Testing of controls An Educational institution/university may refer Guidance note “Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” issued by The Institute of Chartered Accountants of India.

12.2.1 Financial Planning & Analysis (FPA):

SOP - FINANCIAL PLANNING AND ANALYSIS (FPA)

BACKGROUND:

Financial Planning and Analysis (FPA) is critical in order to ensure effective governance and management of the financial affairs of the University. It aims to provide a structured approach to the University in addressing aspects associated with the financial planning; budgetary controls, business reviews / analysis providing insights of the financial outcomes and enabling the governing body to initiate timely course corrective actions.

PURPOSE AND SCOPE:

The purpose of this SOP is to provide a sound Financial Planning and Analysis System (FPA) that helps the University in translating its strategic targets into a comprehensive Annual Operating Plan / Budget (AOP) on basis of which the business outcomes are measured and monitored.

The scope of this SOP extends to the entire universe of XYZ University. The Finance and Accounts Department is the custodian of all financial matters of the University and therefore they remain responsible for the performance of this SOP and providing Governing Council the analysis based Financial Outcomes / MIS.

RESPONSIBILITY AND ACCOUNTABILITY:

This SOP is the property of the University. This SOP shall not be reproduced or divulged either in part or in full without written / express permission of XYZ University. This SOP must be preserved carefully and is for internal circulation to concerned executives only. All employees of the University (including contractual employees) are responsible to maintain confidentiality.

FA controls this document and is responsible for any further amendments / modifications to this document.

PROCEDURE:

This Financial Planning and Analysis is sub-divided into four key sub-areas:

1. Budgetary / AOP/ Financial Planning Process
2. Monthly Financial Analysis
3. Review Outcome & Course Corrective Actions

4. Follow Ups

The Procedure of these steps will now be discussed in Detail.

1. Budgetary / AOP/ Financial Planning Process:

The Budgetary / AOP / Financial Planning Process is outlined hereunder:

1.1 FA will, in due consultation with the Finance Committee; and the VC, outline the budget parameters and requirements. These are distributed to / shared with the Departmental Heads [HoDs] respectively by 7th January of every year by the FA, with completion guidelines and timelines.

1.2 FA organises an initial meeting with the HoDs for de-briefing purposes and to provide any clarity that HoDs require and to discuss / document any departmental concerns – by 15th January.

1.3 HoDs prepare and share their respective part of AOP/Budgets with F&A Exe. - by 25h January

1.4 F&A Exe. compiles the departmental AOPs/budgets and shares the initial draft compiled AOP/Budget with the budget to FA - by 30th January

1.5 FA and A&A Exe. review the initial draft; seek additional inputs from HoDs (where required) and present the draft AOP to the FC and VC – By 5th February

1.6 The FC and VC share their initial feedback comments with the FAVP (F) – By 10th February

1.7 FA) revises the AOP / Budget on the basis of the feedback / comments and submits the revised AOP/Budget – By 15th February

1.8 Office of the VC calls for the FC's and GC's Review Meeting for the discussions of AOP / Budget with the HoDs – 25th February.

1.9 Finance Department makes final revisions of AOP on the basis of Review Meeting and present the AOP / Budget for the sign-off by the VC – By 7th March

1.10 AOP / Budget is confirmed by 15th March

1.11 Final AOP / Budget is circulated by the FA to all HoDs by 17th March with the instructions to the IT, to enable F&A, to upload the same into IT system. All transactions are there after automatically system tracked against budgeted numbers.

1.12 The Approved AOP is adjusted on the basis of the change in University's financial requirements. The variances are monitored on a monthly/ quarterly/half yearly basis throughout the year based on XYZ University's AOP and the Actual Outcomes. F&A Department facilitates the monthly business reviews meetings and follows up on the status of the progress of the actionable as decided by the VC; FC and GC. Mid-year modifications in the Budget are made, if necessary, with the approval of the FC; and VC by the FA under due notification to the GC.

2. MIS and Monthly Financial Analysis

2.1 F&A Exe. of Finance Department prepares and analyses, Month-end Financial Statements and seeks clarifications from respective HoDs (in due consultation with the FA for variances noted. – 5th day of the following month

2.2 HoDs share / provide their feedback / justifications for each reported variance to the Finance – by 7th day

2.3 F&A Exe. incorporates the HoDs responses and forwards it to FA – by 7th day

2.4 FA reviews the month-end MIS and submits the same to the Office of the VC and FC along with its Executive Summary– 8th day

2.5 The Office of the VC calls for the Monthly Financial Review Meeting – between 10th – 15th day

3. Review Outcomes and Course Corrective Measures

3.1 The actionable are decided on the basis of review outcomes of the Monthly MIS performed by all concerned HoDs.

3.2 Mid-year changes / modifications, if any, in the AOP are proposed by FA & VC following the Review and inserted by the F&A Dept. A revised AOP, in such a case, is then circulated by the F&A Dept. to all HoDs by 20th day.

4. Follow Ups

4.1 F&A Department is responsible to follow-up the Status of the Progress of course corrective measures as recommended by the FA; FC and VC on a fortnightly basis. Each HoD is responsible to provide the completion status of the recommendations for his/her respective department and to highlight reasons for 'open issues', if any – by last day of each month.

4.2 A status update of the course corrective measures is presented during the Monthly Review Meeting by the Finance Department.

CONSEQUENCES OF FAILURE TO COMPLY:

Non-compliance with the SOP will result in internal non-compliance.

SUPERCESSION

This SOP remains valid unless superseded.

CIRCULATION LIST: On Intranet.

12.2.2 Treasury & Finance (T & F)

SOP - TREASURY & FINANCE (T&F)

BACKGROUND

Finance & Accounts (F&A) and Treasury Departments are responsible for ensuring all time fund and working capital availability, as per University's needs, in the most cost effective manner and also ensure at the same time, that surplus funds are invested appropriately. Considering the criticality of T&F area in any growing University it is important that this process is appropriately structured and closely monitored.

PURPOSE AND SCOPE:

The purpose of this SOP is to lay down directives for smooth, effective and efficient functioning of the T&F.

This SOP applies to and defines the activities carried out by the University for T&F purposes.

RESPONSIBILITY AND ACCOUNTABILITY:

This procedure is the property of XYZ University. This procedure shall not be reproduced or divulged either in part or in full without permission of XYZ. This procedure must be preserved carefully and confidentiality shall be maintained.

F&A Dept. shall control this document and shall be responsible for further amendments to this document.

PROCEDURE:

The Procedure of Treasury & Finance is sub divided into:

1. Guidelines for Banking Activities
2. Financial Effectiveness & Efficiency
3. Monthly Reconciliation
4. Investments

The Procedure of these steps will now be discussed in Detail.

1. Guidelines for Banking Activities

1.1 Bank Accounts are opened/closed in the accordance with the approved delegation of authority, as per Financial Circulars as specified by the

Finance Committee / Governing Council <as appropriate> through its resolution.

1.2 Internet Banking is operated only by F&A executives authorised to do so as per the approved delegation of authority / Financial Circulars who may further delegate this authority to their subordinates subject to prescribed approvals.

1.3 In case any changes are made in authorised signatory status, it is done by way of issuing of a Financial Circular as approved by the Finance Committee & Governing Council by the FA.

1.4 In case when any authorised signatory resigns from XYZ University, his/her authority of signing from cheques is revoked before such persons last working day.

1.5 Original documents, immovable assets having a charge or lien registered on them, kept as collateral with the bank, are taken back while making changes in credit facilities.

1.6 Documents/Agreements with the Bank are properly maintained with FA and are accessible to executives who require such information time to time, to avoid ambiguity and mistakes.

1.7 FA Exe. to take out online bank statements monthly and ensure they are not accessible to unauthorised persons.

2. Financial Effectiveness & Efficiency

2.1 No cash payments to be released in XYZ University.

2.2 FA avails/negotiates on the credit facilities that help maintain the desired liquidity in XYZ University.

2.3 FA to figure out ways of reducing current finance costs, by exploring other financing possibilities/ similar financing options at reduced finance costs.

2.4 Interest charged by bank on cash credit facilities is checked by FA Exe.) to make sure if such interest is according to the agreement signed with bank and the calculations made by bank are as per agreed terms.

3. Monthly Reconciliation of Bank Accounts

3.1 Bank statements in hard copy are obtained from all the banks on the first day of the following month and bank reconciliation statements are prepared by F&A Exe..

3.2 F&A Exe. forwards the bank reconciliation statements to FA Supervisor (F&A Sup.) for review and sign off.

3.3 F&A Sup. reviews and sign off the BRS and forwards it to FA.

3.4 FA reviews the BRS, attaches the same in his monthly report and presents it to the board around 6th / 7th of the following month.

3.5 Monthly reports are prepared which also highlight the differences between sanctioned and utilised limits of credit facilities and are presented to the board with other monthly financials.

4. Investments

4.1 As and when XYZ University decides to make investments in mutual funds / shares / government bonds, resolution /direction is passed by XX <authorised in accordance with the Financial Delegation of Authority> and investments are then be made by FA in consultation with the FC and as per the investment guidelines issued by the Governing Council.

4.2 All such investment transactions should be recorded and proper documentation of such transactions to be maintained by FA.

Performance monitoring of investments on a time bound basis to be done by FA and significant changes in market values of investments to be reported to FC and Governing Council.

12.2.3 Capital Expenditure:

SOP - CAPITAL EXPENDITURE

BACKGROUND:

The basic characteristic of a capital expenditure is that it typically involves a current outlay (or current or future outlays) of funds in the expectation of a stream of benefits extending far into the future. An asset can be thought of as any expenditure which creates or aids in creation of a revenue generating base. Such expenditure can bring into existence physical assets like production facilities or non-physical assets like facilitating market entry or market development. These assets must be maintained and renewed, expanded in scale and/or upgraded to facilitate and enhance their revenue generating capacity.

PURPOSE & SCOPE:

This policy provides guidelines to, ensure that all proposals are carefully evaluated, formally approved at an appropriate level of management and implemented strictly in accordance with clearly defined procedures.

RESPONSIBILITY & ACCOUNTABILITY:

Besides HoDs, the FA will be directly responsible for the operations covered under this policy and for ensuring compliance with it.

PROCEDURE:

1. Capital Procurements are segregated into following categories:
   a. All Fixed Assets except the below categories b and c
   b. Vehicle - Car
   c. Capital Equipment and Materials used in construction of Capital Assets.
2. The capital expenditure should subserve the strategy of the University.
3. Capex Budgets:
   (i) Budgets are prepared by individual HoD with the help of F&A Dept.
   (ii) Budget contains assets requirements and utilization of assets in future for the University's programs and purposes. Budget of books; equipment and IT Assets is prepared on market cost and needs approval from MD.

(iii) The Procurement / Purchase Department will ensure a fit between the strategic plan and the capital budget. The capital budget shall be related to University strategy.

(iv) Budget is maintained for individual assets in IT system (which is approved by the FA).

(v) Budget is monitored and controlled by the F&A Department, and FC shall submit a report to the VC and FC on monthly / quarterly basis.

4. Purchase of Asset:

   (i) Assets are purchased only against an Annual Capital expenditure / Fixed Asset Purchase Budget, which are approved by the respective HoD, FA, FC and the VC.

   (ii) If any unbudgeted asset is purchased after getting amended, approval from HoD, FA, FC and VC is needed.

5. Purchase Requisition (PR):

   (i) PR for Capex Items are raised with cross-reference to the Approved Capex Budget.

   (ii) Any PR for non-budgeted capex item, in case of any Department, is raised by a User Department (UD) required approval of the HoD (with likely value upto Rs. 1 lac) and of the HoD; FA, FC and the VC (in case of likely value exceeding Rs. 1 lac)

   (iii) Details of all non-budgeted PRs will be placed for noting at the FC in its immediately next meeting and for way-forward directions, if any.

6. Purchase Order:

   (i) Capex and Revenue Expenditure are segregated on at the Purchase Order Level. Two different type of Purchase Orders (PO) i.e. Capex POs and Non-Capex POs are raised in IT System for this purpose.

   (ii) Purchase Department (PD) is responsible to call for minimum 3 quotations. In case of lesser number of quotations, the matter will be referred to FC for decision taking and direction to the PD.

(iii) All quotations are valid for 90 days or a term as defined in the PO.

(iv) The PO is approved as per the approved Delegation of Authority or as per Financial Circulars.

(v) No amendments are permitted in the PO except otherwise with the express approval of the FC.

7. Payment / Advance Payments:

   (i) Payments / Advance Payments are strictly governed as per the 'Payment Terms' approved by the FC at time of the approval of the purchase of asset / capex.

8. Asset Code creation: An Asset Code is opened in IT System for procurement of an asset. All procurement of assets is done against purchase requisition except vehicles which are covered under HR policy.

9. Process description:

A. **Building**

   a. With regards to construction of building or any major repair/renovation work in the University, it is looked on by a separate team. Minimum of 3 tenders / quotations are invited from different contractors for civil and other works. The selection is done based on criteria / norms fixed like past experience, rate, priority, reputation etc.

   b. The FC may constitute a sub-committee for each such works, who shall remain responsible for all administrative and operating aspects of the works. Any such sub-committee shall always have a member finance which can be FA or his/her nominee.

   c. With regard to construction of Building separate contracts are entered for separate work like architect, civil work etc. with respective contractors. All material is purchased as per terms of the contract.

   d. PO is raised by the Purchase Department and the same is approved by the Purchase Head.

e. For small works like earthing etc. a local contractor may be called based on his credentials

f. Finally, on the completion of the building, a certificate is obtained by the Architect / by Civil Department / Admin. Head.

B. **Plant and Machinery**

a. A capital proposal form is prepared giving details of capital item along with justification of requirement of machinery is prepared by respective HOD and approved by FC and VC.

b. For initiating a Purchase of IT Assets / Equipment / Machinery the requisition is first raised and forwarded by the respective HOD's to the Procurement / Purchase Department .

c. The Purchase Dept. reviews the requisition and onward process of all approved requisitions from HoDs.

d. For all requisitions, the Purchase Department must call for Quotations from Vendors. A minimum of two vendor quotations are taken and the vendor quotes finalised with involvement of the respective HOD/F&A.

e. On the basis of final negotiation with approved vendor Purchase order are raised by the purchase department specifying the terms.

f. Purchases of Assets are preferred from the Domestic Indian markets however considering the nature of the item, purchases can be made from overseas markets.

g. Insurance policy: All the assets are insured under breakdown policy and standard fire and special perils policy under these policies insurance claims filed for every breakdown and damages.

C. **Furniture & Fixture, Office Equipment's**

Decisions relating to Procurement of Furniture & Fixtures (F&F) and office equipment are taken by admin and other respective user department. Procurement of F&F and office equipment are based on budgets approved by the FC & GC of XYZ University.

Following activities relating to procurement of F&F and office equipment's are being done by respective department:

a. Creating the Asset code in IT for the purpose of Purchase Requisition

b. Raising of the Purchase Requisition in IT

c. Vendor Evaluation & Price Comparison

d. Vendor Negotiations

e. Placing the order for purchase through a Purchase Order.

D. Computer Hardware, Software and other IT Assets

IT department determine the requirements and follows the above procurement procedures listed under Furniture & Fixtures. The PO, with regard to, IT assets is approved by the IT Head and the FC/VC.

E. Vehicles: In case of Motor Car for the employees, the Car is purchased as per the University Car Policy. Car is purchased in the name of the University as per policy.

10. The CAPEX policy shall be synchronized with University's overall business strategy & vision.

11. The Chart of Authority basis the above shall be the source to derive financial powers connected with Capital Expenditure and shall be complied with.

12. Capex Committee of GC – Role & Responsibilities:

12.1 The EC is constituted of:

a. Chairman (Name & Title of Chairman)

b. Secretary (Name & Title of the Secretary)

c. Members (University to provide name and titles of the GC Members)

12.2 A Capex Committee (sub-committee of GC) is constituted by GC.

12.3 Secretary GC is the Convener of Capex Committee (CC) who is also responsible for the Record keeping of the activities of CC (i.e. Agenda, MoM, attendance etc.)

12.4 The primary role and responsibility of CC will be, to review the basic assumptions of the project proposal, selection of project, review analysis of the projects and basis of selection, review funding plan of the project, review implementation plan and monitor progress and provide overall guidance to the project team on a regular basis.

12.5 CC on the basis of its review makes Recommendation to the GC for decision taking and otherwise.

12.6 The CC does not have any financial powers but will be responsible for making recommendations to the GC. who is though not bound by CC's recommendation for taking final decision but will record the reasons for not accepting the same, in case of disagreement.

12.7 The final decision to continue the project, abandon the project or divest the project will be with the GC.

12.8 The CC will meet every XXth day of the month or as and when required depending on the urgency of the situation.

13. The University shall follow a "Financial Closure" procedure for every project as per guidelines laid out in the manual.

14. **Depreciation Accounting Impairment and Disposal of Asset**

a. The depreciation for the assets is calculated as per Depreciation Policy approved by the GC on the basis of the useful life of the asset. In IT System depreciation is posted on the periodical basis i.e. on monthly basis which reflects in Fixed Assets Register and Financial Ledger.

b. There is no formal procedure laid down for disposal / retirement of assets but when the asset is sold after the asset completes its useful life or is no longer technically useful , in that case after due approval by respective HoD and finally from FA/FC and VC, Asset to be retired from records as well as from the books.

c. Write-off of the fixed assets: when any assets not in working condition, those assets to be written off from the books after inspection and recommendation by the F&A and Technical Team and then to be sold in scrap.

15. Inter Department transfer of Assets

a. The admin department performs the following activities i.e.

   i. Raising a purchase requisition in IT System

   ii. Approval of the Purchase Order by the respective HoD and after the sought approval of FA

   Inter Department transfer of assets is done on non-returnable basis and are moved along with a Asset Transfer Note Which shall provide a basis for updating location-wise records of Asset.

b. The valuation of the asset so transferred is done on the basis of WDV.

16. Physical Verification of Assets

a. Physical verification of the assets in respective departments to be verified by the Maintenance Department along with Finance Team and Internal Auditors from time to time. This verification should match with the Fixed Assets Register and inventory number mentioned on the asset. If there is any discrepancy, then location of physical assets is to be identified by the team members and rectified.

b. Maker checker control: is available in capitalization process and is ongoing process which gets approved on the different levels from users to F&A and Admin. In case of accounting, assets accounting is checked in FAR and Financial Books as well as at the time of posting of depreciation.

CONSEQUENCES OF FAILURE TO COMPLY:

Non-compliance with the SOP will have serious impact on the project planning, execution and commissioning resulting in cost overrun which could be detrimental to the organisation.

SUPERCESSION:

This SOP remains valid unless superseded.

CIRCULATION LIST: On Intranet

ANNEXURES: None

12.2.4 Period end/ Month end closing procedures:

SOP - PERIOD END / MONTH-END CLOSING PROCEDURES

BACKGROUND:

Period / Month-end Closing procedures outlines the process/activities performed by the University in respect of the capturing of data; its recording, reporting and the final output in the form of period ending Financial Statements. These procedures further ensure effectiveness of internal controls throughout the life cycle of the process, in order to meet business requirements; and statutory compliances as well. Business is duty bound to all stakeholders to provide all relevant financial information; and ensure its ready availability to management for informed decision taking. These procedures further ensure that financial statements / reports are complete; and reliable.

PURPOSE & SCOPE:

The purpose of this SOP is to outline procedures with regard to the components of Period / Month-end Closing Framework of the University. This SOP contains the guidelines, rules and procedures relating to the Period / Month-end Closing that are applicable to all Departments of of XYZ University. These procedure covers the entire cycle starting from the Chart of Accounts related aspects to the Submission of the Period-ending Financial Statements to the Management by the Finance & Accounts (F&A) Department.

RESPONSIBILITY & ACCOUNTABILITY:

This procedure is the property of XYZ University. This procedure shall not be reproduced or divulged either in part or in full without express and written permission of the management. F&A Department is responsible to preserve it carefully; maintaining its confidentiality and ensuring its effective compliance

Financial Officer / Advisor (FA) of the University controls this document and is responsible for further amendments to this document.

PROCEDURE:

The Procedure of Record to Report is categorised into six steps, namely:

1. Chart of Accounts
2. Financial Statement Closure Process
3. Preparation of Financials

4. Consolidation
5. Tracking of Off-Balance Sheet Items
6. Provisioning

The Procedure of these steps will now be discussed in Detail.

1. Chart of Accounts

1.1 The designated F&A Executive sends a formal request to open a New General Ledger Account to the FA with complete details of the grouping, nomenclature and description of proposed New General Ledger Account.

[*The FA may consider introducing a special form for proposing any change in the Chart of Accounts]

1.2 FA evaluates the request and:

1.2.1 In case FA agrees, he then also verifies the grouping, nomenclature and description of proposed new General Ledger Account and reverts back with his approval to the F&A Executive with cc to Head – IT.

1.2.2 In case FA disagrees, he then sends back his refusal via mail to F&A Executive with his comments/direction.

1.3 Same process is followed in case of any amendment to the nomenclature / or the deletion of a GL Account.

1.4 A separate tracker is maintained by the designated Finance Executive for changes made in the Chart of Accounts.

1.5 A system generated report regarding changes made in the Chart of Accounts is available from IT, on request basis, with the approval of the FA.

2. Financial Statement Closure Process

2.1 The University maintains month-end/quarter-end as the closing period for Financial Statements purposes.

2.2 The Book Closing Procedures / Schedule for preparation of Financial Statements (FS) is followed as under:

2.2.1 All accounting transactions for the month are captured in the system by the X day of the following month.

2.2.2 The University has pre-defined Financial Statements Format (in excel) for the Period / Month-end/Quarter-end Closing purposes. The FA is jointly responsible to ensure that these formats complies with the requirements of UGC and any other Applicable Board.

2.2.3 Inventory Status at all Departments is financially closed by xx day of the following month by the F&A Executive together with the concerned Officer at the Department

2.2.4 Provisioning:

All provisions and month-end financial activities i.e depreciation run, forex receipts restatement, BRS, Open GRNs etc are also completed by the X day of the following month F&A Executive is responsible for the preparation and submission of the month-end provisioning and other relevant details by X day of the following month.

2.2.4.1 F&A Executive and HR & Admin. Head determine the amounts of provisions to be booked for overhead expenses and HR area respectively.

2.2.4.2 Provisions are prepared on a monthly basis.

2.2.4.3 Provisions are then shared by the F&A Executive with the FA for review by X/X of the following month.

2.2.4.4 Variations if any, are communicated by the FA to the F&A Executive and HR & Admin Head for rectification within a day.

2.2.4.5 Provision for Gratuity; Leave Encashment and other annual benefits are prepared on yearly basis on the basis of an Actuarial Valuation.

2.2.5 Tracking of Financial Obligations / Commitments :

The University has a policy to track all financial obligations and commitments. These are effectively tracked by the Concerned Responsible Department (CRD). The CRDs prepares / update the status of the financial obligations and commitments for their respective departments at the month-end and shares the month-end status update during the preparation of Financial Statements by the FA by the X day of the following month.

2.2.6 Financial Statements Formats (in excel) are completed on the basis of the month-end trial balance by the F&A Exe. for all Dept.s by X day.

2.2.7 The initially drawn Financial Statements are reviewed and closed formally by F&A Exe. by X/X day and are also shared with FA for initial review/comments/approval.

2.2.8 Financial Statements are then submitted by the FACFO to the Finance Committee on X/X day of the following month.

2.2.9 The above schedule is followed for month-end and quarter-ending Financial Statements and for Financial Year-end Financial Closure the process is followed in due consultation with the External Auditors.

CONSEQUENCES OF FAILURE TO COMPLY:

Non-compliance with the SOP will be considered as violation of rules to be dealt with as may be considered appropriate by management.

***SUPERCESSION*:**

This SOP remains valid unless superseded.

CIRCULATION LIST: *On Intranet*

12.3 High Level Chart of Authority (High level DoA)

XYZ University

High level Chart of Authority

Sample Version

Approval sheet

The effective date of this document is …………., 2021.

Name	**Title**	**Signature**
Reviewed by:		
	Vice Chancellor	
	Finance Committee	

	Financial Advisor	
	Governing Council	
Approved by:		
	Vice-Chancellor	

1. Introduction

University Management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates, and judgments by management are required to assess the expected benefits and related costs of internal control structure.

The policies and procedures are tools that may allow management to achieve this objective. ***It is management's responsibility to develop policies and procedures.*** The policies and procedures should cover at minimum the following subjects:

- How does management intend to achieve the 3-Way match concept and the tolerance rates associated with that. Under the 3-Way match concept, the Purchase Order is compared with the goods delivered by the vendor. The Vendor invoice should be received by the Accounts Payable Department and it will then be compared with the receiving reports and the purchase order.
- Payroll is processed based on a proper cycle and is calculated properly and accurately.
- Sales proceeds are properly accounted for and reconciled with the bank records on a timely basis.
- Fixed assets are accounted for and properly recorded and presented in the financial statements.
- Inventory is properly valued and protected.
- Information technology resources are protected from unauthorized access.
- The University has paid a fair value for the goods or services acquired.
- No employee is allowed to self approve his own expenses.

- As a general policy, it is not allowed under any circumstances to break up any payment, commitment, purchase order, or any type of transactions into smaller amounts to circumvent the approved authority limits. Violation to this policy will be treated under applicable laws.

2. General policies

A Finance Committee [FC] comprising of VC; Registrar, FA, HR-Head, Admin.-Head and Head Procurement shall be formed by the University, however the members, other than those otherwise authorized by the GC, shall not be holding any financial signing power as otherwise delegated to the members of GC in this document.

Subject	Authority
Appointment of level 1 and level 2	GC in consultation with VC
Appointment of the external auditors and	GC in consultation with the FC; VC and the FA
Appointment of Internal Auditors	VC in consultation with FC and FA
Approval of Statuary Accounts	FC
Approval of Finance Plan	GC in consultation with VC; FC & FAGCFO & CFO.
Communication with the Media (press release etc)	VC
Opening or closure of bank accounts, changing power of authority or entering into banking facilities with any Bank at any value.	FC

3. Bank accounts

3.1. Operational

The main purpose of this account is to finance the University's day to day operations. It will be fed on a monthly basis through a cash request submitted by the F&A Exe. and FA & VC.

Category	Name	Title	Level of authority
A		VC	Individually up to Rs. X crores
B		VC with Registrar	Individually up to Rs xx lacs
C		A jointly with either of B; or FA	Jointly for any amount without any upper limit.
D		FA Jointly with Purchase Head	Jointly for any amount up to Rs x crore
E		FA jointly with Head Admin. / IT Head / HR Head	Jointly for any amount up to Rs xx lacs

** The above quoted financial limits have been separately approved through the Board Resolution dated xxxxx.*

3.2. Investment

This covers any cash deposits receipts / earning income due to the passage of any period of time. This may include time deposits, short term securities, treasury bills, etc.

Category	*Name*	*Level of authority*
A	BOD	All members collectively unlimited
B	GCFO/MD	Up to Rs. xx crores

3.3. Collections / Receipts

The University shall draw appropriate guidelines and authority structure/ matrix regarding the Collections / Receipts; depositing and its usage once for the purposes relevant to Collections / Receipts.

A University generally collects:

a. Admission Fee

b. Tuition fee

c. Other Fees (i.e Library Fee or Fee for any other specified activities)

d. Examination Fee

e. Penalty for late payments

f. Charges for late depositing of library books

g. Hostel Fee

 (i) Boarding Fee

 (ii) Canteen Charges

 (iii) Other boarding related expenses for Utilities etc.

In addition a University receives Grant-in-aid for general and ear-marked purposes

It is responsibility of the University to ensure that such funds are specifically applied for the purposes for which the grant is made to the University.

As a Policy the FC through the Office of the FA oversee the collections/receipts of funds and their application.

The F&A under FA is responsible for the effective control over inflow and outflow of funds.

For this matter F&A Dept. shall on monthly basis prepare a report comprising of reconciliation of actual collection / receipts of funds against what was planned/expected and also prepare a summary reconciliation of the actual application of funds against what was planned to be spent/applied.

FA is responsible to submit a monthly report of Cash & Fund Flow to the FC and VC.

3.4. Payroll

The University has arrangements with xxxx Bank for the disbursement of payroll to employees. As a process the Payroll Department prepares a Payroll Transfer Advice ['PTA'] at the month end. The PTA along with the detailed employee-wise payroll register duly signed by the HR Head is forwarded to the authorized signatory.

- The PTA is signed off; and approved in accordance with the financial delegation as detailed in 3.1 above;
- The approved PTA in original is forwarded to xxx Bank along with payroll register; and
- xxx Bank then debits University's Operational Bank Account for an

equivalent amount and transfer salaries to individual employee's account.

4. Hiring employees and entitlement changes

The annual manpower plan should be approved by the VC and GC and the Executive Committee. In principle, they are summarized as follows:

Name	Hiring individuals – Budgeted	Hiring individuals – Unbudgeted
GC	Level 3 and below; and all positions reporting directly to the CEO.	Level 4 and below.
VC	Individually for level 2 & 1 except all Finance Personnel jointly with the FA.	Level 2 & 3
Registrar	All UC's	Level 1 and all UC's

As a general policy, all entitlement changes recommended by the HR Head have to be approved jointly by the VC for UC's; by FA for level 1; by VC/FC for level 2 and FC/VC/GC for level 3 and below.

5. General Procurement Limits

5.1 Purchase Order ['PO']; Letter of Intent ['LOI'] and Work Order ['WO']

The authority to commit the University in a PO; LOI, a WO or in any form of such commitment is outlined below:

Title	*Level authorized*
Sourcing Head	Rs. x Lacs (Individual))
FA	Rs. xx Lacs (Jointly with Sourcing Head)
Registrar	Rs. Xx (Jointly with FA)
VC	Rs. Xx (Jointly with Registrar)
VC	Rs. Xx (Jointly with FA)

As a policy all PO Requisitions above Rs. 50k shall be supported by 3 quotes [2 quotes for less than 50k]; and in case the PO is raised favoring other than the lowest bidder the same must be approved by the FA/Registrar on the basis of the recommendations of HOD Procurement; User, Finance Department and the VC [refer para 11 for format of an Approval Note].

5.2 Approval Note[1] Authorization Limits

Approval Note authorization limits are as under:

Title	***Level authorized***
HoD	Rs.5ok [capex] & Rs 1 Lacs [opex]
FA	Upto Rs. 5 lacs
Registrar	Upto Rs. 25 lacs
FA with HoD	Upto Rs. 50 lacs
FA with Registrar	Upto Rs. 75 lacs
FA with VC	New Offices/Leases/Purchases upto Rs. 1 Cr

5.3 GRN; and Bill Approval Limits

GRN Approval Limits are as under:

Services/Material	***Limits***	***Approval Authority***
Quality	Upto Rs.10 Lacs	HoD - User deptt
	Beyond Rs.10 Lacs	Admin. & Head- User deptt

Services / Material		***Limits***	***Approval Authority***
Quantity	Warehouse	Upto Rs.5 Lacs	Warehouse Executive
		Beyond Rs.5 Lacs	Warehouse Head

[1] Amounts are quoted only for example purposes

Bill Approval Limits of Procurement Department are as under:

Limits	*Approval Authority (Band)*
Upto Rs.5 Lacs	HoD
Rs.5 to 10 Lacs	HoD jointly with Registrar
Beyond Rs.10 Lacs	FA & Procurement Head

6. Projects/Contracts

The authority to commit the University in a project or in any form of commitment is outlined below:

Key process	*Level authorized*
Project/Contracts/Joint ventures quotations above Rs……………(Note I)	GC
Project/Contracts/Joint ventures quotations below Rs………… (Note I)	FC
Detailed project plan and budget for all projects.	VC/FC/Head-Purchases
Approval of vendor selection	FC/Head-Purchases/FA
Materials and/or services for approved projects (within the detailed budget) from a preferred / approved vendor.	FA/Head-Purchases

A statement of risk is to be presented for all the projects. In case the project value is greater than Rs............ the statement of risk shall be presented to the GC; and FC. In all other cases, it shall be presented to the VC and the FC.

7. Utility & Services procurement*[2]

This will include all utility and services related procurements/purchases which may include contract services, office supply, business travel, advertisement, entertainment, consultancy services, custom duties, fixed assets etc.

The FA should be informed before a commitment in excess of Rs……………is made.

[2] Amounts are quoted in tables only for example purposes

List of item/supplies/services for which Purchase order will not be made in ERP and the approval will be governed by:

<table>
<tr><th>Serial No.</th><th colspan="2">Item/Service</th><th>Approval Authority</th></tr>
<tr><td>1</td><td colspan="2">Custom duty</td><td>FA</td></tr>
<tr><td>2</td><td colspan="2">Professional Fees such as Advocates, Consultants etc</td><td>FA/Registrar</td></tr>
<tr><td>3</td><td colspan="2">Retainerships (Prior Authorization required)</td><td>User Dept Head & FA</td></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Recruitment charges (As per rate contract)</td><td>Upto 8.33%</td><td>HR Head</td></tr>
<tr><td>Beyond 8.33%</td><td>FA(on the recomm. of HR Head)</td></tr>
<tr><td>5</td><td colspan="2">Hotel accommodation for Training/ Conferences</td><td>HR Head/FA</td></tr>
<tr><td>6</td><td colspan="2">Expenses incurred for staff recreation and other such internal activity such as decorations, flowers, gifts etc, upto Rs.10,000/-</td><td>HR Head</td></tr>
<tr><td>7</td><td colspan="2">Vehicle hire such as Buses (not hired on continuous basis) etc</td><td>HR Head</td></tr>
<tr><td>8</td><td colspan="2">Vehicle maintenance charges</td><td>Manager Admin</td></tr>
<tr><td>9</td><td colspan="2">Banquet charges for Training/ Conferences</td><td>HR Head</td></tr>
<tr><td>10</td><td colspan="2">Food bills/ Restaurants bills upto Rs.5000/-</td><td>HoD & FA</td></tr>
<tr><td>11</td><td colspan="2">Any other bills upto Rs.2500/-</td><td>HoD</td></tr>
<tr><td rowspan="2">12</td><td rowspan="2">Custom clearing , forwarding charges, Import freight forwarding charges (Governed by rate contract)</td><td>Bills Upto Rs.2 Lacs</td><td>Procurement Head</td></tr>
<tr><td>Bills Beyond Rs.2 Lacs</td><td>FA/Registrar</td></tr>
<tr><td>13</td><td colspan="2">Local transportation charges within state (Governed by rate contract)</td><td>Registrar</td></tr>
<tr><td>14</td><td>Courier charges (Governed by rate</td><td>Offices</td><td>Registrar/ HR Head</td></tr>
</table>

Serial No.	***Item/Service***		***Approval Authority***
	contract)	Warehouses	Procurement Head
15	House keeping expenses (Governed by rate contract)		Registrar/Head-Adm.
15	Security expenses (Governed by rate contract)		Registrar/Head-Adm
17	Temporary staff salary (Governed by rate contract)		User dept Section Head/ HR Head
18	Vehicle Hire charges (Governed by rate contract)		HR-Head/Admin Head
19	Equipment hire/Services for programs /events, such as Sound/Light systems, Photography, Video, projector etc upto Rs.5,000/- (Governed by rate contract)		User & Admin Head
20	Electricity charges (Governed by rate contract)		User Department
27	Traveling expenses such as Hotel bill, Air Ticket, Taxi bill (as per travel policy)		Admin Head
28	Insurance Premium (For Network Policy – negotiated Centrally, for other policies – negotiated locally) (Approval Note)		CFO
30	Subscription / Training / Seminars	Upto Rs.5000	Functional Head
		Beyond Rs.5000	HR Head

Note: 1. All rate contracts should have prior approval in the form of Approval Note.

2. Rate contract value should be taken at estimated/ expected value of goods/ services to be received by Datacom over a period of one year/ contract period whichever is higher.

This approval will not be applicable for any expenses that are already governed by other policies or guidelines.

Note II: Budgeted in this context means that a Capital Expenditure Report is prepared by management specifically for this commitment and is preapproved by the FC.

8. Disposal of fixed assets

Any fixed assets disposal regardless of value (net book value or original cost) must be pre-approved by the FA/Registrar/VC.

9. Inventory writes off

Any inventory adjustments or write offs must be pre-approved by the FC & FA.

10. Abbreviations

FA = Financial Advisor

FC = Finance Committee

GC = Governing Council

VC = Vice-Chancellor

11. Format of Approval Note

An Approval Note shall be submitted in the following format:

Approval Note

Date:

1. **Background :**
2. **Proposal Details :**
3. **Scope of work :**
4. **Validity Period :**
5. **Commercials :**
6. **Financial implication over contract period (year-wise) :**
7. **Budgeted Amount :**
8. **Summary of commercial terms and conditions :**

9. Recommendation/ Justification:

10. Remarks if any :

Initiated By	**Procurement Dept**	**User Dept**	**Finance Dept**

FA	**Registrar**	**VC**

Note: 1. Enclose annexure wherever necessary.

2. Enclose comparison chart.

3. There should be:

- Upto 0.50 Lac – 2 quotes.
- Above Rs. 0.50 Lac – minimum 3 quotes.

4. If order is placed to anybody other than lowest quote (L1) bidder, it must have the approval of FA/Registrar on the recommendation of HOD of Procurement, User and Finance department.

Following Annexures can be referred through visiting following links:

12.4.1 RCM- Financial Planning & Analysis (FPA)

12.4.2 RCM- Treasury & Finance (T & F)

12.4.3 RCM- Capital Expenditure

12.4.4 RCM- Period End / Month – End Closing Procedures

12.5 Testing of Outcome Sheet