BLDE (Deemed to be University)

FINANCE POLICY

REGISTRAR
BLDE (Deemed to be University)
Vijayapura-586103. Karnataka

Smt.Bangaramma Sajjan Campus, B M Patil Road
(Sholapur Road), Vijayapura-586103, Karnataka

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I - ACCOUNTING PRINCIPLES POLICY

1. Objective:

The basic objective of financial reporting and the creation of accounting principles is to help potential creditors and investors make investment and credit decisions. This allows the financial performance of these companies to be compared, which helps reduce the uncertainty when making the investment decisions.

2. Applicability:

This policy is applicable for both BLDE Association and University.

3. Accounting Principles:

The Financial Statements of the BLDE (Deemed to be University) are prepared in accordance with Accounting Principles generally accepted in India. The Accounting and financial reporting practices of educational institutions are oriented towards to meet the needs of the governing bodies running them.

A legally separate, tax-exempt fund-raising organization should be reported as a component unit of the institution if all of the following criteria are met:

i. The economic resources received or held by the BLDE (Deemed to be University) is entirely or almost entirely for the direct benefit of the institution under each entity, its component units, or its constituents.
ii. Institution or its component units are entitled to, or has the ability to otherwise access, a majority of both the entities' economic resources.
iii. Resources of BLDE (Deemed to be University) is significant to the institution.

Direct benefit to the BLDE (Deemed to be University) occurs if the entity holds and invests resources that will benefit the institution. This is not dependent upon actual transfer of resources, but rather that resources are required to ultimately be used for the benefit of the institution, its component units, or its constituents.

The final determination of the significance of the resources received or held by an individual entity is generally left to professional judgment.

An inventory of all foundations and fund-raising by the entity will be maintained by each Business Unit on an annual basis. The Principal/Vice Chancellor of Administrative Services should capture the following information as part of the annual inventory process:

1. Name of legally separate, tax-exempt both for BLDE (Deemed to be University).
2. Tax identification number of the separate entity.
3. Business purpose of the entity.
4. Copy of latest audited financial statements of the BLDE (Deemed to be University).
5. Copy of bylaws of BLDE (Deemed to be University).

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4. **Safe Locker:**

The BLDE (Deemed to be University) have many important and confidential documents. To keep all the important and confidential documents, the BLDE (Deemed to be University) should have safe lockers. The locker should have fire protection cabinets. The fire protection cabinet should have a double wall construction with a specially formulated fire resistant compound inserted in between. It should contain three locks to open and one key is with Registrar, second key is with FO and third key is with V.C.

II-GENERAL LEDGER POLICY

1. **Objective:**
   This policy provides the complete and accurate bookkeeping record of all transactions affecting the ledger, Accruals & Accounting method.

2. **Applicability:**
   This Policy is applicable for both BLDE Association and University.

3. **Creation and Use of GL Codes:**

   A GL Code is a XXXXXXXX '8' character field used to represent the GL Codes for BLDEA & University. The use of GL Codes simplifies the data entry into the system. To create the New GL code in the ERP system the user should take the approval from his manager and he has to explain the purpose of using that GL code. Manager is the authorised person to create the GL code and once it is created GL master needs to update immediately.

   a. **General Policy and Procedure Overview:**

      The BLDE (Deemed to be University) should use 12 Accounting Periods to represent the months of the fiscal year. When all transactions for a month have been created, edited, and posted, the period is closed and monthly financial reports are generated. The Office of the BLDE (Deemed to be University) manages the month end process and the opening and closing of accounting periods. This policy provides the steps and controls necessary to provide for closing every month. Detail Policy and Procedure: The BLDE (Deemed to be University) office are responsible for running all month end allocations and reports and verifies that the General Ledger has been updated correctly. A control list is maintained to ensure that all processes for the month are completed and balances are posted. As each step is completed, the list is updated and initiated by the person executing that step.

   The month end control list includes the following categories:

   - ***Monthly Processing*:** This includes the biweekly, monthly and retiree payrolls as well as hospital salary accruals, vacation accruals, and payroll encumbrances. All the Payroll process needs to be centralised. These payroll processes are run throughout the month and the dates they occur each month can be found on the monthly processing calendars. Other monthly processes include the investment income allocations, loading the outstanding check and paid check lists. These processes are run when the information is received from other sources and do not have a specific date on the calendar.

   - ***Cross Charge between University & BLDEA*:** BLDE has common pool of resources supporting the Association and University. The proportionate cost of such employees to be charged on monthly basis to the other entity who has

requested for the service by the entity who is processing the payroll of that particular employee. The proportion of service should be decided at the start of the deputation period of the employee to the other entity. The invoice raised by either entities should be settled within 30 days.

- ***Month End Preparation*:** This list includes preliminary reports, changes to run controls, opening the new month, and messages to be sent to users advising them of month end closing dates.
- ***Month End Processes*:** Month end calendar should be fixed and all the institutes need to furnish their month end report deadlines prescribed in the calendar. These are the different processes that are run to create allocations and depreciation journals.
- ***Month End Reviews and Validations*:** Queries are run to ensure all journals are balanced and posted, and total journal lines match ledger balances.
- ***Month End Closing*:** These are the procedures needed to physically close the month and notify users that the month is closed. FO/Registrar should review the reports.
- ***Month End Reporting*:** This includes a checklist of month end reports to be run. Also included is the building of a new departmental organization tree and the synchronization of attributes to the tree.

After all steps and processes are complete, the control list is reviewed and signed by independent review in the Institute. All month end control lists are maintained and kept in the Institute & Admin office of BLDE (Deemed to be University).

4. Responsibility:

a. Admin Offices:

- Campus Accounting, Budgets are responsible for monitoring edit and budget errors on a monthly basis to ensure that journals post in a timely fashion.
- All journals must be posted before the month end processing can begin.

b. BLDE (Deemed to be University) Office:

- The BLDE (Deemed to be University) office manages the month end process and is responsible for running all programs associated with payroll interfaces to the General Ledger and all month end allocations and reports.

c. Chart of Accounts

The Chart of Accounts is used to describe and classify transactions according to uses and/or regulations, restrictions or limitations in compliance with the financial reporting requirements of the UGC guidelines for Aided & University and for Un-aided institutes as per **statutory body**. All the Aided, Un-aided, University uses separate ranges to designate the transaction as revenue, expense, net assets, asset or liability. In the ERP System Account Chart of accounts consists of eight numeric

characters and is required on all business transactions. The Account Chart of accounts is maintained by the Offices of BLDE (Deemed to be University).

Account	Account Number
Assets	1XXXXXXX
Liabilities	2XXXXXXX
Revenues	3XXXXXXX
Expenditure	4XXXXXXX

Any receipt of new account should be made with proper approval from the Manager/CFO/FO. The creation of new GL code should be grouped under the above heads.

5. **Prepaid Expenses/Prepaid Insurance:**

A prepaid expense is an expenditure paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense. Examples of Prepaid Expenses are Annual Maintenance charges, Advertisement charges, Prepaid insurance, Prepaid rent etc.,

A prepaid expense is carried on the balance sheet of an organization as a current asset until it is consumed. The reason for the current asset designation is that most prepaid assets are consumed within a few months of their initial recordation. If a prepaid expense were likely to not be consumed within the next year, it would instead be classified on the balance sheet as a long-term asset (a rarity).

An example of a prepaid expense is insurance, which is frequently paid in advance for multiple future periods; an entity initially records this expenditure as a prepaid expense (an asset), and then charges it to expense over the usage period. Another item commonly found in the prepaid expenses account is prepaid rent, annual maintenance of machinery.

Expenditures are recorded as prepaid expenses in order to more closely match their recognition as expenses with the periods in which they are actually consumed. If a business were to not use the prepaid concept, their assets would be somewhat understated in the short term, as would their profits. The prepaid concept is not used under the cash basis of accounting, which is commonly used by smaller organizations.

III- BANK MATTERS AND OTHER FACILITIES-FISCAL RESPONSIBILITY POLICY

1. **Objective:**
   To Protect and deposit cash immediately into the BLDE (Deemed to be University) approved bank accounts and correctly record it in the BLDE (Deemed to be University) books of accounts.

   To ensure complete and effective communication of all policies and procedures which impact on the discharge of the financial responsibilities of faculty and staff.

   To ensure that all transactions are completely and accurately recorded in the accounting system as the basis for effective reporting of financial results.

2. **Applicability:**
   This Policy is applicable for both BLDE Association & University.

3. **Cash Handling - ACH Wire Cash Receipts Reports**

   BLDE (Deemed to be University) receives many receipts through cash. All the Tuition fees receipt, Hostel fees, Development Fees etc., should be through NEFT/RTGS/DD. **No Cash Collection at the institute counter**. An entry by department to prove the money coming in or going out of the bank that allows the correct account that should be credited or debited.

   There should be a one to one relationship between the cash receipt and the Account Receipt Report (ARR)/Cash Receipt Report (CRR). There should be 1 ARR/CRR for each wire transfer. If a wire pays for multiple receivable items, enter all on one ARR to correspond to the amount of the wire transfer. The total of the ARR must equal the wire transfer total.

   There are four deposit options when entering a CRR. The method of deposit chosen will depend on how the cash is deposited (cashier or direct deposit) and whether the cash is a gift or not. Most departments have a regular method for depositing funds.

   - Cash Deposit The most common CRR is a deposit to the Cash counter.
   - Cashier Deposit with Gift Money

     If a department directly receives a gift and that department normally makes cash deposits, select Cash Deposit with Gift Money. The credit account will be a gift clearing account for your campus.
   - Direct Deposit

     Any student/department that is authorized to send money directly to the bank should considered as Direct Deposit. Normally, these deposits are to be deposited to the bank on the same day.
   - ACH/Wire

In order to receive an Automated Clearinghouse (ACH) transfer from an external organization, a department must complete the required Electronic Funds Transfer (EFT) form to enrol in direct deposit with that organization. In order to receive a Wire Transfer, a department must notify the Treasurer's office for bank instructions.

Upon request of funds from the external source/organisation/student, the invoice number and campus department name must be included in the remittance instructions for easy identification of payment/receipt. The people are in Treasury should recognise this and proper accounting of revenue should be posted in the books. Finance Officer is the main person under him one accountant is required as Treasury both in BLDE (Deemed to be University).

Access Restrictions: Access to ARR/CRR should be restricted with attention to segregation of duties. Persons in a position to control cash accounts or cash reconciliations should not have the ability to Create ARRs/CRRs.

CRR/ARR Practices Particular to Sponsored Programs:

- If the sponsor pays an amount other than the amount due, enter the difference on the ARR.
- An ARR should be done when the Line of Credit or receivable is created in ERP system. Doing this will ensure that there are ARRs/CRRs in the system to match when they are wired.
- Depends on their cash outflow for both BLDE (Deemed to be University) all the surplus cash should be kept in bank as short term deposit or long term deposit.

4. Controls:

The person preparing the CRR/ARR cannot also approve in ERP System. This provides a review to assure accuracy and authorization of the transaction. CRRs/ARRs are to be matched with deposits to bank accounts. This review process ensures the accuracy of the transaction and that all cash deposits are accounted for fulfilling the completeness objective. Any differences are researched and resolved. In the Daily and monthly reconciliations. These policies also explain the managerial controls within the process.

5. Code of Ethics Statement:

Office of Finance staff shall

1. Perform their duties in accordance with the appropriate recognized ethical and legal standards;
2. Practice honesty and integrity in all aspects of their work;

3. Exhibit professionalism in the workplace, and conduct themselves in a way that will continue to promote the public's confidence in the integrity of the BLDE (Deemed to be University).
4. Be fair-minded, non-discriminatory, and treat all individuals, both internal and external to the BLDE (Deemed to be University) community equitably, with civility, respect and dignity;
5. Fulfil their assigned responsibilities, and be proactive in developing the skills necessary to provide high job performance;
6. Exercise fiduciary responsibility with respect to safeguarding the BLDE (Deemed to be University)'s assets;
7. Exercise custodial responsibility with respect to the use of BLDE (Deemed to be University) property and resources;
8. Exercise, within the requirements of the BLDE (Deemed to be University), confidentiality with respect to information, records, and data management, respecting the rights and privacy of individuals;
9. Take action to mitigate any real or perceived conflicts of interest; and
10. Comply with BLDE (Deemed to be University) rules and regulations of policies and procedures.

6. Internal Controls:

Internal Controls is defined as a process, effected by an entity's people, designed to accomplish specified objectives. The definition is broad, encompassing all aspects of controlling a business, yet facilitates a directed focus on specific objectives. Internal control consists of interrelated components that serve as criteria for determining whether the system is effective, as discussed below.

7. Detail Policy and Procedure:

Every manager/Principal/Head of the institute is responsible for the systems and processes that fall under their sphere of influence. As part of this responsibility, managers/Principals/Head of the Institute must ensure that every process contains activities that ensure certain key objectives are achieved. Accountants/Accounting managers must ensure that every process includes controls to achieve the following objectives:

Completeness: That all of the transactions for a given period have been processed and that individual or groups of transactions have not been omitted or misdirected. A common control is to have transactions grouped by "batch" and to prove each batch as it is processed. Another example is to develop a control total of transactions that should be processed today and verifying that total against the totals reported on

system reports, or verifying today's deposit against the transactions posted to the ledger.

Authorization: Only those transactions that meet management's criteria are processed. Ways to accomplish this objective are to require manager/Principal/Head of the institute's initials on all transactions being processed, management review of transaction journals, edit checks within the system to detect "unreasonable' transactions, etc.

Accuracy: Transactions are accurate in amount, Chart of Accounts, etc.

Timeliness: Transactions are recorded within the appropriate reporting period. All transactions must be processed within the applicable accounting period and recorded before there is opportunity for amounts to be misdirected.

8. Safeguarding of FD/RD/any investments/Securities:

Protect all the mentioned documents against shrinkage. This control objective is most common for inventories of supplies, cash, investment securities, etc.
Managerial Review: Sufficient oversight of activities ensures controls are functioning as intended and that any errors or unauthorized activity is detected before the impact becomes significant. Managerial review includes activities taken by the manager to gain assurance that controls are functioning or provide a warning before a malfunction significantly impacts operations. There are a number of tools a manager can employ to achieve this objective, including:

- Reviewing and testing reconcilements to ensure they are performed correctly.
- Reviewing an aged listing of reconciling items.
- Performing balance fluctuation analysis
- Comparing rates of occurrence.

Every employee is responsible for following procedures outlined by management in the Accounting Policies Manual, Business Policy Manual, and any policy or procedures pronouncements relative to their job.

9. Responsibility:

Every employee

- Is responsible to know and follow appropriate policies and procedures for their job.
- Has a responsibility for internal controls.
- Is responsible for the execution of control activities.
- Must be aware of opportunities to increase the reliability and integrity of the University's accounting systems.
- Notify supervisors of weaknesses in, and opportunities to enhance internal controls.
- Managers/Principals/Head of the Institutes
- Are responsible for establishing appropriate controls in your sphere of influence.

- Are responsible for monitoring the effectiveness and functioning of controls.

10. Segregation of Duties:

Segregation of duties is a basic, key internal control and is used to prevent or detect errors or irregularities on a timely basis by employees in the normal course of business. Senior administration and all individuals responsible for assignment and supervision of employees that carry out fiscal activities, budget, and implementation of internal controls must ensure there is adequate segregation of duties within their areas of responsibility, or provide compensating controls, if required. Segregation of duties provides two benefits:

1) Deter fraud, as it is more difficult to commit fraud when it requires collusion of two or more persons;

2) The probability for detection of errors or irregularities increases when a second individual reviews or participates in the processing of a transaction.

At the most basic level, no single individual should have responsibility to complete two or more phases of a transaction or process.

Definition of Key Terms:

Authorization: process of giving someone permission to initiate a financial transaction, sometimes known as "approval", indicating agreement that a transaction meets certain accounting and compliance requirements as defined by the BLDE (Deemed to be University).

Internal control: process established by management, 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 Managerial/Principal/Head of the Institute Review: process providing assurance that appropriate individuals are authorizing and verifying accounting transaction information.

Mitigating or compensating control: additional procedure designed to reduce the risk of errors or irregularities in those instances where duties cannot be fully segregated. Verification: process that confirms accuracy of accounting transactions, such as appropriate use of Chart of Accounts and that the transaction was recorded in the appropriate accounting period.

Detail Policy and Procedure:

In an ideal environment, a different employee should perform each of the following major functions:

- Authorization

- Recording
- Verification
- Custody of Assets
- Managerial Review

No one person should have responsibility to complete two or more of these major responsibilities. There is a greater need for proper segregation of duties for assets that are more negotiable (i.e. cash funds, negotiable checks and inventories such as securities, negotiable instruments). If a person performs more than one of these major functions, without additional mitigating controls in place, there is the potential to carry out and conceal errors and/or irregularities in the course of performing day-to-day activities. Examples of incompatible duties are:

- Authorizing a transaction, receiving and maintaining custody of the asset that resulted from the transaction.
- Performing data entry and performing data validation tests.
- Receiving checks (payment on account) and approving write-offs on accounts.
- Depositing cash and reconciling bank statements.
- Having unlimited access to assets, accounting records, and computer terminals and programs.

The major functions presented above are discussed as follows:

11. Authorization:

All transactions must be authorized. The individual initiating the transaction must have the authority to do so. Authorization confirms adherence to the following general requirements:

- Employees cannot authorize transactions for their own business reimbursement.
- Documentation of the authorization:
  - All authorizations (electronic or written) must be reproducible.
  - Facsimile signatures are acceptable in circumstances when impractical to obtain originals. Original or authenticated electronic signatures are preferred.
  - Examples of the various forms of authorization may include:
    - ♣ signed vouchers
    - ♣ Signed travel reimbursement requests
    - ♣ Signed work orders or service requests
    - ♣ Electronic signature on a requisition or receiver
    - ♣ Email authorizing a specific transaction
    - ♣ Meeting minutes authorizing transactions or activity

♣ These forms of documentation are unacceptable methods:

♣ Verbal authorizations are not valid.

♣Signature stamps are not acceptable.

♣ All transactions must adhere to BLDE (Deemed to be University) Policies, particularly

o Accounting Policy Manual,

o Purchasing Policy Manual

o Procurement Services Policies, and

o Human Resources Policy Manual.

- Transactions must comply with existing laws, regulations and compliance requirements.
- All individuals responsible for assignment and supervision of employees that carry out fiscal activities, or their designees, should appoint and document authorized signers of all financial transactions.

Documentation of authorization must be maintained by the department entering the transaction in ERP.

12. Recording:

Recording is the process of creating and maintaining records of revenues, expenditures, assets, and liabilities. These may be manual records or records maintained in the financial systems. Some examples include:

- Preparing cash receipts, billings, and requisitions
- Entering charges or posting payments to an accounts receivable system
- Maintaining inventory records
- Creating a journal entry
- Inputting time or absence records into payroll

13. Verification:

Verification of processing or recording of transactions ensures all transactions are valid, comply with authorization requirements, and are properly recorded on a timely basis. This includes resolving identified differences or discrepancies. The verification must be documented with a signature (electronic or manual) and date. Examples include:

- Verifying cash collections and compare/reconcile to daily balancing reports
- Comparing cash receipts log to accounts receivable postings
- Comparing collections to deposits

- Reconciling departmental records of revenue, expenditure, or payroll transactions to the financial system
- Comparing payroll verifications to payroll summaries
- Performing physical inventory counts on quarterly/half yearly/yearly basis
- Comparing inventory changes to amounts purchased and sold
- Comparing billing documents to billing summaries

14. Custody of Assets:

Custody of Assets is the access to or control over physical assets such as cash, checks, equipment, supplies, or materials. Examples include:

- Access to any funds through the collection of funds, or processing of payments
- Access to safes, lock boxes, file cabinets or other places where money, checks or other assets are stored
- Receiving goods or services
- Maintaining inventories

Managerial Review

In all cases, there is a level of review of the activity by managerial level personnel. This Managerial Review function provides assurance that segregation exists and that the transactions are appropriate. The frequency and extent required of the managerial review depends upon the degree to which duties are or are not segregated and other factors such as the Rupee volume of transactions, the amount of cash involved, or the nature of the operation.

15. Minimal Acceptable Degrees of Segregation:

In those departments where the optimum degree of segregation cannot be achieved, a minimum degree of segregation must be maintained. At a minimum, no person should be able to perform more than two of the functions. The matrix below illustrates various degrees of segregation. The X, and O represent different staff members, and the M represents a third staff member-the manager.

Sl. No.	Authorisation	Recording	Verification	Managerial Review
1	O	X	O	M
2	X	X	O	M
3	X	O	O	M
4	X	X	X	M

To maximize the opportunity to identify errors in the ordinary course of business, it is recommended that the process of recording and verification be performed by two different individuals such as in examples 1 and 2. In examples 3 and 4, there must be a significant reliance on the managerial review to operate on a much more detailed

and frequent basis to identify errors and irregularities timely. In instances where duties cannot be fully segregated, based on the matrix presented above, mitigating or compensating controls must be established. For instance, if the record keeper also performs a verification process, a frequent detailed review could be performed and documented by a supervisor to provide additional control over the assignment of incompatible functions.

16. Mitigating Controls:

There are several other control mechanisms that may mitigate a lack of segregation of duties:

- Audit trails enable re-creation of the actual transaction flow from the point of origination to its existence on an updated file. Adequate audit trails should provide the initiator of the transaction, date and time of entry, type of entry, data fields, and files updated.
- Reconciliation of applications increases the level of confidence that processes ran and/or interfaced successfully.
- Exception reports monitored at a supervisory level, supported by evidence that exceptions are reviewed, and if necessary, corrected timely. The review must be evidenced by signature of the supervisor and dated.
- Managerial reviews should periodically be performed through observation and inquiry to help detect errors and irregularities.

Responsibility:

Every employee

- Is responsible to know and follow appropriate policies and procedures for their job.
- Is responsible for executing internal control activities.
- Should identify opportunities to increase the reliability and integrity of BLDE (Deemed to be University) accounting systems.
- Must notify supervisors of weaknesses in, and opportunities to enhance internal controls.

Managers:

- Must establish appropriate controls in their sphere of influence.
- Must monitor the operation and effectiveness of controls.
- Must ensure appropriate segregation exists between functions.
- Must ensure that effective mitigating controls are in place when adequate segregation of duties cannot be achieved.

17. Bank Reconciliations:

Daily Reconcilement

The BLDE (Deemed to be University) HO is responsible for reconciling all deposit accounts for all departments on each institution. This will include the procedures of matching CRRs to actual bank activity and applies to most bank accounts.

Definition of Key Terms:

CRR - Cash Receipt Report – An entry by a department to prove the money coming in or going out of the bank that allows the correct account and that should be credited or debited.

ARR - Account Receivable Receipt – An entry by a department to prove the money coming in or going out of the bank that allows the correct invoice information that should be credited or debited.

Direct Deposit CRR - A CRR that is prepared when a bank deposit is taken directly to the bank.

Cashier Deposit CRR - A CRR that is prepared by the accountant before going to the bank.

Detail Policy and Procedure:

Each institute or institute in different locations that makes deposits to their respective bank accounts, creates a CRR or ARR to correspond with the bank deposit slip, and agrees both to the source documentation (such as cash register or mail receipt log). Daily the Cashier Deposit CRR's are aggregated into one large bank deposit per campus. The accountant reconciles the CRRs to the bank deposit. After all entries are created, the CRR/ARR entries will load to the GL accounts.

Daily, the BLDE (Deemed to be University) Office pulls all bank records from the banks for the prior business day, pulls the POS file from the previous business, and accepts Credit Card files from the automatic process. The BLDE (Deemed to be University) Office verifies and compares entries before Reconciliation. Once all reports are verified, all the previous day's business should reconciled with the bank and bank items that need to be loaded to the GL (for example: transfers and returned checks) are extracted. This matching function performed by someone with no responsibility or authority to generate Cash Entries or with access to cash or the payments function serves as a segregation of duties between the recording functions and the responsibility for reconciling daily activity. Items that do not match exactly between bank/Cash and the GL are reviewed and reconciled manually. The BLDE (Deemed to be University) Office reviews each bank account and reconciles non-matched items. This process is a control to ensure entries to the financial records of

the BLDE (Deemed to be University) are accurate, and that entries for the receipt of cash are complete and timely. All items that cannot reconcile are included in a weekly Outstanding Items Report that is emailed to all areas for their attention. This report is a cumulative listing of items that have not been matched. The departments and institutes review their accounts and determine the reason for the items remaining on the list. They report to the BLDE (Deemed to be University) Offices the corrective action required. Monthly, the Outstanding Items Report is provided to the CFO for review and follow-up. This review is to identify any stale items and to facilitate corrective action by the appropriate accounting office. This review is evidenced by the CFO's signing and dating the report. This is a managerial control to monitor this effort and to facilitate timely correction of any outstanding items.

Monthly Balancing

The BLDE (Deemed to be University) Office's does a monthly balancing of each deposit account. This official policy provides authoritative guidance to the University in calculating the bank accounts versus our Books of Accounts and related procedures. This will include the procedure of verifying the balance for each bank account while comparing it to our general ledger balance for each account.

Definition of Key Terms:

CRR – Cash Receipt Report – An entry by a department to prove the money coming in or going out of the bank that allows the correct account that should be credited or debited.

ARR – Account Receivable Receipt – An entry by a department to prove the money coming in or going out of the bank that allows the correct invoice information that should be credited or debited.

Detail Procedure:

Review of Daily Activity: As part of Daily Reconciling, transactions from the bank accounts are downloaded daily from the respective bank web site or bank file received over night. The General Ledger information is downloaded from ERP System. The monthly activity by location is compared to the monthly activity in the GL for each bank account. The GL balance is retrieved through Financial Reporting for all cash accounts. If there is a difference at this point, the BLDE (Deemed to be University) Office researches the account determines what items cause and the reason for the difference. If required, the account is adjusted and the adjustment noted, to assure the accounts do balance in the end. The review of items is a control over the entries and deposits to ensure the accuracy and completeness of entries.

Once all accounts balance book to book (Reconcilement Worksheet to GL), the process is to balance the Reconcilement Worksheet to the bank. The GL balances are manually entered into the Reconcilement Worksheet. Each bank account is selected and balanced adjusting for outstanding items. If there is any difference, the BLDE (Deemed to be University) Office determines if an entry was made to offset this

situation the next month or if there are entries missing either from the bank or the GL. Once determined and corrected, the report for each account will be printed and kept in a monthly balancing book which is maintained. The report shows the account balanced and any outstanding items for that account. The Reconcilement Worksheet takes the detailed activity as per the first part (Daily Reconciliation) and compares transaction by transaction to the information on the bank statement and produces a list of unmatched items. This process ensures the Reconcilement Worksheet includes all the bank items entered to match the month's statement. Review by FO Once in a month before book closure and necessary approval is required from him for the un-reconciled items with justification. The Manager looks at each one and makes sure the balance reflects the correct ending balance and they do balance or what the reason is if they do not. The Manager reviews for stale reconciling items, contacts the appropriate Accounting Office, and expedites the resolution. He then initials the GL Cash Ending Balance Report on each account he has reviewed. If there are no further changes needed, the books are stored in the BLDE (Deemed to be University) office. The Manager reviews constitute the major control over the reconciliation process. This review tests the accuracy and timeliness of the reconcilements. The review of reconciling items ensures timely clearing of items and the completeness of CRRS and Journal Entries. And the function serves as a managerial level control over the reconciliation process.

Responsibilities:

Bank Account Reconciling Accountant:

- Matches general ledger entries to entries in bank accounts to assure accuracy, Completeness, and timeliness of entries.
- Compares entries on the both BLDE (Deemed to be University) books to entries at the bank.
- Reconciles bank balance to university cash balances.
- Prepares documentation of reconcilements for Manager's review.

Manager:

- Reviews and tests the accuracy and completeness of the reconcilements
- Contacts accounting departments to expedite resolution of stale items
- Signs and dates the reconcilements as evidence of review. Accounting Department:
- Reviews reconcilements for items in need of clearing
- Makes adjusting entries to clear reconciling items.

18. General Cash Transaction Guidelines:

This provides guidance to the both BLDE (Deemed to be University) in depositing, recording and accounting for cash and cash equivalents. Its purpose is to ensure that these important BLDE (Deemed to be University) assets are protected, accurately processed, and properly reported.

Detail Policy and Procedure:

The handling of cash represents an area of high risk to the both BLDE (Deemed to be University). All BLDE (Deemed to be University) institutes that handle cash must have both an awareness of and show a commitment to strong internal controls for cash handling. By doing so, the potential for mishandling funds can be minimized. The Cash Receipts Manual as discusses the BLDE (Deemed to be University)'s policies regarding the handling and control requirements concerning cash transactions. Additional topics are covered in the Business Policy Manual as noted below:

- Disposition of Checks

19. Lost Or Incorrect Cheques:

If a cheque is lost, never received or incorrectly written (wrong name or amount), the BLDE (Deemed to be University) Offices should be notified immediately for further action.

Special Disposition Of Cheques:

Requests for special disposition of checks are made and approved in ERP.

- If two or more vouchers payable to the same payee are to be held, only one Hold Check Request is required.
- Petty Cash Funds

Departments needing to make frequent cash transactions may request a cash fund for that purpose from the both BLDE (Deemed to be University) Admin, Offices.

20. Requesting A Petty Cash Fund:

All requests for petty cash funds must be submitted in writing and must include:

1. Name of department.
2. Amount requested
3. Name of person to be designated as custodian
4. Anticipated period of time fund will be needed
5. Where fund will be kept (building and room number)
6. Description of security to be provided for the fund (e.g., locked file drawer, combination safe, etc.)
7. Reason for request (e.g., new fund, increase to existing fund, expanded authorization for an existing fund, etc.)

8. Purpose(s) for which the fund is to be established, increased or authorized (e.g., making petty cash purchases, making change, etc.)

Cash Receipts:

Depositing Cash Receipts:

All funds must be deposited in to the bank on the same day on which the cash/funds is received by the institutes both in BLDE (Deemed to be University).

Non-Gift Funds:

All non-gift funds must be deposited immediately with the bank.

Gift Funds:

All the deposit of departmental gifts, all gift funds, including securities, must be transferred immediately to the BLDE (Deemed to be University) office.

Checks:

All checks must be restrictively endorsed immediately upon receipt, in the following manner:

- FOR DEPOSIT ONLY
- THE CURATORS OF THE
- BLDE (DEEMED TO BE UNIVERSITY)
- (Department Name)
- (Account Number)

Additional guidance is provided concerning reconcilements and segregation of duties.

Reconciling Daily And Monthly Activity

- Daily reconciliation compares the cash receipts records (cash register or mail receipt log) with the day's receipts. This reconciliation should be reviewed and approved by supervisory personnel with no responsibilities for the actual receipt and handling of cash.
- Every bank account must be reconciled to the general ledger on a monthly basis.
- If any differences arises, all the differences are documented and resolved promptly. If the specific account(s) cannot be determined within the required period, the correcting entry will be made to the first accounting distribution line on the CRR being corrected.

SEPARATING DUTIES

Cash handling operations must be subject to daily supervisory review and management. To minimize the potential for mistakes or misappropriation of cash, the segregation of cash handling duties is recommended. The duties of collecting cash,

maintaining documentation, preparing deposits, and reconciling records should be separated among different individuals. In departments where the separation of duties is not feasible, strict individual accountability and thorough management supervision and review is required.

21. Cheque run:

Cheque run means the payment to the vendors/employees expense reimbursements either through NEFT/RTGS transfer or by cheque. If all the vendors are having the bank account the payment should happen through NEFT/RTGS transfer. Every week Thursday is considered as Cheque run day and no cheques/funds transfer should happen between the days. This condition is not applicable for the statutory payments. This is applicable both for BLDEA & University. There should be centralised process payout for this cheque run. The person who is posting the journal entry should not do the cheque run. All the online transfers/payments should be authorised/approved by FO & Registrar of BLDE (Deemed to be University).

IV-RECEIVABLES & REVENUE RECOGNITION POLICY

1. **Policy Statement:**

   This policy establishes when revenue must be recorded at the University. The BLDEA & University requires that revenues be recognized on the accrual basis, meaning when they are earned, not necessarily when payment is received. Revenues are generally earned when goods are shipped or services are performed.

2. **Objective:**

   To promote consistent accounting treatment across BLDE (Deemed to be University) and to adhere with the other regulatory requirements of unrecorded revenue or recorded improperly.

3. **Applicability:** This Policy is applicable for both the BLDEA & University.

4. **Rules for Revenue Recognition:**

   i. Understand accrual rules for revenue recognition

      A. Accrual accounting rules require to record revenue when it is earned, meaning when the goods are shipped or the services are provided, NOT necessarily when payment is received. Revenue is considered earned when four criteria are met:
         a. Persuasive evidence of an arrangement (i.e., sufficient documentation) exists
         b. Delivery has occurred or services have been rendered
         c. Collectability is reasonably assured (i.e., the customer is expected to pay for the goods or services).

      B. If the customer doesn't pay for the services immediately when provided, different types of balance sheet entries are required depending on when the customer pays for the services relative to when the BLDE (Deemed to be University) performs the services: accounts/notes receivable asset, a deferred revenue liability, or a deposits paid liability.

      C. Do not record income for internal transactions. Sales of goods or services to other BLDE (Deemed to be University) departments must not be recorded as income to the BLDE (Deemed to be University), nor should they be recorded on the balance sheet (i.e., receivables and reserves, deferred revenue and deposits).

   ii. Record manual entries as needed for revenue type. BLDE (Deemed to be University) Central offices process certain types of revenue, such as gifts and sponsored awards.

iii. Apply special accounting rules for certain types of revenue

A. Record revenue offsets for items that reduce revenue, such as scholarships applied to student income, rebates, discounts, and adjustments for customer overpayments. Unless a specific object code exists to record income offsets, record these offsets in the same coding as initially used to record the related revenue.

B. Pass-through: DO NOT record revenue for pass-through expenses and expense reimbursements or recoveries, record these as credits to the original expense coding. For example: if BLDE (Deemed to be University) partners with another university to hold a conference and receives reimbursement for some of the conference costs (i.e., NOT conference attendance fee revenue), the reimbursement should be credited to the appropriate expense object code or codes, not recorded as revenue.

iv. Maintain appropriate supporting documentation.

v. The BLDE (Deemed to be University) maintains documentation for supporting revenue transactions that details the nature of the goods or services provided (or to be provided), such as account coding to credit, the date the goods or services were (or will be) provided, authorization from the customer ordering the goods or services, and customer contact information.

vi. Departments are encouraged to provide a copy of this documentation to the customer, and must retain the original documentation locally with the BLDE (Deemed to be University) policies.

vii. Review and reconcile balances. All revenues must reconcile and maintain supporting documentation for manually-recorded accounts receivable. Investigate variances and take corrective action on a monthly basis at minimum. In addition, both BLDE (Deemed to be University) office must review manually recorded accounts receivable for collectability and bad debt reserves.

viii. Periodically evaluate manually recorded receivables for collectability throughout the year. Pay particular attention to old outstanding balances; those older than 180 days are generally considered to be past due.

ix. Record allowances for doubtful accounts and write-off with the approval from the management. If the collectability of a receivable is deemed to be uncertain, then both BLDE (Deemed to be University) must establish a reserve for bad debt.

x. Reverse or reduce entries as needed. The unit that processes a manual accounts receivable, deferred revenue or deposit entry is responsible for reversing the entry (or applying the payment directly to the receivable) when payment is received, goods/services provided or the agreement period ends.

5. Responsibilities and Contacts:

The CFO/Finance officers are responsible for ensuring that local units abide by this policy and the accompanying procedures. The BLDE (Deemed to be University) have ultimate responsibility for Central and manual accounts receivable, student receivables, and mortgage, all related reserves balances.
Financial Accounting and Reporting (FAR), within the Office of the Controller, is responsible for maintaining this policy and for answering questions regarding the policy.

6. Scrap Sale:

Scrap generated in a business:
In any business/Organisation or other activity some kind of scrap material are outcome of consumption of main material. Even in domestic usages of material we find some items of scrap material found in course of consumption of main material or in course of repairing , maintaining or servicing of properties, apparatus etc.

7. Examples of scrap material:

Packing materials, Old News Papers, Old books, old equipment, old furniture, old IT equipment, consumables, Capital goods, old containers, bags, boxes, card-board sheets, strippers, old tube lights, bulbs, fittings, tyres and tubes of vehicle, old parts of the machines, wooden pieces, metallic scrap et.

8. Selection of Scrap Dealer:

The BLDE (Deemed to be University) should follow the procedure to finalise the scrap dealer. The procedure which it should follow having the following steps.

- All the institutes should list down the items to be scrapped.
- If any Capital asset are scrapping then in the Fixed Asset register they have to enter the details of the assets they are scrapping.
- If any stock they are scrapping then in the stock register they need to enter the details of stock.
- The BLDE (Deemed to be University) should take the quotation from the scrap dealer and scrutinise the tender and tender should be allotted to the vendor who quoted high value.
- The BLDE (Deemed to be University) should collect the scrap amount either through cheque or through DD or NEFT /RTGS transfer from the scrap vendor before scrap is handed over to the vendor.

9. Accounting of Sale of Scrap:

The BLDE (Deemed to be University) should not consider the scrap sale as their turnover. This should be treated as Miscellaneous Revenue in their books of accounts.

10. Turnover of business:

Turnover of a business or profession is sale proceed or other considerations received for sale of business goods- goods in which one deals including by-products or consideration for services rendered etc.

Sale proceeds of by-products will be part of turnover.

The following items cannot be regarded as turnover of business:

- Sale of capital assets, even if related with business,
- Insurance claims received for capital assets
- Insurance claim received even for items kept for trading or consumption that is inventory of business cannot be called turnover of business.
- Sale of scrap material unusable tools and equipment, out dated material etc.

V - VENDOR MANAGEMENT POLICY

Vendor Payables

1. Objective:

This chapter provides guidance on the policy for the accounting for Vendor Payables, vendor approvals.

2. Applicability:

This Policy is applicable to both BLDEA & University.

3. Recognition of payables and timing considerations:

The BLDE (Deemed to be University) shall recognise a payable only when it meets the definition of a **liability**. A liability is defined as '*a present obligation of an entity arising from past transactions or events, the settlement of which is expected to result in an outflow from the entity embodying economic benefits*'.

An obligation may be legally enforceable under a binding contract or statutory obligation. A decision to acquire an asset does not in itself give rise to a present obligation. An obligation normally arises when the asset is delivered (or title passes in accordance with agreed incoterms), or the entity enters into an irrevocable agreement to acquire it. Below are some examples of when payables are recognised as a result of a transaction:

4. Recognition Stages:

The following categories of payables are examples that may all be relevant in the recognition of this liability.

Material/Drug Purchases

The incoterms within the purchase order will determine when the risks and rewards of the materials purchased pass to the BLDE (Deemed to be University) ; for example when the incoterms are Free On Board-shipping point, the ownership of the goods transfers to the buyer as soon as the shipment departs the seller. The inventory should therefore be recognised on the buyer's balance sheet along with a corresponding liability. The liability (*goods in transit*) should be recognised in accruals. Construction cell is buying construction materials like Cement, Steel, tiles etc., whenever the Materials receipts are there the store keeper should update the stores ledger and issues vice versa. The materials should go directly to the central stores and once the stores ledger is updated by the store keeper it should be issued to the respective construction site.

GRNI – (Goods Received not invoiced)

Goods received by BLDE (Deemed to be University) from any of the vendor without an invoice copy, the goods should be recognised as inventory as soon as they are received by BLDEA or University and a corresponding liability for the cost of the goods should also be recognised. This will usually be based on the value of the purchase order. The liability for the cost of the goods should be recognised in the Goods Received Not Invoiced account within accruals.

5. **Timing of Recognition:**

A **trade payable** is a liability representing an amount billed to a company by its suppliers for goods delivered to, or services rendered and consumed by BLDE (Deemed to be University), the company in the ordinary course of trade. Examples of trade payables include suppliers for raw materials, suppliers for other inventories received and payables for services rendered related directly to the company's primary operations. A trade payable should be recognised when the invoice is received from the supplier, providing that the goods or services associated with the invoice have also been received.

6. **Valuation:**

In most cases trade payables will be measured at the invoiced amount. Long term trade payables should be stated at **amortised cost**. Amortised cost is the amount at which a payable is measured at initial recognition, less repayments of the liability and plus or minus the cumulative amortisation using the 'effective interest method 'of any difference between the initial amount and the maturity amount so as to take into account the time value of money.

7. **Bills of Exchange Payable:**

A bill of exchange is a negotiable instrument supporting a commercial sales/purchase contract which can be used by the holder to receive funds from a bank using the bill of exchange as collateral. A bill of exchange is often used where the credit terms are extended beyond the average 30 days. In some territories these are very common as it can allow suppliers to receive cash from a sale more quickly by discounting the bill with the Bank.

Timing of recognition and valuation

Where we have agreed with the supplier that we will issue a bill of exchange, we should recognise a bill of exchange at the invoice value and de-recognise the trade payable. Therefore, where we have previously recognised a trade payable and subsequently issued a bill of exchange, the only accounting entry required is to move the credit balance from trade payables into bills of exchange payable at the same amount.

8. **Payments received on account Advance payments:**

Advance payments can arise when customers who are not on credit terms (cash advance customers) have to make payments in advance of any materials being ordered or work commencing on a project. Other instances of advance payments may include cash received from customers that cannot be allocated to a specific invoice. Rather than being netted off trade receivables, these advance payments should be shown in trade creditors on the balance sheet. (We have to show this Advance from Customers in Balance Sheet under Loans and Advances – Liability)

The accounting for advance payments is as follows: DR Cash CR Payments received on account Again, the payment received on account is then debited, and sales credited, when the criteria to recognise the revenue is met.

In the Annual Report, the balance shown in '*Payments received on account*' is included in Accruals and deferred income but is collected separately at the half-year and year-end to keep track of the level of these amounts.

9. **Other Taxation and Goods and Services Tax (GST):**

GST and other taxation represent two separate headings within the year-end and half-year forms but are included together here because they are relatively similar in terms of their treatment. They should both be accounted for in line with the local tax jurisdiction in which the subsidiary is operating.

As there are separate categories to record amounts payable in respect of GST and social security "other taxation" will generally consist of payroll/employment taxes, land taxes such as stamp duty and any other amounts payable to local taxation authorities.

Timing of recognition and valuation

Payables in respect of other taxation and GST should be recognised at the same point as the underlying transaction giving rise to the taxation.

10. **Social Security and pensions due to state government:**

Social security costs should be accounted for in line with local tax jurisdictions of the countries in which the subsidiary is operating. Examples of social security costs are employer national insurance contributions, insurance for loss of work if this is paid by the employer and any other employment related costs outside of employment taxes (include these in other taxation) which is borne by the employer and paid to the state government. Payables arising from state-sponsored pension schemes should also be included here, whereas amounts accrued for payment into BLDE (Deemed to be University) related pension schemes would normally be included in accruals. If you

have queries relating to what costs should be included in these categories, please contact the corporate reporting group.

Timing of recognition and valuation

The liabilities for social security costs are generally linked to salaries and therefore should be recognised at the same time as the salaries payable on which the social security contributions are calculated.

11. Accruals and Deferred Income:

Accruals

Accruals are liabilities to pay for goods and services that have been received at the same time invoice from the supplier/service provider has not been received in the same accounting period. This includes amounts due to employees (for example, amounts relating to accrued vacation pay), goods received not invoiced and also rent and rates.

Based on the matching principle, an accrual for the goods or services received should be recognised in the same period regardless of when the cash transaction occurs. The general idea is that economic events are recognised by matching revenues to expenses, therefore the expense and payable needs to be recognised at the same time as the entity receives the benefit of the goods/services received.

Timing of recognition and Valuation

Accruals should be based on either actual unprocessed invoices or purchase orders, or in the case of accruals for overheads for which invoices have not yet been received, on a best estimate based on previous charges. The timing of an overhead accrual should be recognised so as to spread/match the cost of the benefit received to the period to which that benefit relates. Accruals for material should be recognised when the risks and rewards pass to the BLDE (Deemed to be University).

Deferred income will usually relate to cash received and should therefore be recognised at the point the cash is received and at the value of the cash received, and subsequently reduced by any amounts released to profit and loss.

12. Capital Payables:

Capital Payables are payables relating to capital expenditure included within/for Property, Plant & Equipment or Intangibles for which the goods have been received or the expenditure invoiced but not yet paid.

Timing of Recognition and valuation

Generally speaking, the amount should be recognised at the point at which the risks and rewards of ownership of the asset pass, rather than the point at which the invoice is received. This is likely to be on receipt of the asset or on its shipment from the

customer in accordance with the agreed incoterms. The accrual should be recognised at the invoice value or the purchase order value if the invoice has not yet been received.

13. Other Payables:

"Other payables" consist of any other types of payables that do not fit into any of the categories described above.

14. Current and Non-current liabilities classification:

The group is required to present current and non-current liabilities separately in its balance sheet.

Current liabilities - are those that are expected to be settled by the entity within **12 months** from the reporting date. These are generally held for the purposes of trading.

Non-current liabilities - are those that are expected to be settled by the entity **more than 12 months after** the reporting date. The key point here is that for a liability to be classified as non-current the entity must have an unconditional right to defer its settlement for at least 12 months as at the end of the reporting period.

15. Payment of trade payables:

The policy for recognizing cash outflow from payments to suppliers is the same for monthly, half-year and year-end reporting.

Please see below for guidance on the recognition of cash payments in the following circumstances:

Cash Payments

Cash outflow should be recognised on the day that cash passes out of the control of the payer.

Cheque Payments (not post-dated)

Cash outflow should be recognised on the day that the cheque is released to the supplier and passes out of the entity's control. As a general rule, cheques should not be drawn in settlement of liabilities unless they are to be released to creditors on that date.

Cheque Payments (post-dated)

Normally banks will not accept post-dated cheques being paid in until their payment date. Post-dated cheques should be recognised in cash outflow on the date of the cheque.

Bank transfers with a nominated payment date

Bank transfers that have a nominated clearance date, normally require at least two working days' notice during which time the transaction can be withdrawn. The payer's intention is clear that settlement will take place on the nominated date and therefore the cash outflow should be recognised on this nominated payment date which should coincide with it featuring on the bank statement.

Bank transfers without a nominated payment date

Bank transfers that do not have a nominated payment date will simply clear through the banking system in the "normal" manner. It may be argued that in many ways this is similar to a cheque settlement, and therefore cash outflow should be recognised on the day that the bank transaction was implemented.

Direct Debit/Standing Orders Payments

Cash outflow should be recognised on the date that the payment features on the bank statement. Settlement by any other means (e.g. bill of exchange, promissory notes etc.), where there is the possibility of a cut off interpretation issue should be discussed with the CFO/FO **before being recognised as a cash outflow**.

16. Glossary:

Accruals - Accruals are liabilities to pay for goods and services that have been received but have not yet been invoiced in the same accounting period.

Advance Payments - Payments made in advance of work commencing/materials being ordered for customers that are not on credit terms

Amortised cost - Amortised cost is the amount at which a payable is measured at initial recognition, less repayments of the liability and plus or minus the cumulative amortisation using the 'effective interest method 'of any difference between the initial amount and the maturity amount so as to take into account the time value of money.

Carrying amount - the amount at which a liability is recognised in the balance sheet.

Current liabilities - are those that are expected to be settled by the entity within **12 months** from the reporting date which are expected to be settled within an entity's normal operating cycle.

Deferred Income - Deferred income is cash that has been received in respect of income which cannot yet be recognised in profit or loss because the items to which it relates have not yet been delivered or rendered.

Liability - an obligation to transfer future economic benefits as a result of a past event

Non-Current liabilities – are those that are expected to be settled by the entity **more than 12 months after** the reporting date.

Trade payable - a liability representing an amount billed to a company by its suppliers for goods delivered to, or services consumed by, the company in the ordinary course of trade.

17. Vendor Selection Process:

The vendor selection process can be a very complicated and emotional undertaking if you are unaware how to approach it from the very start. Here are five step process which will help to select the right vendor for the business. This guide will show how to analyze for business requirements, search for prospective vendors, lead the team in selecting the winning vendor and provide with insight on contract negotiations and avoid negotiation mistakes.

1. Analyze the Business Requirements

Before you begin to gather data or perform interviews, assemble a team of people who have a vested interest in this particular vendor selection process. The first task that the vendor selection team needs accomplish is to define, in writing, the product, material or service that you are searching for a vendor. Next, define the technical and business requirements. Also, define the vendor requirements. Finally, publish your document to the areas relevant to this vendor selection process and seek their input. Have the team analyze the comments and create a final document. In summary:

i. Assemble an Evaluation Team
ii. Define the Product, Material or Service
iii. Define the Technical and Business Requirements
iv. Define the Vendor Requirements
v. Publish a Requirements Document for Approval

2. Vendor Search

Now that you have an agreement on the business and vendor requirements, the team now must start to search for possible vendors that will be able to deliver the material, product or service.

The larger the scope of the vendor selection process the more vendors you should put on the table. Of course, not all vendors will meet your minimum requirements and the team will have to decide which vendors you will seek more information from. Next, write a Request for Information (RFI) and send it to the selected vendors.

Finally, evaluate their responses and select a small number of vendors that will make the "Short List" and move on to the next round. In summary:

i. Compile a List of Possible Vendors
ii. Select Vendors to Request More Information From
iii. Write a Request for Information (RFI)
iv. Evaluate Responses and create a "Short List" of Vendors

3. Request for Proposal (RFP) and Request for Quotation (RFQ)

The business requirements are defined and you have a short list of vendors that you want to evaluate. It is now time to write a Request for Proposal or Request for Quotation. Whichever format you decide, your RFP or RFQ should contain the following sections:

i. Submission Details
ii. Introduction and Executive Summary
iii. Business Overview and Background
iv. Detailed Specifications
v. Assumptions and Constraints
vi. Terms and Conditions
vii. Selection Criteria

4. Proposal Evaluation and Vendor Selection

The main objective of this phase is to minimize human emotion and political positioning in order to arrive at a decision that is in the best interest of the company. Be thorough in your investigation, seek input from all stakeholders and use the following methodology to lead the team to a unified vendor selection decision:

i. Preliminary Review of All Vendor Proposals: Analyze the Business Requirements.
ii. Record Business Requirements and Vendor Requirements
iii. Assign Importance Value for Each Requirement
iv. Assign a Performance Value for Each Requirement
v. Calculate a Total Performance Score
vi. Select the Winning Vendor

5. Contract Negotiation Strategies

The final stage in the vendor selection process is developing a contract negotiation strategy. Remember, you want to "partner" with your vendor and not "take them to the cleaners." Review your objectives for your contract negotiation and plan for the negotiations be covering the following items:

i. List Rank Your Priorities Along With Alternatives
ii. Know the Difference Between What You Need and What You Want
iii. Know Your Bottom Line So You Know When to Walk Away
iv. Define Any Time Constraints and Benchmarks
v. Assess Potential Liabilities and Risks
vi. Confidentiality, non-compete, dispute resolution, changes in requirements

Do the Same for Your Vendor (i.e. Walk a Mile in Their Shoes)

Read more about How to Plan Contract Negotiation Strategies

6. Contract Negotiation Mistakes

The smallest mistake can kill an otherwise productive contract negotiation process. Avoid contract negotiation mistakes and avoid jeopardizing an otherwise productive contract negotiation process.

18. Vendor Approval Form:

Vendor Approval form is attached in the Annexure-A and Third Party Vendor Annexure-B

19. Cheque Run:

Cheque run means the payment to the vendors/employees expense reimbursements either through NEFT/RTGS transfer or by cheque. If all the vendors are having the bank account the payment should happen through NEFT/RTGS transfer. Every week Thursday is considered as Cheque run day and no cheques/funds transfer should happen between the days. This condition is not applicable for the statutory payments. This is applicable both for BLDE (Deemed to be University). There should be centralised process payout for this cheque run. The person who is posting the journal entry should not do the cheque run. All the online transfers/payments should be authorised/approved by two officials of BLDE (Deemed to be University). For BLDE (Deemed to be University) Registrar & FO should be authorised persons for all the online transfers.

Annexure-A

Vendor Approval Form			
Request Information			
Requestor Name		Date of Request	
Requestor Title		Requestor Loaction	
Requestor Department		Indirect or Direct Expenses	

Local Purchase Leader	
Local Finance Leader	
Executive Leader	
Supplier Information	
1. Legal Supplier Name	
2. How this supplier found?	
3. What goods or services this supplier provide?	
4. Has this supplier been used before	
5. Explain why the existing supplier cannot provide these goods or services?	
Supplier Contact Information	
Primary Contact Name	
Primary Contact email	
Phone Number	
Address	
City	
State	
Zip Code	
If the payment address the same as contact address above	

Country		GST No	
PAN No.		Aaadhar No.	

Compliance Information	
1. Was this supplier is recommended by the customer?	
2.Is this only supplier in existence that provides goods or services needed?	
3. Will payment to this supplier be contribution or donation to a charity, political party, association, or other organisation?	
4. Does this supplier include expediting fees for a government agency?	
5. Are you aware of any relationship between supplier and BLDE (e.g. family member, former employee, close friend etc.,)	
Financial Information	
1. Supplier's Incoterms	
2. Payment terms (N0, N15, N30, N45, N60)	
3. What Currency did the supplier is paid in?	
4. How the supplier will be paid?	

Annexure-B

Sl.No.	Particulars	Remarks
	One time document submission under various Labour Laws	
1	Copy of PF Registration Certificate	Please provide the copies attested by Authorised signatory
2	Copy of ESIC Registration Certificate	
3	Copy of the P. Tax registration certificate (Form 3 & Form 4)	
4	Copy of Karnataka Shops & Commercial Establishment Licence	
5	Copy of CLRA Licence (Form VI)	Copy required for our records
	The Contract Labour (Regulation and Abolotion Act)	
1	Register of the Workmen employed by the contractor - Form XIII	Register to be maintained at employer premises
2	Employment Card Form - XIV	
3	Wages Slip - Form - XIX	
4	Combined Muster Roll Register cum - Register of Wages - Form T	
5	Service Certificate - Form XV	
6	Half yearly Return - by the Contractor - Form XXIV	
	Karnataka Shops and Establishment Act, 1961	
1	Appointment Order - Form Q	To be issued for deployed employees
2	Leave with Wages Register - Form F	
3	Leave with wage Book - Form H	To be maintained for deployed employees
4	Annual Returns - Form U	Acknowledgement to be finished every year February by 5th
	The Karnataka Labour Welfare Fund Act, 1965 & Rule 1968	
1	Karnataka Labour Fund Contribution - Form D	Acknowledgement to Be Furnished within 20th of January Every Year
2	If any, unpaid accumlation - Every employer, realizing fines from employees or having unpaid accumlation - Form B	Every Quarter Ending 31st March, 30th June, 30th September and 31st December
	The Payment of Gratuity Act, 1972 & Karnataka Payment of Gratuity Rules, 1973	
1	Nomination Form - Form F	
2	Notice of payment of Gratuity Act - Form L	At the time of resignation of deployed employee
	The Equal Remenueration Act, 1976 & Rules 1976	
1	Register of employement - Form D	
	The Maternity Benefit Act, 1961 & Rules, 1976	
1	Form A, Muster Roll	
2	Form D, C, B	
3	Medical Bonus - Payment of medical bonus Rs. 2500/- to be paid to employee, who is expected delivery or Gross amount to the employee	Proof to be furnished for paying Medical Bonus for the eligible employee
	The Maternity Benefit Act, 1961 & Rules, 1976	
1	Form A, Muster Roll	
2	Form D, C, B	
3	Medical Bonus - Payment of medical bonus Rs. 2500/- to be paid to employee, who is expected delivery or Gross amount to the employee	Proof to be furnished for paying Medical Bonus for the eligible employee
	The Payment of Bonus Act, 1965 & Rules 1975	
1	Register of computation of allocable surplus - Form A	Copy of C & Acknowledgement of Form D to be produced
2	Register of set on and set off of allocable surplus - Form B	
3	Register of Bonus paid to employee - Form C	
4	Annual Return - Form D	

VI - PAYROLL-SALARIES POLICY

1. **Policy Statement:**

   The Organisation believes that there must be controls in place regarding the control of all transactions on payroll and any movement that will have an impact on payroll data. It is BLDE's policy to pay appropriate remuneration for time worked and to comply with all statutory salary deductions and administrative requirements. Net pay due to the employees will be directly transferred into the relevant employee's bank account.

2. **Objective:**

   To ensure the correct payment of salaries for time/over time worked, correct deduction of statutory and other salary deduction, accurate charges of labour costs to the appropriate cost centre and internal control over labour costs by division of duties and reconciliations.

3. **Applicability:**

   This policy is applicable for both BLDEA & University.

4. **Responsibility:**

   It is the responsibility of Human Resource department via the Payroll Department, to ensure the accurate salaries, deductions and allocation of costs. The responsibility for the accurate input of Masterfile information lies with the Human Resource Department while the responsibility for correct input data lies with the relevant operations heads of the institutes.

5. **Payroll Department:**

   The HR Department refers to the specific responsibilities of the HR Administrator/Coordinator to assist.

   a. All employees of BLDE Association and University are required to submit a time sheet, which is being received by the HR Coordinator before last working day of every month and salary to be processed and paid on 5th working day of following month and in case of weekend interventions, due care to be taken for TDS remittance accordingly.

   b. All additions/deletions or changes in payroll to be done based on the "Employee Data Form", signed by the employee and submitted to the HR Administrator/Coordinator for signature and filing in the personnel file. The employee should sign for all changes. This form is used for all individualized changes to an employee's status including salary or wage, job title, working status, address, name or fringe benefits.

   c. No advances on salaries or loans to employees will be made except for the Non-teaching staff which is prescribed in the Loans, Advances & Deposits policy. Any Discrepancies will be resolved in the following pay cycle.

d. Salary to all employees will be based on the biometric attendance/ approved time sheets which is reported by HR Administrator/Coordinator of each institute report.

e. It is the sole responsibility of an employee to ensure swipe In/out in the biometric device in order to register the attendance. Regularization should be done in case of shortfall in attendance if any such as sick time, vacation time and holiday time taken, etc.

f. Salary payments will be directly transferred to the employee's bank account, any other mode of payments like cash or cheque will not be entertained.

g. A new employee will not be considered for payroll until the Employee Data Form being signed by the HR Manager/COO/Registrar.

h. Payroll activities will be done on a computerized system and payslip will be issued to all the employees on the second week of the month.

i. For TDS declarations, existing employees and new joiners covered under the income tax slab are expected to fill and share Form 12BB which is available with the respective HR Coordinators.

6. Procedures:

a. Respective HR Assistant/Co-ordinator will review and validate the accuracy of time sheets. All time sheets are to be sent to the Central Processing team – Payroll before 1st working day of the month.

b. COO/CAO should authenticate the time sheet received from all the institutes HR Assistant/Coordinator before sending to the Central Payroll processing team.

c. The Statutory deductions are as per Government norms. Other deductions are under the guidelines of management or employee concern.

d. If any employee has discrepancy/wants to know the details of deductions they should approach HR.

e. The communication flow of rotation and transfer of any employee: Under the guidelines of transfer and rotation policy, employee files are moved and accordingly the payroll cost will be moved.

7. Salary Payment Dates:

For BLDE (Deemed to be University) - It is on 1st working day of the month.

VII - FIXED ASSETS POLICY

1. Introduction

Fixed Assets are utilised throughout the BLDE (Deemed to be University) to generate revenue and provide other economic and business benefits. Due to the diversity of assets employed and range of applications used within the BLDE (Deemed to be University), it is essential that Business Units operate under a standard set of processes and definitions in relation to Fixed Assets. This ensures that assets are managed in such a way as to maximise their economic benefit whilst also being accounted for in an accurate and consistent manner.

This best practice guide provides instruction and guidance regarding the correct accounting treatment of fixed assets throughout their lifetime to ensure consistent treatment across the Group throughout their lifetime.

2. Objective:

Fixed Asset Management is an accounting process that seeks to track Fixed Assets for the purposes of financial accounting, preventive maintenance, and theft deterrence.

3. Applicability:

This policy applies to both BLDEA & University.

4. Definitions

Term	Definition
Property, plant and equipment ('PPE')	Property, plant and equipment is a class of tangible fixed asset used in the production or supply of goods or services, for rental to others, or for administrative or research purposes. The assets are classified as non-current assets as they are expected to have a useful economic life of more than 12 months.
Recognition	An item of PPE should only be recognised if its cost can be measured reliably and it is probable that future economic benefits associated with items will flow to the entity.
Cost	Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. This includes purchase price plus expenses directly attributable to bring the asset to its final location and condition which will enable it to be operated in the intended manner.
Depreciation	Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation is recognised in the profit and loss account on a periodic basis.

Useful Economic Life (UEL)	The number of years that it is expected that the asset will generate economic benefits for the entity. The UEL assigned should be in line with the depreciation rates as outlined in the Fixed Assets SOP. If the actual UEL is estimated to be higher than this, for the sake of prudence it should not be overridden. If however the UEL is estimated to be less than the guidelines, this lower amount should be used.
Impairment Loss	An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

5. Fixed Asset Register

A fixed asset register ('FAR') should be maintained at all Institutes including BLDE (Deemed to be University) HO where fixed assets are held. The purpose of the FAR is to ensure a record of all fixed assets are maintained. Best Practice would be to maintain the FAR within the operating units' accounting systems. Where this is not possible due to systems limitations a register should be maintained in excel, refer to Appendix 1 for a best practice FAR. The FAR as a minimum should include the following:

- *Asset number*
- *Asset tag reference (all fixed assets should be tagged for physical verification purposes – refer to section 10 physical verification)*
- *Asset type*
- *Date of acquisition*
- *Asset description*
- *Location (assets at other external locations should be clearly recorded)*
- *Original cost*
- *Period of useful economic life (years)*
- *Accumulated depreciation brought forward*
- *Depreciation charge in the current accounting period*
- *Impairment charge*
- *Impairment date*
- *Disposal date*
- *Disposal proceeds*
- *Net Book Value*

Significant separable parts of an asset should be identified in order that ~~that~~ the cost of replacing these parts can be allocated, and if appropriate, should be depreciated separately (refer to section 7 Depreciation).

6. Additions

A fixed asset should be capitalised if, and only if, the recognition criteria has been satisfied. Capital expenditure on fixed assets which are currently under construction

should be classified as 'assets under construction' on the FAR up to the point when the commercial operation starts and the asset is ready for its intended use. Once the asset is ready for its intended use the asset should be transferred to the relevant asset category and depreciated using the appropriate depreciation rate.

For all items which are between Rs.10k and Rs.100 mil, the capital expenditure form for expenditure between Rs.10k and Rs.100 mil should be completed in full. Please refer to Appendix 2 for a best practice completed capital expenditure form.

The sections which are required to be completed and reviewed by the proposer / reviewer are the CAPEX information section and the proposer / approver section.

If an item would qualify to be classified as a fixed asset however the cost amount is less than Rs.10k, the item should be treated as an expense amount with the cost being taken directly to the Profit and Loss account rather than being treated as a fixed asset. As a result, these items would not need to be included as part of the FAR, depreciated or reviewed for impairment.

7. Depreciation

Depreciation of an asset begins when it is available for use or Put to use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended. Each part of the PPE with a cost that is significant in relation to the total cost of the item should be depreciated separately (e.g. do not depreciate land, but do depreciate the value of the building). The depreciation amount calculations should be set up so that the depreciation amounts are calculated automatically, ideally using accounting systems to automate monthly depreciation calculations.

The depreciation method should reflect the pattern in which the assets future economic benefits are expected to be consumed by the entity. It is current BLDE (Deemed to be University) policy to use the straight line method of depreciation. If any other methods are more suitable to calculate depreciation amounts, approval must be obtained from the Chief Finance Officer.

Leasehold improvements generally revert to the ownership of the landlord upon termination of the lease, unless the tenant can remove them without damaging the leased property. Leasehold improvements should therefore be capitalized and depreciated over the shorter of their useful life and the remaining term of the lease.

The following should be used as a guide for the useful economic life of different types of asset:

Freehold Buildings	*25-50 years*
Plant and Equipment	*3-20 years* ***(for more specific guidelines – see below)***
Motor Cars and Vans	*4-5 years*
Freight Vehicles	*5 years*

Office Furniture & Machinery	*10 years*
Computers & IT Equipment	*3 years*
Tooling	*3-5 years*

The following should be taken into consideration when reviewing the useful life of an asset:

1) Expected usage of the asset (expected capacity or physical output);
2) Expected physical wear and tear – operational factors should be taken into account;
3) Technical or commercial obsolescence arising from changes or improvements in production.
4) Legal and similar limits on the use of the asset

Depreciation of an asset ceases at the date that the asset is derecognised. Therefore depreciation should not stop being charged if the asset becomes idle or is retired from active use unless the asset is fully depreciated.

8. Disposals/Sales of Asset

The BLDE (Deemed to be University) is expected to have the appropriate process in place for approving the disposal of property, plant and equipment. An asset disposal form should be completed which should be prepared, signed and authorised in line with the local Authorities & Limits schedule prior to disposal of the asset. The cost amount, accumulated depreciation and net proceed amounts should all agree back to the FAR. Refer to Appendix 3 for a best practice example of an asset disposal form.

The net proceed amount is the total economic benefit that will arise from the sale of the asset less any costs to sell. The total economic benefit will include (but is not limited to) and cash consideration, deferred consideration and any non-cash consideration (such as a replacement asset). For any non-cash consideration, the price the business would expect to have to pay for the non-cash asset should be used to value it.

9. Impairment

All items of PPE are subject to the impairment requirements of IAS 36. In principle an asset is impaired when an entity will not be able to recover the assets balance sheet carrying value, either through using it or selling it.

At a minimum on an annual basis (in line with Internal Control Declaration (ICD) requirements), or if circumstances arise which indicate an impairment adjustment may be necessary, a review should be undertaken of the assets cash generating abilities either through use or sale. This review will produce a recoverable amount which should be compared to the asset's carrying value, and if the carrying value is higher,

the difference must be written off as an impairment adjustment in the profit and loss account.

The recoverable amount is defined as the higher of *'fair value less costs of disposal'* and *'value in use'*; the underlying concept being that an asset should not be carried at more than the amount it will raise, either from selling it now or from using it.

An entity is required to assess at each balance sheet date whether there are any indicators of impairment. Refer to Appendix 4 for a best practice template which can be used in order to help assess if there are any indicators of impairment present.

10. Physical Verification

A physical verification of assets should be performed every year. However, some asset classes should be confirmed on a more regular basis e.g. portable equipment may require more frequent confirmations than large capital assets.

In order to ensure this verification process can be undertaken all PPE should be clearly tagged so that they can be appropriately identified.

In order to perform the confirmation, the assets to be confirmed should be selected beforehand from the fixed asset register. The person selecting the assets should be different from the person verifying them and should not be someone who would ordinarily be the main person responsible for the safekeeping of the assets (i.e. the Factory Manager should not select the items for verification in the factory).

When each verification is performed, a record should be kept of which assets were observed, who selected them, who performed the confirmation and when the confirmation took place. The physical verification should include both verification of items selected from the FAR to the physical asset (existence check) plus verification of assets from the floor back to the FAR (completeness check).

11. Intra-group Transfers

All fixed asset transfers should be conducted at an arm's length basis. Transfer assets between BLDE (Deemed to be University) at net book value (Net book value = Cost – Accumulated Depreciation) so there is no profit or loss to the selling company. Full documentation in respect of the sale and purchase of fixed asset should be maintained.

12. Insurance of the Assets

Asset insurance enables smooth functioning of the business by providing it the much-needed coverage against unforeseen risks. Whether small, medium or large, capital invested in building or buying assets is huge. Unfortunate events and crisis striking the enterprise may lead it to a substantial loss. Moreover, outstanding liabilities,

mortgage bills and other obligations towards the vendors can bring the company to the stage of a halt.

Acquiring asset insurance ensures:

- Protection against the risk of assets' breakdown, damage or its theft and carrying on with the business
- Protection against the risk of loss of income in unfortunate events like fires, explosions, floods or lightning that lead to complete or partial shutdown of your operations.
- Protection against the lawsuits and related claims.

All the assets like buildings, equipment, Machinery, Vehicles, Furniture & Fittings, IT equipment, etc., should be insured as per this policy.

Appendix 1: FIXED ASSET REGISTER

CAPEX DETAILS													DISPOSAL DETAILS		
								2015 Depreciation Details	2016 Depreciation Details						
Asset Number	Asset Type	Asset Tag Reference	Date of Acquisition	Asset Description	Location of Asset	Original Cost	Useful Economic Life (Years)	Total Year To Date Charge	Total Year To Date Charge	Accumulated Depreciation	Impairment Charge	Net Book Value	Disposal Date	Disposal Proceeds	Gain or (Loss) on Disposal
2015_001	Office Furniture and Machinery	00124	25/02/2015	New chairs for office	Onsite	1,000.00	5	100	-	100	-	900	23/06/2015	650	250
2015_002	Motor Cars and Vans	00125	07/03/2015	Jaguar - KM14 TVW	Onsite	35,000.00	3	4,861	-	4,861	-	30,139	N/A	N/A	N/A
								-	-	-	-	-			
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Appendix 2: Capital Expenditure Form - For Expenditure Amounts between Rs.10k and Rs.100 mil.

Capital Expenditure Appraisal Form - For Expenditure Amounts between Rs. 10k and Rs.100 mil

Important - Please read prior to completing

This capital expenditure (CAPEX) form is required to be completed for all capital projects where the capital spend is expected to be between Rs.10K- Rs.100 Mil. All CAPEX which are less than Rs. 10k should be written off as a P&L expense and coded to the appropriate cost code.

For all capital expenditure which exceed Rs.100m, please refer to the guidance in respect of the process and the CAPEX forms to be completed.

All CAPEX forms must be completed in full and approved in line with the relevant levels of authority. Please refer to your approval limits to ensure the appropriate approval is received.

The CAPEX Information and Proposer / Approver sections must be completed by the proposer and approved by all relevant approvers based on the guidance above.

Failure to complete the relevant sections in full will result in the form being returned to the original proposer for them to update as necessary.

You must not commit to any CAPEX amounts until this form has been completed, approved and the finance team have confirmed receipt of this form.

CAPEX Information Section	CAPEX Amount (INR) (Please state forecast amount expected to be incurred if actuals not yet known)	35,000
	Payment Method (Please select one from the drop down options):	Cash
	CAPEX Type (Please select one from the drop down options):	Replacement
	If other please include comments	N/A
	Main Reason For Addition (Please select one from the drop down options):	Other
	If other please include comments	Purchase of new company vehicle to replace vehicle sold in prior year
	Description of Proposal: *Please include a brief overview of the CAPEX Expenditure. Ensure that this overview includes detail in respect of the aim of the addition, why it is necessary and what benefit / saving will be realised.*	This expenditure will be incurred to replace the chauffer vehicle which was disposed off in the prior year. The vehicle will be used as the new chauffer vehicle.
	Has this CAPEX been factored into the budget:	Yes
	Have you obtained a minimum of three quotes for the potential CAPEX investment? (Please select one from the drop down options)	Yes
	For all quotes obtained, please attach the evidence of these quotes to this CAPEX form which confirm the potential expenditure amount	
	If you have answered No to the above question, please provide details as to why a minimum three quotes have not been obtained	N/A
Proposer / Approver Section	Project Initiator (Name and Signature)	
	Date:	
	Division (Please select one from the drop down options):	Corporate
	Approver 1 (Name and Signature):	
	Date:	
	Approver 2 (Name and Signature):	
	Date:	
	Approver 3 (Name and Signature):	N/A - Not required due to the value of the disposal
	Date:	N/A

Appendix 3: Investment Disposal Form

Asset Disposal Form		
Asset Disposal Details	Fixed Asset Number:	2015_001
	Date of Disposal:	23/06/2015
	Currency:	INR
	Original Cost:	1000
	Accumulated Depreciation:	100
	Net Book Value:	900
	Proceeds:	650
	Profit/(Loss) on Disposals:	
Invoice Details	If the asset disposed off has been sold rather than written off, please attach the relevant invoice confirming the sale of the asset.	
	Please confirm in the box on the right if the sales invoice has been attached if applicable	Yes ☐
Approvals	Initiator (Name and Signature):	
	Date:	
	Approver (Name and Signature):	
	Date:	
	Approver (Name and Signature):	N/A – Not required due to the value of the disposal
	Date:	N/A

Appendix 4: Impairment Review Template:

Date:
Quarterly review for asset impairment triggering events
Completed by:
Reviewed by:
Asset under review:

The following table lists examples of triggering events and assessed whether each event has occurred or has not occurred with respect to the asset shown above.

Event	**Applicable to subject Assets? (Yes/No)**
a) A significant decrease in the market value of an asset.	
b) A significant adverse change in the extent or manner in which an asset is used or a significant physical change in asset.	
c) A significant adverse change in legal factors or in the business climate that affects the value of an asset or an adverse action or assessment by a regulator.	
d) An accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset.	
e) A current period operating cash flow loss combined with a history of operating or cash flow losses or projection or forecast that demonstrates continuing losses associated with the use of an asset.	
f) A current expectation that, more likely than not, a long-lived asset (group) will be sold or otherwise disposed of before the end of its previously estimated useful life.	
g) Is there evidence available of obsolescence or physical damage of an asset	

If applicable, a further evaluation of any 'yes' responses is outlined in the comments below:

Conclusion:
Based on the review above, the events or changes in circumstances [have/have not] occurred that indicate a potential impairment of [asset description]. Therefore [further/no further] procedures must be performed.

VIII - LOANS, ADVANCE AND DEPOSITS POLICY

1. **Objective:**

   To communicate the Loan, Deposits and Advances entitlements and provide guidelines for availing these entitlements.

2. **Applicablity:**

   The Policy is applicable between two entities Association and University

3. **Internal Loan:**

   Both the BLDE Association & University the internal loan/internal borrowings is applicable and this policy provides guidance to the accounting and processing of these transactions.

   The Treasurer's Office receives and processes the loan request and prepares the documentation for the loan.

   The Treasury Office reviews the documentation to ensure it is properly authorized in accordance with the application attached. The Central office of both BLDE Association and University Office will transfer the proceeds for an approved Internal Loan once copies of the approved application is received (via the Treasurer's Office).

4. **Intra-Group Loan:**

   a. **LENDING COMPANY'S LETTER HEAD**

   Date: .....

   The VC

   Dear Sirs

   We are pleased to advise you that ..... (the "Lender") is prepared to make a loan facility (the "Facility") available on the following terms and conditions:

   b. **BORROWER**

   .....

5. **Facility Amount:**

   Up to ..... (.....)

6. **Availablity:**

   The facility is a revolving line of credit and will be available at the Lender's discretion from time to time until notice of withdrawal (which shall preclude further drawings)

is given, but the last date for any new drawing will be ……. unless earlier notice of withdrawal of the facility is given. All amounts drawn under the Facility will be repayable together with interest accrued thereon not later than .....

7. Drawings:

Drawings may be made for periods (a "Fixture Period") of up to ..... (.....) days in minimum amounts of ..... Unless renewed repayment of each drawing will be made together with interest calculated in accordance with paragraph 5 below accrued thereon up to and including the last day of the relevant Fixture Period, provided that if such last day is not a day when banks in ..... are open for business (a "Business Day") then the payment shall be made on the immediately preceding Business Day. Each drawing will automatically be renewed for a Fixture Period to be agreed by the parties unless it is repaid by the Borrower or notice requiring repayment is given, in either case, by the last day of the relevant Fixture Period or the immediately preceding Business Day. Interest will be payable as described above notwithstanding renewal.

8. Interest:

No Interest is charged between the two entities.

9. Payments:

All payments due to be made by the Borrower to the Lender hereunder shall be made in .....

10. Overriding Events:

If the effect of the introduction of or any change in any applicable law or directive or the interpretation thereof by any authority charged with the administration thereof is to increase the cost to the Lender of making or maintaining amounts available under the Facility or to reduce the amount of any payment of principal, interest or any monies whatsoever receivable by the Lender then the Borrower will compensate the Lender for such increased cost or reduction. Any such additional payment will be computed for the effective date at which such increased cost had to be borne or reduction suffered by the Lender.

11. Default:

The Lender may terminate this Facility or any drawings hereunder, in which event all drawings or those terminated (as the case may be) shall become immediately repayable together with interest, in any of the following circumstances: if

a) The Borrower defaults upon any payments required to be made pursuant to this Facility or any other loan or credit facility granted to it by the Lender;

b) The Borrower defaults in payments due under any other loan or credit facility;

c) The Borrower makes or proposes to make any voluntary arrangement with its creditors or becomes bankrupt or goes into liquidation or an encumbrancer takes possession or a receiver is appointed of any of the property or assets of the Borrower;

d) The Borrower becomes unable to satisfy its debts as they fall due or ceases or threatens to cease to carry on business; or

e) The Lender reasonably believes or apprehends that any of the events mentioned above or any equivalent or like thereof under any relevant laws has or may occur.

If any repayment or interest is not paid when due under the terms of this Facility (including but not limited to upon any termination) default interest shall accrue and be payable on all such amounts at 2% above the rate provided under paragraph 5 above until payment both before as well as after any judgement.

12. Law:

The Facility is governed by the law of ..... and the Borrower submits to the non-exclusive jurisdiction of the ..... courts.

Please indicate acceptance of the Facility on the foregoing terms and conditions by returning to us the duplicate of this letter with The Memorandum of Acceptance thereon duly signed.

This offer will lapse if such acceptance as aforesaid is not received on or before the .....

Yours faithfully

For and on behalf of

.....

.....

Authorised Signatory

MEMORANDUM OF ACCEPTANCE

I, ... being duly authorised by the Borrower, accept the offer of the Facility on the conditions set out above.

For and on behalf of

.....

.....

Authorised Signatory

Dated: .....

13. Intragroup Payment Terms:

a. Overview

This Standard Operating Procedure (SOP) outlines the process to be followed for intragroup charge payment terms. This will ensure that the BLDE (Deemed to be University) effectively manages and ensures that outstanding intragroup balances are settled efficiently.

Please note that in some instances, Divisions or Local Operating Businesses may provide further guidance or make further restrictions, but this policy represents the minimum standards required and standards/limits may not be relaxed.

b. Scope

This SOP applies to all of BLDEA & University and covers:

- *Payment terms for intragroup charges*

c. Intragroup charges payment terms

This section covers group charges such as the Intragroup Service Charge for the services rendered by both the BLDEA & University as well as any other charges raised between different entities within BLDEA & University.

All Group charges like common services for both BLDEA & University become due 30 days from the end of the month.

In addition, where a charge is of a repetitive nature, consideration should be given to the appropriate frequency (i.e. annual/ semi-annual) for the charge to be made, to reduce bureaucracy and administration.

14. Monthly Internal Loan Program Reporting:

On a monthly basis, the BLDEA & University Office prepares a monthly loan report. The review by these departments is a managerial control and provides assurance as to the accuracy, completeness, and timeliness of the activity. The report provides summarized information about all the outstanding and pending loans. Specifically, the report has a column for the campus, property description, loan term, loan amount, month-end outstanding loan amount, and potential loans. The excel file also has six non-printed columns, which include information regarding the Serial No., Date, Description, Debit amount, Credit amount and Net loan amount. Reconciling Process for the Monthly Report As noted above, the both BLDEA & University Office maintains an excel spreadsheet of all the loans in the program. Every month, the total payment amount and the outstanding principal balance in the General Ledger are reconciled to the totals on the Spreadsheet. This review process is a managerial control.

<u>Loan Reconciliation</u>

Please Refer Annexure A

15. Loans To Employee/External People:

Loan means lender gives the money to the borrower. The BLDE (Deemed to be University) should not give any short term loan or long term loan to the employees/vendors/external parties. But both BLDEA & University can give or take both short term loan and as well as long term loan.

16. Advances:

a. Festival Advance:

The employees of BLDE (Deemed to be University) can avail advances like Festival Advance, Travel Advance, Advances towards Academic Activities. Advances like, Furniture Advance, Purchase of Car advance, Salary Advance is not allowed.

In University Festival advance is given to the non-teaching staff and class IV employees. The limit for non-teaching staff is Rs. 5,000/- and for Class IV employees it is Rs. 3,000/-. The advance will be given once in a year and it to be collected from the employees within 6 months in equal instalments. Any employee of the above category should take prior approval from Registrar/FO and submit the same to the Finance for releasing the advance.

b. Travel Advance:

Travel Advance to the University employees is given as per the limits prescribed in the Travel policy with the prior approval from VC/Registrar. Once the employee returns from the travel the advance should be settled in a week by submitting the expense report to the finance with all original bills.

c. Advances towards Academic Activity:

This is applicable to BLDE (Deemed to be University) as they are having department wise Academic activities planned like conducting workshop, Lectures from guest faculty etc.,. The Advances are given to the respective department with the prior approval from VC/Registrar. The Minimum limit is Rs. 5,000/- and maximum limit is Rs. 20,000/-.

d. Advances to the Civil Contractors:

BLDE (Deemed to be University) is allowed to give advances to the civil contractors for the construction activity. This should be processed and paid with the prior approval. Approval Matrix for BLDE (Deemed to be University) is Chief Engineer (Construction cell), VC and Finance Officer. If all the three persons should approve for releasing the advance to the contractor.

e. Advances to the Vendors:

BLDE (Deemed to be University) can be allowed to give advances to the vendors provided if the advance is against the purchase of Capital Goods/Assets. It should be

paid to the vendor once if it is approved by three persons from both BLDEA & University.

Approval Matrix for University is VC, Registrar & Finance Officer.

f. Deposits:

BLDE (Deemed to be University) are collecting various deposits from students like Caution deposit, Hostel Deposits & Mess Deposits.

g. Caution Deposits:

BLDE (Deemed to be University) are collecting Caution deposit from the Students every year at the time of admission. All the caution deposits which is collected from the student as Caution deposit should be refund to the students once student completes his/her course in the institute in which he/she completed his/her education. If any student caution deposit balance is showing more than the course completion period should be transferred to miscellaneous revenue and that cannot be refunded to the student. Student must submit/return back his ID card to for claiming the Caution deposit from the institute. Without submission/return back of ID card no caution deposit can be refunded to the student.

h. Hostel Deposits:

BLDE (Deemed to be University) are collecting the Hostel deposit from the students who are opting for the hostels to stay. All the hostel deposits which is collected from the student as Hostel deposit should be refund to the students once student completes his/her course in the institute in which he/she completed his/her education. If any hostel caution deposit balance is showing more than the course completion period should be transferred to miscellaneous revenue and that cannot be refunded to the student. Student must submit/return back his Hostel ID card to for claiming the Caution deposit from the institute. Without submission/return back of Hostel ID card no caution deposit can be refunded to the student.

i. Mess Deposits:

BLDE (Deemed to be University) are collecting the Mess deposit from the vendor who is rendering the services of Mess. Each and every year BLDE (Deemed to be University) has to renew the contract/agreement or go for new vendor contract/agreement based on the feedback provided from the student. The deposit money which is collected from the mess vendor as mess deposit should be refunded to him once his tenure is completed without further extension of his contract/agreement. BLDE (Deemed to be University) should collect the rent from the Mess vendor. Electricity charges and water charges are bared by the mess vendor only.

Annexure – A

LOAN ACCOUNT RECONCILIATION

Sl. No.	Date	Description	Amount in Rs.		
			Debit	Credit	Net
	01/04/2017	Opening balance			-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
			Total		-

IX - GIFTS & DONATION POLICY

1. **Objective:**

   This policy the guidelines to utilize the donations & gifts which both BLDE (Deemed to be University) receives from the donors.

2. **Applicability:**

   This policy is applicable to both BLDEA & University.

3. **Receipt of Cash Gifts from Non-Employees**

   Gifts Received from non-employees include Alumni, Parents, Corporations, Foundations and various other organizations and individuals. These gifts can be received directly by the Institute Office or they can be received by other departments throughout the BLDE (Deemed to be University). Accounts Department should record cash gifts they receive should deposits directly with the bank, in the name of the donor. The gift money should be utilised by the respective institutes as per the donor's wish or for the purpose the donation received.

4. **Receipts of Cash Gifts from the Retired employees:**

   The respective institutes from both BLDE (Deemed to be University) can receive the gifts through cash deposit from the retired employees. Once the amount is received from the donor immediately a receipt should be generated by the respective institutes and the same is deposited into the bank. This can be utilised by the institutes as per the donor's wish or for the purpose the donation received.

5. **Detail Policy and Procedure:**

   Summary Overview of the Authorization to Record Gifts

   - Non-cash gifts valued as per market rate of the same item which is less than Rs. 5,000 are excluded from the risk review process.as these are items donated for charitable fundraising events and disposable items used for operational or advancement activities.

     If Non-cash gift item less than Rs. 5,000 received more than one time in the financial year are falling under Risk Review Process.

     An Advice of Gift Received form is prepared by the appropriate receiving Department authorizing the preliminary acceptance of the gift.

   - If the gift is received at or close to fiscal year end, a preliminary valuation is made of the gift. The Accounts Department should obtain a preliminary valuation from the donor until an independent valuation may be obtained, at which time the preliminary estimate should be adjusted to agree with the appraisal.

- The Accounts Department records the gift in Advance and the transactions are fed to the General Ledger in the form of a journal transaction feed. The day's transactions are balanced and reviewed.
- In addition to recording the gift, Accounts department acknowledges the gift and sends an official receipt to donor.
- If the value of the gift (excluding marketable securities) was greater than Rs. 5,000 and the BLDE (Deemed to be University) sells the item/s within a three-year period, the receiving Department has the responsibility of notifying the same to the Finance Department.

6. Receipt of Non-Cash Gifts – Marketable Securities:

Gift received in the form of securities include stocks, bonds and mutual funds.

The process for recording these gifts is as follows:

- The Office of the Treasurer (Treasurer's Office) accepts security gift.
- The Treasurer's Office values any gift of securities as of the date the gift is irrevocably in the hands of the BLDE (Deemed to be University). The value is determined by taking the number of shares received times the average of the high and low price on the appropriate exchange on that date or the net asset value for mutual funds.
- The Treasurer's Office processes the security, and prepares a journal entry or (CRR) as appropriate to record the receipt in the appropriate securities account. The journal entry created is as follows: Account # Account Description

  Investments XXXX.XX Dr

  To Gifts XXXX.XX Cr

- When a gift of Real Estate (land & Building) is received, the receiving Department obtains specific information about the property from the appropriate offices (Administrative office and Head Office). These departments assist in the process of authorizing the acceptance of the gift.
- The value of the gift will not be determined or entered into the General Ledger until it has been accepted by the BLDE (Deemed to be University) and the value will then be determined as of the date of the transfer. The Vice Chancellor is responsible for real estate in writing of the acceptance by the BLDE (Deemed to be University) of gifts of real estate.
- Finance Department records gift in Advance to feed to the General Ledger in the appropriate capital Accounts at the appraised value.

- The Finance Department forwards a copy of the real estate gift to the Head Office. The Campus Accounting Office ensures that the asset is recorded in the Asset Management system.

7. **Receipt of Non-Cash Gifts - Vehicle Donations:**

When a gift of a vehicle is offered to the campus, the first individual notified of donor intent obtains specific information about the vehicle (make, model, year, mileage, condition, and existence of signed clear title). Upon authorization of acceptance from Procurement Services, the initiating party and Procurement Services work with the donor to arrange for delivery of the vehicle to the campus and transfer of a signed clear title to the BLDE (Deemed to be University). The donor will establish the fair market value of the vehicle on the date of the contribution. The fair market value cannot exceed the private party sales price listed in a used vehicle pricing guide for the same make, model, year, mileage and condition of the vehicle.

Note: This policy applies to gifts of qualified vehicles as determined by Motor Vehicle Act. Qualified vehicles include motor vehicles manufactured primarily for use on public streets (automobile, truck, motorcycle, recreational vehicle).

- After the vehicle is delivered to the campus, Procurement Services will decide whether the campus will use the vehicle in the course of its operations or auction the vehicle.
  - The amount that a donor may deduct for a vehicle contribution generally depends upon whether the BLDE (Deemed to be University) intends to auction the vehicle or put it into service.
  - If the BLDE (Deemed to be University) sells the vehicle, the charitable deduction is generally the lesser of the vehicle's fair market value on the date of the contribution or the gross sales proceeds received by the BLDE (Deemed to be University).
  - If the University intends to use the vehicle, make major repairs to the vehicle, give or sell the vehicle to a needy individual at a price significantly below fair market value.
- If the vehicle's fair market value is fixed, the BLDE (Deemed to be University) must provide a written acknowledgement of the donation to the donor.
  - The donor must receive the acknowledgement from the BLDE (Deemed to be University) within 30 days of the vehicle's sale or within 30 days of the donation depending upon whether the BLDE (Deemed to be University) intends to sell the vehicle without making material alterations prior to the sale or use of the vehicle.
  - If the University sells or disposes of the vehicle within three years after the donation, Procurement Services must notify the same to Head office.

- The Head Office records the gift in Advance to feed to the General Ledge and should record the transaction in the appropriate capital expense account in the General Ledger.
    - The Campus Accounting Office will record the asset in the Asset Management System if appropriate.

8. Receipt of Non-Cash Gifts – Other:

- When a non-cash gift other than securities, vehicle or real estate is received, the Head Office obtains as much information about the gift as possible from the donor (e.g., are they planning to use the gift as a charitable contribution, do they have documentation of value, etc.)
- The department or college receiving the gift will determine whether the gift can and will be used.

X - GRANTS POLICY

1. **Objective:**

The higher education sector needs to be adequately funded keeping in view of the goals relating to expansion of the institute and also utilization of funds properly to that particular Grant.

2. **Applicability:**
BLDE (Deemed to be University),

3. **UGC Grants:**
The BLDE (Deemed to be University) receiving UGC grants from the Government of India for the development of the institute. Various grants like Building, Infrastructure development, Research & Development will be received from the Government.

4. **Bank Account:**
The BLDE (Deemed to be University) should maintain separate bank accounts for receiving the grants from the Government. These grants should not be used for any other purposes by the BLDE (Deemed to be University).

5. **Criteria for getting the grant:**
Each and every year Government will call for the application for getting the grant whether it is for the building development, Infrastructure development of the institute and also for the Research & Development Grant. BLDE (Deemed to be University) should apply for that and once the Government sanctioned the grant it will go the particular institute principal bank account. For getting the Infrastructure development grant college/Institute should be accreditated. For getting the R&D Grant the Professor/Doctor/Lecturer should be in the payroll (permanent) of BLDE (Deemed to be University).

6. **R&D Grant:**
The BLDE (Deemed to be University) should create a budget for R&D apart from the R&D Grant from the Government and it should be utilized completely for that. Each and every year they should create a budget 5% of their total budgeted income amount. The approval Matrix for this budget is VC, Registrar & FO

The BLDE (Deemed to be University) gets the grants from the Government for R & D. are as follows.

a. VGST- Vision Group on Science and Technology.
b. ICMR- Indian Council of Medical Research
c. RGUHS- Rajiv Gandhi University of Health Sciences.
d. DRDO- Defence Research and Development Organisation. Etc.,

The Government will call for the R&D applications every year. The Institutes need to apply for it by clearly explaining the subject for which R&D they are going to perform. The Government will evaluate the applications and release the grants.

7. **Usage of R&D Grant:**

   i. The institute to which R&D Grant is sanctioned from the Government should be utilized completely. If the grant or funds are not utilized completely the particular institute should give explanation to the management.

   ii. Principals of each institute should not sanction the entire funds in one go to the researcher. Instead, they should release the funds according to the expenses incurred.

   iii. The BLDE (Deemed to be University) should follow the purchase rules provided by funding agency.

8. **Accounting & Auditing of grants of external grants:**

   The BLDE (Deemed to be University) should capture all the expenses separately in their books of accounts against which the grant is sanctioned by the Government. It should be audited along with the other books of accounts and submitted to the Government on timely basis.

   Every month end the books of UGC & R&D Grants account should also be closed along with the other books of accounts.

9. **Student Scholarships:**

   Some students are receiving the scholarships from the Government. All the institutes should maintain separate bank account to receive the scholarship amount from the Government and it should be distributed to the students (who are eligible) as and when it is credited to the respective institutes bank account. It should not be utilised for any other purposes. Neither BLDE Association nor University should withdraw the student scholarships for their organisation payments like statutory liability payment, vendor payments, salary payments to the employees/contractors/workers/daily wages etc.

REGISTRAR
BLDE (Deemed to be University)
Vijayapura-586103. Karnataka