

SOP FOR FINANCE COMMITTEE

1. OBJECTIVE

The aim of this SOP is to lay down necessary directives for the smooth and efficient administrative functioning, handling/ operating SDCRI funds, functioning of finance and accounts department and to ensure that Statutory compliances are made in the following areas:


- a) Delegation of Authorities and Financial Powers
- b) General accounting and book keeping procedures
- c) Review of Statutory Compliances
- d) Procurement Policies
- e) Maintenance of Cash and Bank Balances
- f) Disbursement of Salaries and Payroll
- g) Fixed assets purchases and its accounting

2. DELEGATION OF AUTHORITIES AND FINANCE MANAGER

With a view to improve the overall efficiency of funds management and to avoid delays in according sanctions for expenditure, the procedure has been outlined below.

The structure of F&A Department would be as follows:

This Committee shall consist of a minimum of five (5) members with a maximum of seven (7) members. The following persons shall be members of the Committee: SDCRI Financial liasoning officer and minimum of (2) current members in good standing. The Chairperson of this Committee shall be financial liasoning officer of SDCRI. Financial liasoning officer shall function as the liaison between the Budget and Finance Committee, the Managing Director and the Audit Firm. This Committee will be responsible to see that proper planning, accounting, auditing, and budgeting is carried out during their Committee year to ensure that the Association functions efficiently and is financially secure. At the end of each month the financial liasoning officer will furnish to each Committee member a financial statement for that particular period and the year-to date accumulative totals.


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3. KEY CONTROLS WITHIN ACCOUNTS DEPARTMENT

3.1 Receipt of Bills

The following procedures shall be followed at the time of receipt of bills:

- a) Entry shall be made giving details of the bills received such as date of receipt of Invoice, name of vendor, date of invoice, description in the invoice, amount etc in the Manual Register maintained by Accounts officer.
- b) A unique serial number code on the top of the bill would be mentioned which would be same as the serial number on which the bill was entered in the manual register.
- c) The bill would then be approved by the BOM for further processing.
- d) It should be ensured that the entry of the bills in the register will be made on the same day of receipt of bills from vendor and hand over the details to the senior accounts officer. Prior to each Annual Meeting, the Executive Director, as authorized by the Board of Directors, will engage a Certified Public Accountant to audit the records and prepare a Financial Report, including any comments regarding the association's financial procedure.
- e) Upon approval by the Board, the Financial Report for the previous year will be placed before the membership at the Annual Meeting by the Chairperson of the Committee.
- f) After its approval by the Board of Directors, a summary of the Annual Audit Report. The complete Annual Audit report will be made available at the next Annual Meeting.

3.2 Entry of Bill in the Books of Accounts

- a) After review of bill by the BOM, the bill would be checked by Finance Manager with the Purchase Order/Agreement/Approval of the bill. He would ensure that necessary supporting documents are attached with the bill.
- b) The Finance Manager would check the TDS implication and Service Tax implications on the bill and provide for the same in the books of accounts accordingly.
- c) In case of purchase of any material or sports goods, relevant entry would be made in the stock register for the quantity and value and serial number given in the stock register would be mentioned in the Purchase Invoice before the purchase bill is entered in the books of accounts.
- d) After the purchase bills are approved by the Finance manager, entry would be made in the books of accounts.


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e) It would be ensured that the entry of the bills will be made within 24 hours of receipt of bills from the accounts officer.

f) Also it would be ensured that the Serial numbers are correct for posting the entry in books of accounts.

3.3 Preparation of Approval note for payment

a) After the above steps, approval note for release of payment of the bill shall be prepared by the Accounts Officer along with the relevant supporting documents such as Original Invoice, Journal Voucher passed by the Sr. Accounts officer, agreement (Wherever applicable).

b) After preparing the approval note, Accounts officer would ensure that the approval note is signed by the relevant authorities. Once this is signed by relevant signatories, the payment note would be approved by Finance Manager.

c) On approval of payment note by Finance Manager, the note along with supporting document should be sent to BOM for approval along with all the supporting documentation.

3.4 Issue of Cheques

a) On receipt of approval of BOM, the Finance Manager would prepare the cheque on the basis of approval note signed by the relevant authorities.

b) After the cheque is prepared, unless otherwise mentioned, the cheques should be processed on the following dates :


- For regular Payment
- For Salary and TDS
- For Service Tax

c) Once the cheques are signed, payment entry would be made in the books of accounts by Accounts Officer on the same day

3.5 Dispatch of Cheques

a) The cheques should be dispatched on the same day through courier unless they are hand delivered.

b) A control register would be maintained by Accountant for all the courier sent giving details of courier number, cheque no, name of party, amount and follow up should be done by Accounts Officer twice a week with the courier company on the delivery of the cheque so that the control register can be updated accordingly.


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3.6 Cash payments

a) Cash payments would be avoided as far as possible. Only petty bills or imprest accounts can be paid in cash for the following petty expenses:

i. Expenditure for refreshments during official meetings.

ii. Staff Conveyance.

iii. Office Maintenance of petty nature

iv. Printing & Stationary of petty nature

v. Any Other Petty Expense.

b) No cash payments above Rs 20,000 should be made against a single bill.

c) Cash payments would be released only after approval of BOM on receipt of the bill for payment.

d) It is also ensured that the complete approval note along with the bill is prepared by the Accounts officer before handing over it to the BOM.

3.7 Payroll

a) The Accounts officer will prepare monthly salary sheet by the 2nd of every month on the basis of attendance and leave records of the employees.

b) TDS deduction would be checked with the computation of taxable income prepared for each employee and tax deducted so far before the current month.

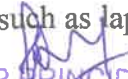
c) Any adjustments for any advances or loans taken by the employee would be made before the approval of salary.

d) In case of new employees, appointment letters would be checked along with other relevant documents such as last employers, relieving certificate, and experience certificate. While preparing the TDS calculations, last employers Form 16 should be considered.

e) The salary sheet would then be checked and approved by the Finance Manager.

f) In case of any employees leaving the company, the full and final settlement account would be prepared by the Accounts officer and approved by Finance Manager and BOM. The Finance Manager would check the following documents before making the full and final payment:

Letter of resignation, acceptance of resignation by adjustment, any TDS short deducted on basis of declarations not received, copy of tax savings investments such as payment of LIC premiums, PPF, House rent receipts, home loans certificates for which credit has been taken etc; any office equipment such as laptop, mobile, handed over etc.


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g) Accounts officer would prepare the final cheques for disbursement and send it for approval to BOM (mandatory) for their approval along with the relevant supporting.

3.8 Fixed Asset Register


Fixed asset register (FAR) will be maintained in the system. The FAR will contain the following details:

- Asset Code
- Asset account Code
- Class and description of asset
 - Make/Manufacturer
 - Supplier and Model number
 - Date of purchase
- Quantity
- Location and Department using the asset
- Value of asset (gross block, net block)
- Useful life of Asset and depreciation rate
- Unit of Measurement
- Depreciation (accumulated depreciation and depreciation for the year)
- Details of transfer and disposal

Finance manager would conduct physical verification of Fixed assets on a quarterly basis and submit the report to BOM and Finance Committee.

3.9 PURCHASE DEPARTMENT AND MAINTENANCE OF STORE RECORDS

- a) Purchase orders would be issued and signed by the relevant authoritative personnel. A copy of the signed PO should be provided to Finance & Accounts. It is mandatory that price quotations shall be taken before placing any order and a comparative sheet should be prepared by Finance Manager.
- b) The PO would be consulted with Finance Manager before signing to review the statutory compliances, legal terms and conditions etc.
- c) The lowest quotation would generally be approved from the management.
- d) The price lists and other documentations should be maintained by the Purchase & Administration Officer.
- e) On receipt of material, the goods should be checked by Purchase & Administration Officer to ensure they meet quality standards.
- f) Entry should be made in the Goods Inward register by Purchase & Administration Officer.


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- g) Copy of GRN along with bill should be forwarded to Accounts department.
- h) Accounts department to review the final invoice against the Purchase Order and Agreement for any differences in quantities, prices and terms and conditions. If any, this should be communicated to BOM immediately



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JOB RESPONSIBILITIES OF FINANCE & ACCOUNTS DEPARTMENT

A. Responsibilities of Finance Manager

1. Books of Accounts

To follow and ensure that the prescribed procedure of internal checks and controls of book keeping and maintenance of accounts records are followed as per SOP.

2. Statutory Compliances- TDS, Service Tax etc

a) To ensure that the compliance of relevant statutory provisions of various Acts i.e. Income Tax, Service Tax, PF, ESIC is made.

b) To ensure that statutory payments are made on time for TDS, Service tax, etc.

c) Follow up with the consultants for statutory compliances and provide information for the statutory liabilities.

d) To deduct the TDS and deposit on the relevant bills received in the accounts as per Income tax Act.

e) To deduct the TDS and deposit on all the relevant advance payments as per Income tax Act.

f) To calculate the tax liability of the employees on the salary and proportionately deduct the TDS every month.

g) To enter all the entries in tally, on month to month basis so as to know the total amount in our hand.

h) To enter the payment received from the clients in the excel sheet on month to month basis so as to know the amount of service tax which is payable to the government authority.

3. Bank Payments

Before signing the cheque from the competent authority the Manager (accounts) shall ensure the following:

a) There is adequate balance in the account.

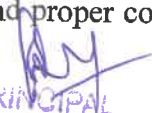
b) Bank account is updated and reconciled on a daily basis.

c) All the relevant documents have been completed.

d) Post dated cheques shall be avoided and can only be issued after obtaining written approval of the competent authority.

4. Compliance of Audit Queries

To provide clarifications/ input to internal/ statutory auditors and proper coordination to them.


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5. Cash payments and Journal Vouchers

a) To do timely checking and approval of Purchase, Cash & Journal vouchers & prepare the list as to the deficiencies found during this checking and to get these rectified.

b) Approval of cash payment as per the approved limit.

6. Financial Statements

To prepare the financial statements on a quarterly basis.

7. Tours and Travel Statements

a) To prepare the details of tours, expenses and receipt of the respective tours.

b) To take handover from the coach heading the tour after completion of each tour.

B. Responsibilities of Accounts Officer.

1. Book keeping

a) Ensure books of accounts are updated till date.

b) Ensure all payment entries made till date

c) Ensure proper narrations are entered in the books of accounts.

d) Ensure all debtors and creditor balances are reconciled every month.

e) Ensure all bank accounts are reconciled till date.

2. Payment Notes

a) Preparation of payment notes on basis of supporting documentation such as Agreement, Purchase order, Approvals etc.

b) Ensure payment note is signed by relevant authorities

c) Entry of payment notes after obtaining copy of signed cheque from the authorized signatory.

3. Maintenance of Fixed Assets Register

a) FA Register should be updated every time a new FA is purchased and the same asset should be tagged with a unique code number.


b) Physical verification of fixed assets should be carried out on a quarterly basis by Sr Accounts officer and the report should be submitted to BOM.

4. Stores Register and Stock Records

a) Carry out physical verification of inventory and reconciliation with the books of accounts quarterly.

b) Report on physical verification should be submitted to BOM.

C. Responsibilities of Accountant OR Cashier



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1. Banking Matters

- a) To withdraw the cash from the bank.
- b) Preparation of cheques as per signed payment notes.
- c) Timely feeding of cash vouchers in the Tally system.
- d) To maintain the updated records relating to the fund position and reporting to the Finance Manager
- e) Maintenance of petty cash balances
- f) To prepare the petty cash book and enter all petty cash payments and receipts.
- g) Get petty cash book register signed by BOM.

2. Other matters

- a) Complete on a daily basis the letters and documents received and sent by courier and follow up with courier company on delivery of cheques.
- b) Assist the accounts team in any field work.


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