KATHMANDU UNIVERSITY

DHULIKHEL, NEPAL.

ACCOUNTING MANUAL

2016

Document :	Accounting Manual of Kathmandu University
Fund Support :	Building Stronger Universities (BSU) – Phase II
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The goal of this manual is to make the financial management system and procedures as clear and useful as possible for staff engaged in day to day handling of financial activities.

Finance Division
Kathmandu University

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Glossary

AD : Administration Division
ADF : Assets Disposal Form
AIF : Advance Issue Form
APP : Annual Procurement Plan
AR : Attendance Record
ARF : Advance Request Form
ASF : Advance Settlement Form
BB : Bank Book
BC : Bin Card
BFS : Bus Fee Section (Account Section)
BRB : Bank Receipt Book
BS : Budget Sheet
BSS : Budget Summary Sheet
BSU : Building Stronger University
BVR : Budget Variance Report
BWS : Budget Work Sheet
CB : Cash Book
CBS : Consolidate Budget Sheet
CC : Construction Committee
CED : Center for Educational Design
CFS : Cash Flow Statement
CGER: Capital Goods Entry Report
CGIF: Capital Goods Issue Form
CGR : Capital Grant Fund
CGRF: Capital Goods Request Form
CIT : Citizen Investment Trust
CO : Central Office
CoA : Chart of Account
CR : Cash Receipt
CRF : Consumable Requisition Form
RDC : Directorate of Research Development and Consultancy
DSA : Daily Subsistence Allowance
EC : Executive Council
ETB : Extended Trial Balance
FA : Final Accounts
FAR: Fixed Asset Register

FC : Foreign Currency
FD : Finance Division
SFR : Finance Regulation
GL : General Ledger
GP : Gate Pass
GRN: Goods Receipt Note
HFS: Hostel Fee Section (Account Section)
HR : Human Resource & General Service Section
ICAN: Institute of Chartered Accountants of Nepal
IS : Issue Slip
JV : Journal Voucher
KU : Kathmandu University
LC : Letter of Credit
LR : Leave Record
MI : Monthly Insurance premium
NEEs : Non Expendable Equipment
ORSS: Operational Revenue Summary Sheet
PBoA : Primary Books of Accounts
PC : Procurement Committee
PCB : Petty Cash Book
PF : Provident Fund
PFS: Physical Facility Section
PI : Principal Investigator
PO : Purchase Order
PRF : Purchase Request Form
PS : Payroll Sheet
PV : Payment Voucher
PVS : Physical Verification Sheet
PVAR: Project Variance Analysis Report
REA : Revenue and Expenditure Account
REAA : Revenue and Expenditure Appropriation Account
RMRF: Repair and Maintenance Request Form
RN : Receipt Number
RS : Requisition Slip
RV : Receipt Voucher
SB : Stock Book
SCE : Statement of Change in Equity
SCR: Store Consumption Report

SER: Store Entry Report
SFS : Student Fee Section (Account Section)
SL : Subsidiary Ledger
SN : Serial Number
SoA : School of Arts
SoE: School of Engineering
SoEd : School of Education
SoL: School of Law
SoM: School of Management
SoMS: School of Medical Science
SoSc: School of Science
SR : Staff Regulation
SS : Store Section
TASF: Travel Advance Settlement Form
TB : Trial Balance
TL : Team Leader
TO : Travel Order
UC : University Council
VC : Vice Chancellor
VN : Voucher Number
WDV: Written Down Value
WIP: Work in Progress
WIPR: Work In progress Register
WS : Wages Sheet
WTS: Work Time Sheet

Chapter

1

1. Introduction

1.1. General

1 Kathmandu University (KU/University) is an autonomous, not-for-profit, public institution established by the Kathmandu University Act 2048 (1991). Vision of the University is *"To become a world-class university devoted to bringing knowledge and technology to the service of mankind"* and "*To provide quality education for leadership*" is its mission.

2 Since, its establishment the University has grown rapidly. At the early stage of its establishment there were only two Schools with a total number of 192 students and 45 teaching and non-teaching staff. Now the University has seven Schools with 4963 students and 410 teaching and non-teaching staff. Similarly, revenue has grown from about Rs. 22 million in 1990 to about Rs. 122 million in 2014. (source: www.ku.edu.np)

3 The University has its Finance Division (FD) in the Central Office. The division is responsible for documenting, accounting and reporting of revenue and expenditures. Recently autonomy has been given to different Schools for managing revenue and expenditure as well as practicing management accounting and reporting system. The accounting records are maintained at different cost centers of the University. Currently the University is accounting its expenditure on accrual basis and revenue on cash basis. The financial reports produced by different Schools are collected by the Finance Division located at the Central Office. The FD produces consolidated financial statement.

4 At present, financial reports prepared by different Schools are not uniform in format and content. At the Central Office, the FD reworks on these statements to make it uniform. This is an example of confusion to the accountants due to lack of an Accounting Manual for them to follow. Clearly defined Chart of Account is very important in order to present uniform financial statements by all Schools of the University.

5 Along with the growth and expansion of the University, there has been a substantial increase in the volume of its accounting activities. In this scenario, this manual has been prepared to run the financial administration system effectively and efficiently establishing a proper reporting and control system aligning it with

the Financial Rule 2049. Building Stronger Universities (BSU) – Phase II has provided funding support to prepare this Accounting Manual.

1.2. Features of the Manual

6 The main objective of the manual is to assist the accounting staff in maintaining uniform financial records and producing the financial reports on time. This will provide support to staff in producing uniform financial report in a timely manner. . Following are the main features of this manual:

- Link accounting system with the present Financial Policy (FP)
- Structure the roles of financial management system
- Use accrual based accounting system
- Develop Chart of Accounts (CoA) based on the current requirements
- Prepare separate Project Accounting System (PAS) for projects funded by donors
- Establish Branch Accounting System (BAS) and procedures
- Update present accounting formats in use in order to make them more informative and practical
- Design new accounting formats to address the current requirements
- Use as base document for developing and installing the accounting software

1.3. Organization of the Manual

7 The Account Manual is organized in fourteen chapters. Short description of each chapter is presented below:

Chapter	Short Description
1. Introduction	This is the introductory chapter of this manual. This Chapter briefly describes about: • *Background and Rationale* • *Features of the Manual* • *Organization of the Manual*

2. General Accounting System	General accounting procedures and recording the financial transactions is described in this chapter. • *Accounting Procedures and Method* • *Double Entry Accounting System* • *Basic Rules of Accounting and Accounting Cycle* • *Prime Books of Accounts* • *Audit and Internal Control* • *Branch Accounting System* • *Formats and Notes (Journal Voucher, and Ledger Book)*
3. Chart of Account	The details of Chart of Account is presented in this chapter. • *General Background and Importance of Accounts Code* • *Formulation of Accounting Codes (with example)* • *Explanations of Accounting Heads (Line Items)* • *List of Chart of Accounts*
4. Branch Accounting	The procedures of accounting in the branch and reporting requirements from the branch to the Central Office are described in this chapter. • *Branch Accounting and Procedures:* - *Revenue & Expenditure* - *Cash & Bank* - *Fixed Assets* • *Expenditure Claim by Branches* • *Report to Central Office* • *Forms and Notes Related to Branch Accounting*
5. Revenue Accounting	Recording, documenting and accounting procedures of all types of revenue (operational and non-operational) has been described in this chapter. • *Revenue Accounting (Operating and Non-operating Revenue)* • *Revenue Recognition* • *Operating Revenue Flow Chart* • *Different Fee Register and Invoices (with example and notes)* • *Operating Revenue Summary Sheet* • *Revenue Reconciliation Sheet*

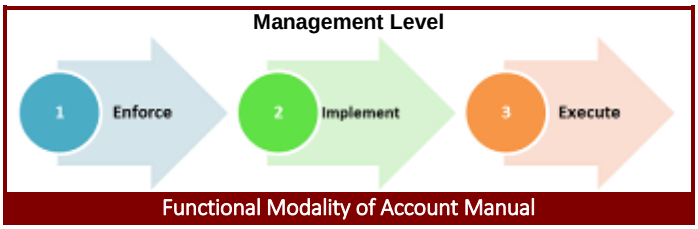
6. Cash, Bank and Petty Cash Accounting	Operation of cash account, its management and accounting procedures are described in this chapter: • *Receipt and Payment* • *Cash Deposit in Bank/Withdrawal from Bank* • *Cash Book* • *Operation of Bank Account and its Management* • *Operating, Investment and Special Purpose Accounts* • *Project Receipt and Payment* • *Control Mechanism of Cash and Bank* • *Petty Cash*
7. Purchase Accounting	Procurement procedures, responsibility of staff, formats used for procurement, payment procedures are described in this chapter: • *Procurement Policy and Procedures* • *Responsibility Center* • *Responsibility of Accounts Section* • *Method of Payment* • *Costing of Purchases* • *Purchase Related Forms and Formats with Notes* • *Construction Related Special Consideration* • *Repair & Maintenance* • *Purchase Related Forms and Formats with Notes*
8. Inventory Accounting	This chapter deals with following inventory related accounting system and procedures: • *Store Keeping and Issues* • *Goods Receipt* • *Valuation of Material* • *Physical Verification* • *Inventory Consumption Report* • *Write off or Auction of Inventory Items*

9. Fixed Assets Accounting	Accounting procedures related to fixed assets in all stages (procurement to disposal stage) is described in this chapter: • *Procurement of Fixed Assets* • *Civil Work, Work-in-Progress* • *Fixed Assets Received as Grant* • *Fixed Assets Identification Number* • *Valuation of Fixed Assets* • *Repair & Maintenance of Fixed Assets* • *Depreciation and Amortization* • *Physical Verification* • *Disposal or Auction of Fixed Assets*
10. Advance Accounting	Accounting procedures of different advances and their settlement procedures are described in this chapter. • *Staff Advance* • *Work Advance* • *Salary Advance* • *Other Loan to Staff* • *Advance for Student Activities and Suppliers*
11. Project Accounting	Accounting system and procedures of Project/Research accounting under RDC has been described in this chapter. • *Project Phase and Activities* • *Accounting Procedures* • *Periodic Reports Project Variance Analysis*
12. Payroll Accounting	This chapter deals with the system of recording staff attendance, payment of payroll and its accounting. • *Attendance and Leave Records* • *Payroll - Regular Salary and Project Salary/Remuneration* • *Deductions* • *Payroll Related Format and Sheets Along with Notes*
13. Budgeting & Budgetary Control	Budget is the reflection of activities that the University carries out in financial term. This chapter describes the following aspects of the budget. • *Revenue Budget (Operating and Non-operating)* • *Expenditure Budget (Recurring and Non-recurring)* • *Budgetary Control and Variance Analysis* • *Cash Budget* • *Forms and Notes Related to Budgeting*

14. Final Account	Final account is the outcome of the whole accounting process. This chapter describes about the following contents of the final accounts: • *Trial Balance* • *Statement of Revenue & Expenditure* • *Revenue and Expenditure Appropriation Account* • *Balance Sheet* • *Cash Flow Statement* • *Statement of Change of Equity* • *Accounting Policies and Explanatory Notes* • *Schedules of Financial Statements*

1.4. Implementation and Execution of the Manual

8 The basic purpose of the Accounting Manual is to provide guidance to accounting staff in maintaining the accounting transactions properly, follow the procedures meticulously, and prepare reports in time which are consistent and uniform throughout the University.



9 This Accounting Manual will be an official directive of the University. Finance Division will be responsible in its distribution to all accounting units of the University, updating it as necessary, providing guidance and support to accounting staff in its implementation and collate and compile the final financial statements. Functional modality of the manual at different levels of the management will be as follows:

Enforcement Level (Senate, EC, VC, Registrar)

- Enforce the Manual
- Delegate required authority with responsibility and accountability
- Ultimate responsible center

Implementation Level (Dean, Director and Chiefs)

- Implement the procedures and provisions of the Manual
- Provide guidelines, directives and working procedures to staff at execution level
- Provide copy of the Manual to account section of all Schools and Divisions
- Responsible to the enforcement level

Execution Level (Account Sections and Units)

- Follow all procedures and provisions of this Manual while performing accounting transactions, procedures and activities
- Provide suggestions and feedback for improvements
- Responsible to the implementation level.

Chapter

2

2. General Accounting System

2.1. General

10 This Accounting Manual has been specifically developed for the University to assist all Schools/Divisions in properly recording their financial transactions and to share information in a consistent and timely manner in the given format.

11 It has been recommended that the KU should follow the financial accounting policies and procedures based on generally accepted accounting principles.

12 The accounting system should be capable of accurately recording all financial transactions accurately and it should provide the financial reports or information in a timely and meaningful manner for the decision makers.

13 It is envisaged that the manual will help the University to safeguard its assets, provide a documented "audit trail" of paperwork supporting transactions, ensure the accuracy of transactions, provide a sound basis in comparing data among various Divisions. It is expected to provide reliable and accurate information to the key users of information e.g. the Board of Directors, Chancellor, Vice Chancellor, Registrar, Dean, Division Heads, and all other stakeholders.

2.2. Accounting Procedures and Methods

14 Accounting procedures dictate how the University records and reports the financial information. Generally accepted accounting principles of double entry accounting system will be applied in recording the financial transactions.

15 Accrual basis of accounting has been adopted in this manual. In the accrual-based accounting method, financial transactions are recorded in the books of account as they occur, regardless of when cash transaction takes place. This accounting method provides clear picture of the financial transactions.

2.2.1. Double Entry Accounting System

16 Double entry accounting system is based on the fact that every financial transaction has equal and opposite effects i.e. the equation is **Assets = Liabilities + Equity.**

17 In the double entry system, transactions are recorded in terms of debits and credits. Since a debit in one account will be offset by a credit in another account, the sum of all debits must therefore be exactly equal to the sum of all credits.

18 The double-entry system of bookkeeping makes it easier to accurately prepare financial statements from the books of account. Error occurs when total of debit does not agree with the total of credit.

19 According to the principles of double entry accounting system, all accounting transactions are based on the following accounting formula.

20 **Opening Balance:** These are opening balances of assets and liabilities at the beginning of the fiscal year. Opening entry has to be made to record the opening balances of various accounts that are being transferred from the books of the previous fiscal year to the books of the current fiscal year.

21 **Revenue:** Revenue is the inflow of fund or resources through normal organizational activities.

22 **Expenditure:** Expenses are outflow of fund or resources mainly for the generation of revenue. Expenditures are incurred in carrying out different activities of any organization.

23 **Closing Balance:** Closing balances of assets and liabilities of one financial year is transferred to the next financial year.

2.2.2. Basic Rules of Accounting Transactions

- For every debit entry there must be a corresponding credit entry.
- A debit is recorded on the left-hand side of the account.
- A credit is recorded on the right hand side of the account.
- Expense and asset accounts always have debit or zero balance.
- Revenue and liability accounts always have credit or zero balance.

24 There are three types of accounts as described below.

25 **Real account:** Accounts related to asset and property fall under this category, e.g. inventory, fixed assets, cash and bank etc. In this account the debit entry means what comes in and credit means what goes out.

26 **Personal Account:** The accounts related to individuals, firms and companies fall in this category. In this account all receivers will be debit and all givers will be credit.

27 **Nominal Account:** All revenue and expenditure fall in this category. In this account all expenditure will be debit and all revenue will be credit.

2.3. Accounting Cycle

2.3.1. Recording Phase

28 Initiation of the accounting transactions take place from their recording in the respective vouchers and forms. After recording them in the prescribed vouchers and forms they are recorded in the books of account. Steps taken in the recording phase are as follows:

29 **Supporting Document** - Each transaction must have the original supporting evidence before recording in the books of accounts. Supporting documents are bills, contract documents, agreement, receipts, decisions made by the management etc.

30 **Approval** - The transaction are normally prepared by the junior staff, checked by the senior staff and approved by the authorized official before it is recorded in the book of account.

31 **Entry in Book** - Transactions recorded in the vouchers are transcribed into the ledgers. This process of transcribing the entries in the respective ledgers is called 'Posting'. Voucher numbers and the folio reference of the primary book of entry are written in the ledger to trace the source of entry in the ledger account.

2.3.2. Summarizing Phase

32 Transactions recorded in the books of accounts during the recording phase are periodically summarized in the summarizing phase. The accounts should be summarized every month in order to review the periodic financial position of the entity. Following steps are taken in summarizing the entry made in the books of accounts.

33 **Adjustment -** The financial statements will not show a correct picture if entries generated by only cash transactions are recorded in the accounts. The system of recording all the transactions related to a particular financial year, irrespective of its occurrence through cash or date is called the 'Accrual Accounting' system. The examples of such transactions are salary, rent, provident fund etc, which are incurred for the month but not paid as of end of the month. Such transactions are called adjustment entries. Accounting entry through adjustment voucher is made for these transactions as these financial activities take place at the time of closing the periodic accounts. Adjustment

entries are common for transactions like transfer of transaction from one accounting head to another and any other rectification transactions.

34 **Trial Balance –** This is a tabulation of the debit and credit balances in a statement to see whether the total debit balances agree with total of credit balances. Such statement is called Trial Balance. Every month, a Trail Balance (TB) from the ledger should be prepared. The total of debit and credit balances of the TB must tally, as explained earlier, each debit entry must have a corresponding credit entry.

35 **Final Accounts** - A final account is prepared from the TB. Final account contains Revenue and Expenditure Statement, Cash Flow Statement, Balance Sheet, Statement of Change in Equity and supporting schedules of these accounts. Final account is discussed in detail in Chapter 14.

2.4. Primary Books of Accounts

36 Accounting records of the University have the following Primary Books of Accounts. These books of accounts are used for recording all financial transactions. Different vouchers and relevant supporting documents are the sources of these primary books.

2.4.1. Cash/Bank Book

37 The procedures for recording transactions in Cash and Bank book is presented in Chapter 6 of this manual.

2.4.2. Journal Book and Voucher

38 Journal Voucher (JV) is the primary entry document for any accounting transaction which does not involve cash or bank e.g. expenses incurred but not paid, write off of bad debts, rectification of errors etc.

39 Journal Voucher is prepared on the basis of supporting evidence of the transaction. The person preparing JV should carefully check these supporting documents.

40 JV along with the supporting documents is presented to the higher authority for final approval.

41 Once approved, it is recorded in the Journal Book.

2.4.3. Subsidiary and General Ledger

42 All the accounting transactions are recorded from the vouchers to the Primary Books of Accounts (PBoA). Posting of accounting transactions is done from the PBoA to the Subsidiary and General Ledger. These ledgers are the final book of accounts from which the TB is prepared.

43 In the General Ledger (GL), accounts are opened for each individual accounting head as given in the Chart of Account. A Subsidiary Ledger (SL) is maintained for recording transactions of accounts like debtors, creditors, staff, which has a number of individual accounts. The main purpose of opening separate SL for debtors, creditors and staff is to keep the number of the GL small and easy to manage.

2.5. Audit and Internal Control

44 The annual audit of the University's Financial Statements is performed in accordance with generally accepted auditing standards of the Institute of Chartered Accountants of Nepal (ICAN) by an independent accounting firm. Audit reports and management letters are presented to the Senate of the University.

45 The University has established a separate Internal Control unit to ensure all financial activities and transactions are done as per prescribed financial rules, policies and regulatory documents. Internal audit team of the University carries out the internal audit function on a continuous basis. Their function is to review that the financial procedures and policies are followed and to ensure the quality of the financial reporting system. They report the results of their audits to the Registrar.

46 In any organization, internal control system should be effective so that financial records will provide reliable information and the accounting transactions are created and recorded properly and correctly. The objectives of an internal control system are determined by the management, keeping in view the specific circumstances of the University. The general objectives of internal controls relating to accounting system are.

- To provide reliable financial information in time and to create an environment of accountability.
- To safeguard assets and properties from unauthorized access, use or disposition.
- To complete the job efficiently and thereby to enhance the operational efficiency.
- To follow prescribed policies and rules of the University.

47 In order to make the internal control system effective, following components of internal control functions should be in place.

- The organization should have competent, trustworthy and honest personnel.
- There should be clear line of authority and responsibility.
- The duties of staff should be segregated in such a way that one person's work is checked by another person. Functions of each staff should be segregated so that one person is not solely involved in completing a

transaction. The job of custody, authorization and recording of the transaction has to be done by three different individuals.

- All accounting transactions should be properly authorized. No transaction should be effected unless the final authority approves it.
- The accounting system should be able to provide necessary information to the management in time.
- Proper physical control of assets should be maintained. Cash handling should be minimal and assets and inventory should be properly recorded.

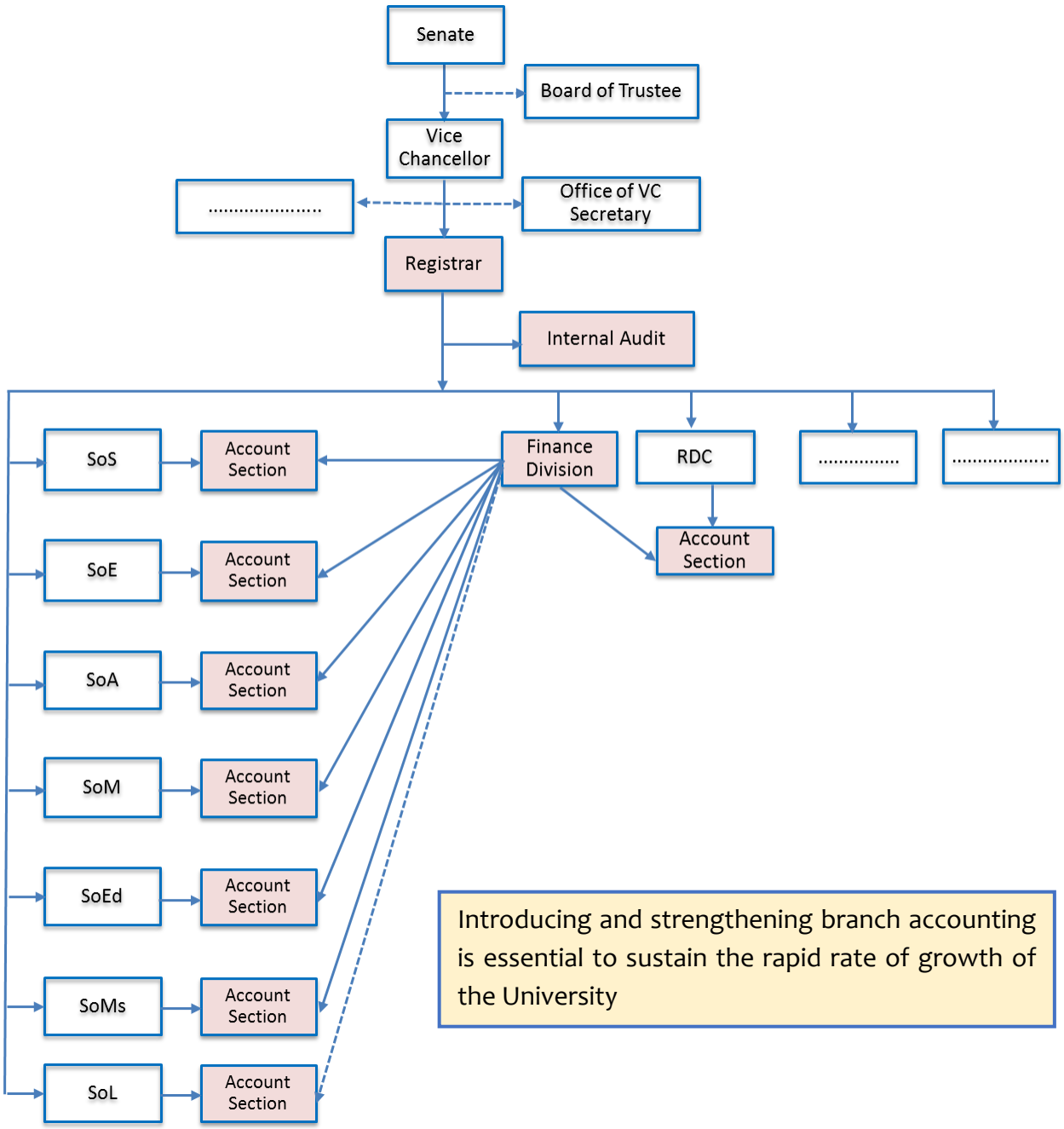
2.6. Branch Accounting System

48 In order to maintain the accounting transactions effectively and efficiently, branch accounting approach has been applied for University accounting system. Branch accounting system is described in Chapter 6 of this manual.

Basis and Rational of Branch Accounting System

49 After discussion consultation with different persons of the University, the consultant has proposed the following organizational structure of Finance Division (FD). It is anticipated that the proposed structure will insure smooth operation of accounts and finance related activities.

Organization Structure of Finance Division



Proposed Organizational Structure of Finance Division/Section

50 **Responsibility:** The Registrar is ultimately responsible for accounting and financial matters. S/he is responsible in issuing policies, guidelines and procedures to the Finance Division in order to implement its activities. S/he also

delegates authority related to financial matters to the Finance Division and Accounts Sections along with their responsibilities.

51 There will be an Accounts Section (AS) in each School and DRDC Unit. The head of FD provides necessary manual, guidelines, directives and instructions to the AS of the Schools and Divisions. The head of Schools (i.e. Dean) and RDC Unit (Head of RDC) will be responsible to the head of FD for all activities authorized to them. Head of FD is ultimately responsible to the Registrar for all financial matters.

52 **Internal audit unit** of the University executes internal audit works of all accounting and financial matters. The unit has full authority to check accounting and financial matters of Schools and Divisions. Internal audit unit is responsible to the Registrar.

2.7. Integrated Accounting Software

53 Considering the volume of accounting transactions of the University and the growth rate of number of separate accounting units, it is recommended to introduce Integrated Accounting Software based on this manual.

54 Accounting Software provides number of advantages to the users e.g. speed and accuracy of operation, ease in the consolidation of accounting records of different units, ability to generate real time information on the financial position and above all, efficiency in staff performance.

2.8. General Accounting System Related Forms and Formats

Form 2-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

JOURNAL VOUCHER

Date AD: ……	Date BS: …….	*JV No.: ……..*

Account Code	Account Head	Particulars	LF No.	Dr. Amount	Cr. Amount
1	2	3	4	5	6
TOTAL AMOUNT					
Narration:					
Amount in Words:					

……	……	……
Prepared by:	***Checked by:***	***Approved by:***

Notes to Journal Voucher

Purpose : This voucher is prepared for non-cash transactions and adjustment entries.

Originator : Accounts Section

Signed by : Accountant - Prepare

Chief - FD - Check and Review

Registrar/Dean/Head of Division - Approve

Copies : 1 (One)

Distribution : FD

Source document (not limited to); supporting documents like invoices, contract document, statements, etc., memos, decision memos from management.

Procedures :

1. Account section is responsible to prepare journal vouchers. Supporting documents are collected before preparing vouchers. The debit and credit account head and codes should be clearly written.
2. The amount in figures and words should be written.
3. Brief particular of the transactions should be written about the transaction.
4. Accountant forwards it to the Chief of FD for review and verification of the voucher. He confirms that it is complete in every aspect and relevant supporting documents are attached with the voucher.
5. After review and verification, the voucher is forwarded to the Registrar/Dean/Head of RDC for final approval.
6. Serial number is given in the voucher and it is then entered in the Journal Book. The voucher is filed chronologically.

Form 2-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

LEDGER BOOK

Account Code: ……	Account Head: ……	*LF No.: ……..*

Date	Particulars		JV No.	Dr. Amount	Cr. Amount	Dr./ Cr.	Balance Amount
1			2	3	4	5	6
TOTAL AMOUNT							

Notes to Ledger (General and Subsidiary)

Purpose : The purpose of the ledger is to record accounting transactions from the source documents in different heads of account.

Originator : FD

Copies : 1 (One)

Distribution : FD

Source document (not limited to): Vouchers

Procedures :

1. Different account heads as given in the Chart of Account are opened in the General Ledger. Subsidiary Ledgers are opened as necessary for each debtors, creditors, staff advances etc.

2. Each account is opened in separate pages for recording.

3. Posting to the ledgers is done from the prime book of entries, i.e. Journal Book. Posting is done in the respective debit or credit columns giving a brief particulars, date, no., reference of the primary book of entry.

4. Ledger balances of each account head will be totalled after each entry is made. Difference between debit and credit will be shown in the balance column. A debit or credit balance is referred with Dr. or Cr.

5. Monthly balance of GL is reconciled with the total ledger balance of the SL (for accounts having subsidiary ledger).

6. A TB is prepared from the ledger balances. Debit and credit totals of the TB should tally.

7. At the year-end all accounts are closed and an annual TB is prepared. However, monthly TB is prepared to prepare periodic reports. Final accounts are prepared from the year end TB.

Chapter

3

3. Chart of Accounts

3.1. General

55 Proper records of the accounting transactions have to be maintained in any organization. In the case of KU, such accounting records should be maintained to comply with the KU Act, and the prevailing accounting standards. In order to meet requirements of the accounting standards, it is essential to have common codes of accounting heads well spelled out so that accounting records kept by each unit is consistent and uniform.

56 The Chart of Accounts (CoA) is a set of codes used to classify and record financial transactions in a meaningful way. Well-designed Chart of Accounts is essential for accurate coding and proper reporting of income, expenditure, assets and liabilities. The primary objective of accurate coding and reporting is to manage and maintain records of the University funds efficiently.

57 It is essential that all financial transactions are recorded under specified accounting heads for income, expenditure, assets and liabilities of the University.

58 The CoA may need changes in due course, which can be done by renaming, deleting or adding on it as per the requirement of the University. Therefore, the coding system should accommodate such changes. Any change in the accounting heads and the codes should be done with the approval by the governing body of the University.

The Chart of Accounts structure of KU is designed to:

- Identify specific "pots" of money and where it came from
- Specify where that money can and is being used
- Record the transactions related to that money in proper account heads

3.2. Importance of Accounts Code

59 Use of accounting codes is important because of the following reasons.

- The code segregates expenditures, revenue, assets and liabilities so that reader of the financial statements can quickly get a sense of the financial transactions.
- The codes organize different accounts properly and the reports generated using uniform coding system makes the financial statements transparent, understandable and readable.
- Using accounting codes, instead of the long accounting heads, saves time. Such codes are easy for the accounting staff to remember.
- Computerization of accounts will be easy.

3.3. Formulation of Accounting Codes

60 Each accounting transaction bears an account code indicating type of funding, responsibility center details, and type of transaction. All fields in the code have numeric values representing category, School, departments, account/sub account items, and batch year. Formulation and explanation of the codes are described below:

Category	School	Department	Accounts (Line Items)	Sub Account	Batch Year
C	SS	DD	AA	aa	YY
0	00	00	00	00	00

61 **C - Category:** First single numeric character (first digit) represents the category of the ledger. There are four categories in accounting transactions, namely Capital & Liabilities, Assets, Income and Expenditure. Coding for the transaction category is designed as follows:

Category – C	:	Code
Capital & Liabilities	:	1
Assets	:	2
Income	:	3
Expenditure	:	4

62 **SS - School ID:** Next two digits (second and third) represent the School level and other similar responsibility center. Coding for the School id is designed as:

School – SS	:	Code
Central Office	:	01
School of Management	:	02

School of Science	:	03
School of Education	:	04
School of Arts	:	06
School of Engineering	:	06
School of Law	:	07
DRDC	:	08

63 **DD - Department:** Two digits (fourth and fifth) after school code represents a set of the department level coding. All Schools are further segregated on the basis of departments. Coding for department is designed as:

School – SS	Department – DD	:	Code
Central Office	Central Office (Finance, HR, Physical Facility)	:	01
	Library	:	02
	Exam	:	03
	Canteen	:	04
	Hostel	:	05
	Quarter	:	06
School of Science	Department of Biotechnology	:	01
	Department of Environmental Sciences and Engineering	:	02
	Department of Natural Sciences	:	03
	Department of Pharmacy	:	04
School of Engineering	Department of Computer Science & Engineering	:	01
	Department of Electrical & Electronics Engineering	:	02
	Department of Mechanical Engineering	:	03
	Department of Civil and Geometrics Engineering	:	04
	Department of Chemical Science and Engineering	:	06
School of Arts	Department of Development Studies	:	01
	Department of Languages and Mass Communication	:	02
	Department of Music	:	03
School of Management	BBA	:	01
	MBA	:	02
	EMBA	:	03

School – SS	Department – DD	:	Code
School of Education	N/A		
School of Law	N/A	:	
DRDC	N/A	:	

64 **AA - Accounts (Line Items):** Two digits (Sixth and Seventh) indicate the various line items (account heads) in a category for the Balance Sheet items and operating and non-operating characteristics for revenue and expenditure items.

Accounts – AA	:	Code
University Grants	:	01
Furniture	:	02
Student Fee	:	03
Salary	:	04

65 **aa - Sub Account:** An optional field of last two digits (Eighth and Ninth) coding has been provided to lower level of coding within a line item. This level of coding should only be used when the accounting system is fully computerized.

Sub Account - aa (Examples)	:	Code
Furniture:	:	
Rack	:	00
Chair	:	00
Table	:	03

66 **YY - Batch Year:** This field of last two digits (tenth and eleventh) is designed for revenue received from the students and student related expenses made by the Schools. This code indicates the batch year and revenue and expenses related to the specific batch years.

Batch Year - YY (Examples)	:	Code
School of Management:	:	
MBA 2014 Batch	:	14
MBA 2015 Batch	:	15
BBA 2016 Batch	:	16

Note: This is an optional field and can be used for account heads, if necessary. The purpose of field is to provide financial information related to each batch.

67 When all the required fields of a **Category - School - Department - Account - Sub-account - Batch Year** are correctly entered, a valid account code will be created. For example,

a. Account code of the table (Located in Library under Central Office):

Category	School	Department	Accounts	Sub Account	Batch Year
Assets	HO	Library	Furniture	Table	N/A
2	01	04	03	01	-
Account Code: ***201040301***					

b. Account code of admission fee received from the BBA Program (2015 Batch):

Category	School	Department	Accounts	Sub Account	Batch Year
Revenue	SoM	BBA	Student revenue	Admission Fee	2015
3	02	01	03	01	15
Account Code: ***202010301-15***					

3.4. Explanations of Accounting Heads (Line Items)

3.4.1. Capital and Liabilities

68 Capital and Liabilities presented in the financial statement represent different components of capital and liabilities. The main components are briefly described below.

69 **Capital fund:** The fund generated from University activities will be the capital fund of the University. This will be presented as source of fund in the balance sheet.

70 **Reserves, Funds and Surplus:** A general fund is created from the surplus resulted from the activities of the University. It is generally referred as appropriation of accumulated surplus or deficit.

71 **Long Term Liabilities:** Classification of liabilities into short term and long term depends on the time duration of such liabilities. Liabilities due beyond one year is considered as non-current and disclosed in the long term liabilities. For example, long term loan is grouped under this category.

72 **Current Liabilities:** Liabilities which are due for payment within twelve months is considered as current and disclosed in the current liabilities. Some of the important current liabilities are bank overdraft, sundry creditors for supplies and other services, interest payable, salary payable, etc.

73 **Provisions:** A provision is a present obligation arising from past events. It is generally necessary to meet such obligation, which is possible, only when a fixed or approximate amount is set aside for any specified or anticipated liability. Gratuity, bad debts, income tax etc. are some examples of such liabilities.

74 **Project Liabilities:** Any amount received from Donors as grant for conducting different research, development and consultancy works under Directorate of RDC are treated as project liabilities.

3.4.2. Assets

75 Asset presented in the financial statements fall under different groups and they are presented in various groups depending upon their nature. The main types of assets are briefly described below

76 **Fixed Assets:** Fixed assets are those assets, which are held by the University for use in its day to day business and are expected to be used for more than one financial year. Land, buildings, machinery, office equipment, vehicles etc. are examples of separate classes of assets. The value of these assets, except land is written off annually in the form of depreciation.

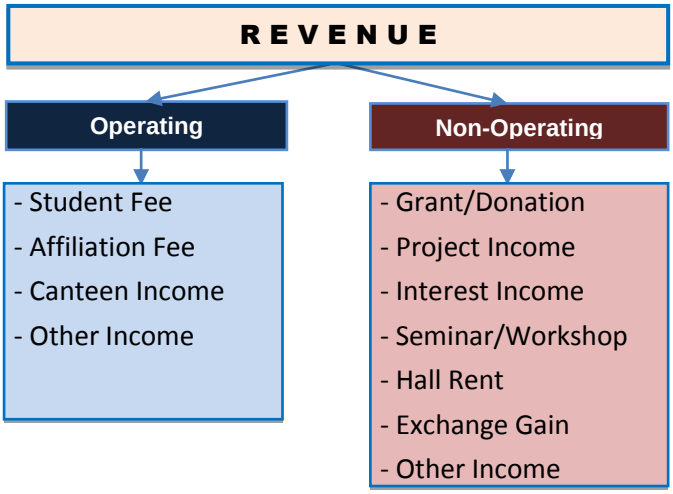
77 **Investments:** Surplus fund generated from its operation and any other surplus funds available can be invested for the creation of wealth in the form of interest, dividends, rentals etc. Investments are recognized at cost. Government bonds and securities, shares and debentures, fixed deposits are examples of separate classes or components of investments.

78 **Loan:** Loan given by the University to any organizations or person or staff are disclosed in this line item. They can be both secured and unsecured loans.

79 **Current Assets:** An asset is classified as current when it is held primarily for trading purposes or for a short term period which is expected to be realized within twelve months. Current assets can be held in the form of cash or cash equivalent e.g. inventory, personal accounts, receivables, advance and deposit, cash and bank balances etc.

3.4.3. Revenue

80 Revenue is the inflow of economic benefits arising during the course of the regular activities of the University. Revenue includes fees, interest, dividends, rent, miscellaneous income etc. Revenue is classified in the following main heads.



81 **Operating Revenue:** Revenue generated from the ordinary operating activities is disclosed in this head, for example student fee, exam fee, hostel fee etc.

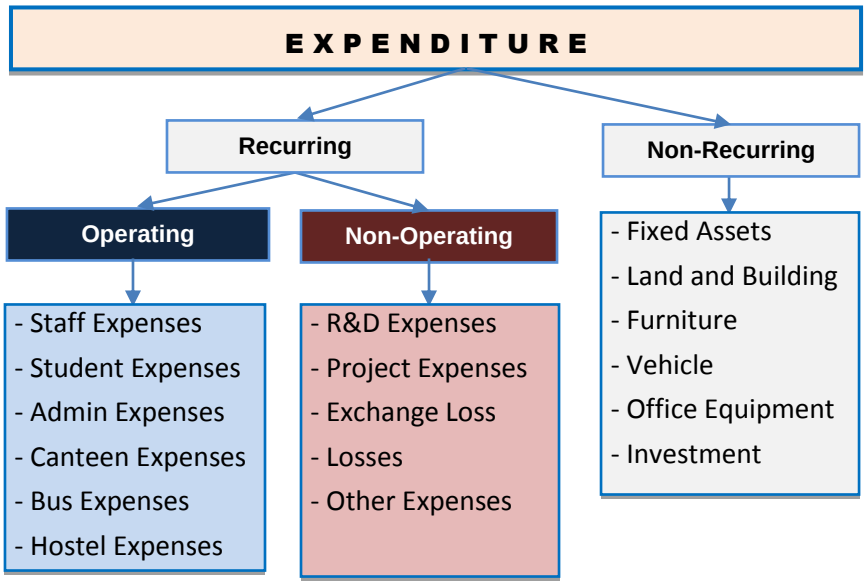
82 **Non-operating Revenue:** Revenue generated as a result of non-operational activities of the University is disclosed in this line item. Interest on investment, dividend, rental, sale of scrap, foreign exchange gains etc. are main sources of non-operating income.

83 **Project Revenue**: Apart from providing quality education, KU is also engaged in different research, development and consultancy works. Directorate of Research Development and Consultancy (RDC) is responsible for all these research, development and consultancy works. Any amount received in the form of overhead or other contribution from RDC projects/researches is accounted in project income.

84 **Grants:** Grants received from government or any organization and entities is accounted in this account head e.g. government grants, University grants, etc. These revenues are also classified as non-operating revenue and treated as "Capital Fund":

3.4.4. Expenditure

85 Expenditures other than capital expenditures incurred in the course of operation of its activities are recorded in this category. Expenditures are classified in the following main heads.



86 **Operating Expenses:** Expenditures of a revenue nature incurred for running the operational activities of the University is recorded in this head. Salary, allowances, rent, communication, newspapers and journals, transportation etc. are some examples of operating expenses.

87 **Non-operating Expenses:** Expenditures incurred for non-operational nature of activities of the University is recorded in this category. Bad debts, write off of equipment, loss on sale of assets, foreign exchange loss etc. are examples of non-operating expenses.

88 **Project Expenses:** Expenditures incurred for different studies, consultancy services, research and development works are recorded in this category e.g. remuneration to consultants, purchase of field equipment, workshop and seminar expenses etc.

3.5. Chart of Accounts

89 Table below shows the list of account codes of KU. This list is not exhaustive. Account heads and codes can be revised, deleted or added according to the need of the University.

Account Code										Account Heads
C	SS		DD		AA		Aa		YY	
Revenue										
3	0	1	0	1	0	1				Grant
3	0	1	0	1	0	1	0	1		*From Government*
3	0	1	0	1	0	1	0	2		*From University Grant Commission*
3	0	1	0	1	0	1	0	3		*From Others*
3	0	1	0	1	0	2				Endowment and Donation
3	*0*	*1*	*0*	*1*	*0*	*2*	*0*	*1*		
3	0	1	0	6	0	3				Staff Quarter
3	*0*	*1*	*0*	*6*	*0*	*3*	*0*	*1*		
3	0	1	0	4	0	4				Canteen
3	*0*	*1*	*0*	*4*	*0*	*4*	*0*	*1*		
3	0	1	0	1	0	5				Bank Interest
3	*0*	*1*	*0*	*1*	*0*	*5*	*0*	*1*		
3	0	1	0	1	0	6				Seminar and Workshop
3	*0*	*1*	*0*	*1*	*0*	*6*	*0*	*1*		
3	0	1	0	1	0	7				Good and Assets Sale
3	*0*	*1*	*0*	*1*	*0*	*7*	*0*	*1*		
3	0	1	0	1	0	8				Hall Rent
3	0	1	0	1	0	8	*0*	*1*		
3	0	1	0	1	0	9				Exchange Gain
3	*0*	*1*	*0*	*1*	*0*	*9*	*0*	*1*		
3	0	1	0	1	0	10				Other Income
3	*0*	*1*	*0*	*1*	*0*	*10*	*0*	*1*		
3	0	2	0	1	0	11				Affiliation Fee
3	*0*	*2*	*0*	*1*	*0*	*11*	*0*	*1*		*MBA Program*
3	*0*	*2*	*0*	*1*	*0*	*11*	*0*	*2*		*BBA Program*
3	*0*	*2*	*0*	*1*	*0*	*11*	*0*	*3*		*Engineering Program*
3	**0**	**2**	**0**							**School of Management**
3	**0**	**2**	**0**		**0**	**1**				**Admission Fee (MBA)**

Account Code										Account Heads
3	0	2	0	2	0	1	0	1		MBA Program
3	0	2	0	2	0	1	0	1	14	2014 Batch
3	0	2	0	1	0	1	0	2		BBA Program
3	0	2	0	1	0	1	0	2	14	2014 Batch
3	**0**	**2**	**0**		**0**	**2**				**Registration Fee**
3	0	2	0	2	0	2	0	1		MBA Program
3	0	2	0	2	0	2	0	1	14	2014 Batch
3	0	2	0	1	0	2	0	2		BBA Program
3	0	2	0		0	2	0	2	14	2014 Batch
3	**0**	**2**	**0**	****	**0**	**3**				**Exam Fee**
3	0	2	0	2	0	3	0	1		MBA Program
3	0	2	0	2	0	3	0	1	14	2014 Batch
3	0	2	0	1	0	3	0	2		BBA Program
3	0	2	0	1	0	3	0	2	14	2014 Batch
3	**0**	**2**	**0**		**0**	**4**				**Refundable Deposit from Students**
3	0	2	0	2	0	4	0	1		MBA Program
3	0	2	0	2	0	4	0	1	14	2014 Batch
3	0	2	0	1	0	4	0	2		BBA Program
3	0	2	0	1	0	4	0	2	14	2014 Batch
3	**0**	**2**	**0**		**0**	**5**				**Development Fee**
3	0	2	0	2	0	5	0	1		MBA Program
3	0	2	0	2	0	5	0	1	14	2014 Batch
3	0	2	0	1	0	5	0	2		BBA Program
3	0	2	0	1	0	5	0	2	14	2014 Batch
3	**0**	**2**	**0**		**0**	**6**				**Hostel Fee**
3	0	2	0	2	0	6	0	1		MBA Program
3	0	2	0	2	0	6	0	1	14	2014 Batch
3	0	2	0	1	0	6	0	2		BBA Program
3	0	2	0	1	0	6	0	2	14	2014 Batch
3	**0**	**2**	**0**		**0**	**9**				**Other Income**

Account Code										Account Heads
3	*0*	*2*	*0*		*0*	*9*	*0*	*1*		
3	**0**	**8**	**0**	**0**						**Research and Development**
3	0	8	0	0	0	1				Project Income
3	0	8	0	0	0	1	0	1		*Project A*
3	0	8	0	0	0	1	0	2		*Project B*
3	0	8	0	0	0	2				Training, Workshop & Seminar
3	0	8	0	0	0	3				Other Income
Expenses										
4	0	1	0	1	0	1				**Staff Expenses**
4	0	1	0	1	0	1	0	1		*Salary*
4	0	1	0	1	0	1	0	2		*Allowance*
4	0	1	0	1	0	1	0	3		*Provident Fund*
4	0	1	0	1	0	1	0	4		*Leave Provision*
4	0	1	0	1	0	1	0	5		*Gratuity Provision*
4	0	1	0	1	0	1	0	6		*Other Facilities ……..*
4	**0**	**1**	**0**	**1**	**0**	**2**				**Student Expenses**
4	0	1	0	1	0	2	0	1		*Examination Fee*
4	0	1	0	1	0	2	0	2		*Lab and Equipment's*
4	0	1	0	1	0	2	0	3		*Student Project*
4	0	1	0	1	0	2	0	4		*Field Visits*
4	0	1	0	1	0	2	0	5		*Scholarship*
4	0	1	0	1	0	2	0	6		*Other Facilities ……..*
4	0	1	0	1	0	3				**Operation and Administrative Expenses**
4	0	1	0	1	0	3	0	1		*Traveling Expenses*
4	0	1	0	1	0	3	0	2		*Water and Electricity*
4	0	1	0	1	0	3	0	3		*Communication (Internet, Telephone, Fax, Post)*
4	0	1	0	1	0	3	0	4		*Stationary*

Account Code										Account Heads
4	0	1	0	1	0	3	0	5		*Printing*
4	0	1	0	1	0	3	0	6		*Office equipment*
4	0	1	0	1	0	3	0	7		*Newspaper, Journals and Periodicals*
4	0	1	0	1	0	3	0	8		*Uniform and Apron*
4	0	1	0	1	0	3	0	9		*Educational Materials*
4	0	1	0	1	0	3	1	0		*House Rent*
4	0	1	0	1	0	3	1	1		*Fuel (other)*
4	0	1	0	1	0	3	1	2		*Repair and Maintenance*
4	0	1	0	1	0	3	1	3		*Meeting Allowance*
4	0	1	0	1	0	3	1	4		*Guest Entertainment*
4	0	1	0	1	0	3	1	5		*Refreshment and Lunch*
4	0	1	0	1	0	3	1	6		*Seminar*
4	0	1	0	1	0	3	1	7		*Insurance*
4	0	1	0	1	0	3	1	8		*Financial Aid, Donation and Prizes*
4	0	1	0	1	0	3	1	9		*Advertisement*
4	0	1	0	1	0	3	2	0		*Membership Fee*
4	0	1	0	1	0	3	2	1		*Bank Charge*
4	0	1	0	1	0	3	2	2		*Daily Wages*
4	0	1	0	1	0	3	2	3		*Miscellaneous*
4	0	1	0	1	0	4				**Vehicle Expenses**
4	0	1	0	1	0	4	0	1		*Insurance*
4	0	1	0	1	0	4	0	2		*Registration and Renewal*
4	0	1	0	1	0	4	0	3		*Fuel*
4	0	1	0	1	0	4	0	4		*Repair and Maintenance*
4	0	1	0	1	0	4	0	5		*Other Expenses ……..*
4	0	1	0	4	0	5				**Canteen Expenses**
4	0	1	0	4	0	5	0	1		*Canteen Supplies*
4	0	1	0	4	0	5	0	2		*Fuel*
4	0	1	0	4	0	5	0	3		*Other Expenses ……..*
4	0	1	0	5	0	6				**Hostel Expenses**

Account Code										Account Heads
4	0	1	0	5	0	6	0	1		*Hostel Supplies*
4	0	1	0	5	0	6	0	2		*Fuel*
4	0	1	0	5	0	6	0	3		*Water, Electricity*
4	0	1	0	5	0	6	0	4		*Telephone, Internet*
4	0	1	0	5	0	6	0	5		*Other Expenses ……*
4	0	8	0	0						**Research and Development**
4	0	8	0	0	0	1				Remuneration
4	0	8	0	0	0	1	0	1		*Project A*
4	0	8	0	0	0	1	0	2		*Project B*
4	0	8	0	0	0	2				Travelling Expenses
4	0	8	0	0	0	2	0	1		*Project A*
4	0	8	0	0	0	2	0	2		*Project B*
4	0	8	0	0	0	3				*Stationery and Printing*
4	0	8	0	0	0	3	0	1		*Project A*
4	0	8	0	0	0	3	0	2		*Project B*
4	0	8	0	0	0	4				*Commination and Telephone*
4	0	8	0	0	0	4	0	1		*Project A*
4	0	8	0	0	0	4	0	2		*Project B*
4	0	8	0	0	0	5				*Office and Field equipment*
4	0	8	0	0	0	5	0	1		*Project A*
4	0	8	0	0	0	5	0	2		*Project B*
4	0	8	0	0	0	6				*Field Gears*
4	0	8	0	0	0	6	0	1		*Project A*
4	0	8	0	0	0	6	0	2		*Project B*
4	0	8	0	0	0	7				*Other Project Expenses …….*
4	0	8	0	0	0	7	0	1		*Project A*
4	0	8	0	0	0	7	0	2		*Project B*
4	0	8	0	0	0	8				*Research and Development*
4	0	8	0	0	0	9				*Other Expenses ……*

Account Code										Account Heads
Assets										
2	0	1	0	1	0	1				Land
2	*0*	*1*	*0*	*1*	*0*	*1*	*0*	*1*		
2	0	1	0	1	0	2				Building
2	*0*	*1*	*0*	*1*	*0*	*2*	*0*	*1*		
2	0	1	0	1	0	3				Furniture and Fixtures
2	*0*	*1*	*0*	*1*	*0*	*3*	*0*	*1*		
2	0	1	0	1	0	4				Vehicle
2	*0*	*1*	*0*	*1*	*0*	*4*	*0*	*1*		
2	0	1	0	1	0	5				Lab equipment
2	*0*	*1*	*0*	*1*	*0*	*5*	*0*	*1*		
2	0	1	0	1	0	6				Office equipment
2	*0*	*1*	*0*	*1*	*0*	*6*	*0*	*1*		
2	0	1	0	1	0	7				Machine Instruments
2	*0*	*1*	*0*	*1*	*0*	*7*	*0*	*1*		
2	0	1	0	1	0	8				Computer and Software
2	*0*	*1*	*0*	*1*	*0*	*8*	*0*	*1*		
2	0	1	0	1	0	9				Other Constructions
2	*0*	*1*	*0*	*1*	*0*	*9*	*0*	*1*		
2	0	1	0	1	1	0				Work in Progress
2	*0*	*1*	*0*	*1*	*1*	*0*	*0*	*1*		
2	0	1	0	1	1	1				Investment
2	*0*	*1*	*0*	*1*	*1*	*1*	*0*	*1*		*…….. Bank*
2	*0*	*1*	*0*	*1*	*1*	*1*	*0*	*2*		Other
2	0	1	0	1	1	2				Inventory
2	*0*	*1*	*0*	*1*	*1*	*2*	*0*	*1*		
2	0	1	0	1	1	3				Advance
2	*0*	*1*	*0*	*1*	*1*	*3*	*0*	*1*		
2	0	1	0	1	1	4				Bank
2	*0*	*1*	*0*	*1*	*1*	*4*	*0*	*1*		

Account Code										Account Heads
2	0	1	0	1	1	5				Cash
Liabilities										
1	0	1	0	1	0	1				Capital Fund
1	0	1	0	1	0	2				Land Revaluation
1	0	1	0	1	0	3				Staff Welfare Fund
1	0	1	0	1	0	4				Endowment Fund
1	0	1	0	1	0	5				Medal Fund
1	0	1	0	1	0	6				Loan

Chapter 4

4. Branch Accounting

4.1. General

90 Currently KU has following seven different Schools and one directorate.

- School of Science (SoSc)
- School of Engineering (SoE)
- School of Arts (SoA)
- School of Management (SoM)
- School of Education (SoEd)
- School of Medical Science (SoMS)
- School of Law (SoL)
- Directorate of Research, Development and Consultancy (RDC)

91 School of Medical Science is located in the premises of Dhulikhel hospital. The accounting records of the School of Medical Science is maintained by Dhulikhel hospital. The final accounts submitted by the hospital is consolidated in the final accounts of the University.

92 School of Science and Engineering is managed by the Central Office and the rest of the Schools have been given limited autonomy to incur expenditures in the specified account heads. In the case of Directorate of Research, Development and Consultancy (RDC), financial autonomy is given up to the limit specified in the contract document with donor.

4.2. Revenue and Expenditure

93 The branches (different Schools) of the University prepare their revenue and expenditure budget for the financial year and send it to Central Office. Central Office (CO), of the University prepares the annual budget consolidating the budgets received from different Schools.

94 The budget is placed before the Senate for approval. Approved expenditure budget is provided to the Schools. The Schools are authorized to make expenditure as per the approved budget with authorization from the Dean of the School. Certain autonomy is provided to the Schools for incurring expenditure. Variations in the expenditure budget heads is allowed as per the provision given in the Financial Regulation of the university.

95 Revenue register for student fee and other income is kept in the format provided by the Head Office. The format is presented in Chapter 5 (Revenue) of this manual.

96 Expenditures are recorded as per the Chart of Account specified in Chapter 3 (Chart of Accounts) of this manual.

97 There will be separate provision for special events like special classes and payment to visiting professors for talk programmes etc. A separate fund will be created for this purpose in the budget. Authority to incur expenditure for such purpose is given to the Dean of the School.

4.3. Cash and Bank

98 All revenue received will be deposited in a non-operating bank account with the Central Office (CO). Official at the CO will be the signatory of the non-operating bank account. The Schools are not authorized to make any expenditure directly from any kind of revenue it receives.

99 There will be an operating bank account in every School with some financial autonomy. Operating bank account will be opened exclusively to meet expenditure as approved in the budget. The signatory of this account will be the School authorities. The CO will transfer the fund to the operating account as per the fund request presented by the branch or School.

100 The accounting entry in the book of Schools for fund received will be as follows.

Operating Bank Account Dr.

To CO/Budget Release Account CR.

(Fund transferred from CO as per the fund request.)

101 The accounting entry in the book of CO will be

Branch or School/Budget Release Account Dr.

To Bank Cr.

(Fund transferred to School as per fund request.)

102 There will be no cash transaction except through imprest petty cash account. For making petty cash payments, there will be a provision of imprest petty cash account. It will be managed as specified in Chapter 6 (Cash and Bank) of this manual.

103 The major procurement will be done by Central Office (CO). If purchase has to be done by the Schools, it has to follow the procedures specified in Chapter 7 (Procurement) of this manual.

4.4. Fixed Assets

104 Fixed assets will be in the possession of user; hence it will be in the premises of the Schools. Proper use and safeguard of assets is the responsibility of the custodian.

105 The Schools are responsible to keep record of all the assets it has acquired directly or transferred from CO or any other source. The fixed assets register will be maintained by the Schools as specified in Chapter 9 (Fixed Assets) of this manual.

106 A summary of the fixed assets will be prepared by the School at year end as specified in Chapter 14 (Final Account) of this manual. The CO will consolidate fixed assets of the schools along with the total assets of the University.

4.5. Accounting System

107 The records of fund received and expenditure incurred by the Schools will be kept by the concerned Schools in different accounting heads as specified in Chart of Accounts. In the case of revenue, it will be directly accounted by CO. The School has to prepare a Trial Balance at the end of each month. The School sends the details of expenditure to the CO along with the statement to claim expenditure. The reconciliation of account with the School has to be done by the CO for fund transferred to Schools and expenditure claimed by them.

108 The accounting entry in the books of School at the time of incurring expenditure will be as follows.

Expenditure Dr.

To Operating Bank Account Cr.

(Expenditure incurred)

109 The account of the Schools will be closed every quarter along with quarterly expenditure report. The closing entry made by the School will be as follows:

CO/Budget Release Account Dr.

To Expenditure Cr.

(Expenditure claimed to CO)

110 The accounting entry in the books of CO on receipt of the quarterly expenditure report will be as follows.

Expenditure Dr

To School/Budget Release Account (as per expenditure details) Cr.

(Expenditure claim made by Schools/Branch and accounted in CO account.)

111 These transactions are like advance settlement by the School for fund transferred by the CO.

112 The revenue section of School keeps record of fee income and other income, if any. The primary book of revenue will be maintained as specified in Chapter 5 (Revenue) of this manual. The FD of the CO will reconcile the revenue of Schools with CO records on the basis of revenue report send by the Schools.

113 The Schools send summary of fee and other income along with revenue reconciliation sheet to the CO as specified in Chapter 5 (Revenue) of this manual.

4.6. Expenditure Claim

114 The CO provides fund to the Schools on quarterly basis. The first installment is provided as advance as per the approved budget for the quarter.

115 The second, third and fourth installments are provided on the presentation of expenditure reports.

116 Regular supply of fund is vital for uninterrupted operation of the Schools. The Schools have to present expenditure claim statement and fund request two weeks in advance so that the CO will be able to disburse fund on time.

4.7. Report to Central Office

117 Keeping up to date accounting records and preparing the reports in time are basic tools of control mechanism. The Schools have to send the following reports to the CO in time. The reports have to be presented within two weeks from the closer of the reporting period.

118 Expenditure statement along with Trial Balance and supporting documents - every quarter.

119 The revenue report along with revenue reconciliation statement - every quarter.

120 Bank reconciliation statement - every quarter.

121 Budget variance analysis report - every quarter

122 Fixed assets summary – along with physical verification report - every year

123 The physical verification report of inventory - every quarter.

4.8. Branch Accounting Related Forms and Formats

Form 4-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Fund Request Form

School: ……..

Period: …… …….. ***Date:*** ……

SN	Particulars	Schedule	Amount	Remarks
A	**Expenditure**			
1	Expenditure up to the period (Date……)	1		
2	Expenditure to be made up to the …….. (up to end of the Period)			
3	Estimated expenditure for the next period	2		
	Total			
B	**Budget**			
	Non- Budgeted receipt			
1	Total Annual Budget	3		
2	Less: Budget transferred up to the previous period			
3	Less: Budget requested for the period			
C	**Budget Balance**			

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Fund Request Form

Purpose : Fund Request Form will be prepared every quarter by the Schools to transfer fund to the operating bank account of the School to meet expenditures as per the budget.

Originator : The School

Signed by : Accounts Section of the School

Dean of the School

Copies : 2 (Two)

Distribution : First: CO

Second: Accounts Section of the School.

Source document (not limited to): 1. Budget

2. Expenditure summary (Trial Balance)

Procedures :

Part A: **Expenditure**

1. Expenditure up to the period reporting period of fund request will be shown in this row. The TB up to the date of fund request will be attached as supporting document of expenditure as Schedule 1 of this format.

2. The second row gives the balance of fund to be expended up to the end of previous request period. Such balance should not exceed 16% of the fund request of the period. Excess fund balance will be deducted from the fund request for the next period.

3. The estimated expenditure for the next period will be presented in third row. The budget for the requested period is the supporting for this row and annexed as schedule 2 in this format.

Part B: **Budget**

4. Total budget is presented in the first row with approved budget for the year as Annex 3 of this format. In case of non-budgeted item like payment to visiting professors will be presented in the row **Nun Budgeted Receipt**

5. The budget transferred up to the period and budget requested for the period will be deducted from the total budget. The balance gives the budget available for rest of the period.

Part C

1. It shows the budget balance for the remaining period. It is the balance of total budget less budget transferred up to the previous period and budget request for the period.

Form 4-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Expenditure Report

School: ……..
Period: …… …….. ***Date:*** ……

S N	Particulars	Budget		Actual					Variance		Balance	Remarks
		Total	Up to reporting	Q1	Q2	Q3	Q4	Total	Amount	%		
A	**Funds Inflow**											
1	Opening Balance											
2	Fund Received Budgeted											
3	Non Budgeted Receipt											
	Total											
B	**Fund Outflow**											
1	Budgeted Expenditure											
2	Non Budgeted Expenditure											
	Total											
	Balance (A-B)											
C	**Represented by**											
1	Cash											
2	Bank											
3	Receivable											
4	Payable											
	Total											

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Expenditure Report

Purpose : This is the report submitted to CO along with supporting documents and bank reconciliation statement for the period. On the basis of this report the CO books expenditures.

Originator : Accounts Section of the School

Signed by : Accountant

Head of Accounts Section

Dean of the school

Copies : 2 (Two)

Distribution : First: Accounts Section of the School

Second: FD in CO of the University.

Source document (not limited to): All expenditure bills

Procedures :

Part A: Funds Inflow

1. The remaining fund of previous period will be shown as opening balance and receipt for the period will be added on it to get total fund.

Part B: Funds Outflow

2. The expenditure incurred under budgeted and non-budgeted expenditure heads will be presented in this part.

Part C: Funds Outflow

3. The difference between part A and part B gives the fund balance which will be shown in part C. Part C gives the representation of fund as cash, bank, receivables and payables.
4. Budget column gives the amount of total approved budget and budget up to reporting period.
5. Actual column gives the actual expenditure for each quarter and the total amount shows expenditure up to the reporting period.
6. In the Variance Column variance amount is the difference between budget and actual expenditure up to the current period. Variance is given in total amount and in percentage.
7. Balance of fund is the difference between actual budget and expenditure amounts up to the reporting period.
8. The reason for variance will be explained in remarks column if the variance is significant i.e. any positive and negative variances above 10%.

Chapter

5

5. Revenue Accounting

5.1. General

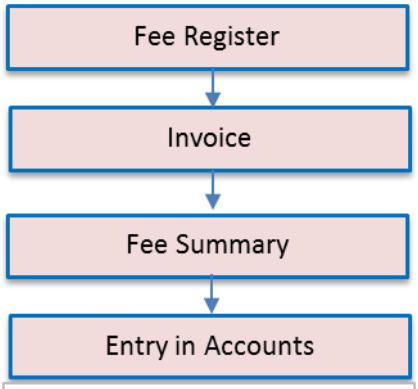
124 This chapter deals with recording of all kinds of operational and non-operational revenue, miscellaneous revenue of the University. Revenue directly related to academic activities are categorized as operational revenue and others are categorized as non-operational revenue. The accounting and control mechanism of revenue will be explained in this chapter.

125 Timely recording of all types of revenue of the University is necessary. FD will be responsible for recording and controlling of the revenue.

5.2. Revenue

5.2.1. Operational Revenue

126 **1. Student fee:** Student fee is the major operational revenue of the University. The sustainability of the University depends on the regular and consistent growth in its revenue. There are number of components under these headings which are elaborated here under.



Operating Revenue Flow Chart

127 **1.1. Admission fee:** Admission fee is collected from student for different level and batch at the time of admission are accounted under this heading. The admission fee is collected once for a batch.

128 **1.2. Registration fee:** The registration fee is collected at the time of admission and is accounted under this heading. The registration fee is collected once for a batch.

129 **1.3. Development fee:** The development fee is also collected at the time of admission and is accounted under this heading once for a batch. This revenue is allocated for the development of the University.

130 **1.4. Tuition fee:** Tuition fee is charged to students on monthly basis and it is collected every quarter.

131 **1.5. Caution money:** This is not the revenue of the University but it is collected from student as deposit. Caution money is collected at the time of admission. This is kept as deposit and refunded to the students after completion of the course. Any amount receivable from the student is recovered from this deposit.

132 **1.6. Other fee:** Other fees are exam fee, ID card, course material, workshop/project, field visit, end semester exam, computer support system, internet services, extra-curricular activities, council fee, medical insurance etc. These fees are charged every month and collected every quarter.

133 **1.7. Hostel fee:** Fees charged to the students residing in hostel are accounted under this heading. It is charged on monthly basis and recovered every semester. The hostel section maintains a student register which is the basis of invoicing to the students. A refundable security deposit is collected which is used to recover any dues from the students for availing hostel services.

134 **1.8. Bus fee:** Fee for using bus facility is accounted under this heading. It is invoiced every month and collected every semester. The transport section is responsible to keep register of students using bus facility.

Accounting entry of fees received or receivable.

Bank/Student Dr.

To Admission Fee Cr.

To Registration Fee Cr.

To Development Fee Cr.

To Tuition Fee Cr.

To Other Fee Cr .

To Caution Money (in the name of student) Cr.

To Medical Insurance Cr.

To Hostel Fee Cr.

To Hostel Deposit Cr.

To Bus Fee Cr.

(Fee collected/receivable against various revenue headings)

135 **1.9. Operating revenue summary sheet:** The Operating Revenue Summary Sheet (ORSS) is filled by the concerned School/Division and sent to the FD of the CO. This summary sheet is the basis for making accounting entries. ORSS is accompanied with revenue reconciliation sheet. These statements are presented within fifteen days from the end of the payment cycle.

136 **2. Affiliation fee:** The University provides affiliation to different educational institutions for conducting its courses. It has provided affiliation for MBBS, BDS, B.Sc. (Nursing), BSW, BBA, BA (DevS)/B.DFin/BoSS B.Tech. Ed, BHTM (Hospitality and Tourism) etc. to various educational institutes. Affiliation fee is recorded under affiliation fee income as per the statement presented by the Affiliation Section.

137 Accounting entry of affiliation fee

Bank/ Educational Institution Dr.

To Affiliation Fee Cr.

(Affiliation fee collected or receivable)

138 **3. Canteen income:** The University provides canteen services for students and staff. Income from canteen is accounted under canteen income head as per the statement of income provided by the Canteen Department.

139 Accounting entry of canteen income

Bank Dr.

To Canteen Income Cr

(Sales revenue of canteen income deposited in the bank)

140 **4. Other income:** Revenue collected from other sources of income like issue of transcripts, fees for certification etc. are accounted under this heading.

5.2.2. Non-operational revenue

141 **1. Interest income:** Investment of fund in different banks are accounted under the heading Investment. Interest earned on such investment is accounted under this heading.

142 Accounting entry of interest income

Bank Dr.

To Interest Income or Fund Cr

(Interest earned from investment in bank)

In case of interest earned from restricted fund

Bank Dr

To Restricted Fund

(Interest earned from investment in restricted fund)

143 **2. Project income (Income from RDC):** Research and development is an important activity of the University and it has been executing number of such projects. Fund received from various sources for these activities are spent for the given purpose. Such fund is transferred to the following year if the given activity is not completed. After the completion of the project, unspent fund balance is either refunded to the donor or transferred to other activity with the approval of the donor. In these projects the University recovers overhead expenditures (which is not possible to directly allocate to the project) from the donor which is credited under the project income head.

144 Accounting entry of fund received for the project

Bank Dr.

To Project Account/ (Contribution for R & D Project) Cr.

(Fund received from bank)

145 **3. Grant, donation:** Grant and donation are other sources of non-operating revenue. These are funds created for different endowment funds. Income from these grants and donations are applied for scholarships, medals etc. Other grants like University grant are also accounted under this heading.

146 Accounting entry of grant and donation

Bank Dr.

To Grant/Donation Cr

(Fund received as grant/donation)

147 **4. Other Non-operational income:** Other income like: exchange gain, receipt from deposal of assets, saving from short term unrestricted projects, workshop/ seminar, hall rent, staff quarter income, tender sale and fine, etc. are categorized under this heading and presented as other revenue in the financial statement.

148 Accounting entry of other non-operation income

Bank Dr.
To Exchange Gain Cr
To Disposal of Assets and Other Items Cr.
To Saving from Short Term Unrestricted Projects Cr
To Workshop/Seminar Cr
To Hall Rent Cr
To Staff Quarter Income Cr
To Tender Sale & Fine Cr

(Revenue collected from various activities)

5.3. Revenue Recognition

149 Revenue recognition based on the Accrual Accounting System (AAS) poses difficulty when the academic year differs from the financial year. It is very important to match the financial year and academic year to apply AAS. The example presented below clarifies the system to match the academic year with financial year.

150 Example:

Particulars	1	2	3	4	5	6	7	8	9	10	11	12
Academic year			Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Financial Year	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Fee collection Quarter	Q1			Q2			Q3			Q4		

151 Academic year begins sometime from September whereas the financial year begins from the middle of July. For this batch, first quarter of financial year will be September and they are invoiced for September only. From the second quarter students will be invoiced for all three months. The invoice cycle will be regularized thereafter and revenue collection starts in advance for each cycle.

152 For recording fees, Fee Register is the primary book of record. Different fee registers are kept e.g. Fee Register, Hostel Fee Register and Bus Fee Register. Fee Section, Hostel Section and Bus Section are responsible to keep these records. Invoices are raised to students as per the records of these primary books.

5.4. Revenue Recognition Cycle

153 All income due is recognized as revenue in the given period since the AAS is being followed. If income receivables are significant at the end of the financial year the accrued income has to be adjusted as follows to present correct view of revenue for the financial year. A Fee Suspense Account is opened to record such income till it is recovered, if the fee recovery is doubtful.

154 Accounting entry of income suspense account

Fee Income Dr

To Fee Suspense Account

(Suspension of unrecovered fee)

155 Accounting entry of recovery of suspended income is

Fee Suspense Account Dr.

To Fee Income Cr.

(Recovery of suspended income)

Bank Dr.

To Student Cr.

(Student account credited for deposit of fee)

5.5. Revenue Accounting Related Forms and Formats

Form no: 5 -1

Kathmandu University

Student Tuition Fee Register

Photo

School: ……

Program: …… Batch: ……

Name of Student: …….. KU Registration No: ……

Roll No. ……

SN	Particulars	Installments												Total Amount	Remarks
		1	2	3	4	5	6	7	8	9	10	11	12		
	Academic Year														
1	Admission fee														
2	Registration fee														
3	Development fee														
4	Tuition fee														
5	Caution money														
6	Other fee														
6.1	Tests														
6.2	ID card														
6.3	Course material														
6.6	Workshop/Project														
6.7	Field visit														
6.8	Semester examination														
6.9	Computer support system														
6.10	Internet service														
6.11	Extra-curricular														

SN	Particulars	Installments												Total Amount	Remarks
		1	2	3	4	5	6	7	8	9	10	11	12		
	Activities														
6.12	……..														
	Total														
	Invoice no.														
	Receipt no.														
	Amount														
	Date														
	Signature														
	Remarks														

Notes to Fee Register

Purpose :The purpose of this register is to record the fee income from. This register serves as the primary record of fee income. It helps to match in recording fee for the academic period with financial period. On the basis of this register the fee section raises invoice to individual student as per their payment cycle. The fee register is prepared for each batch and for each academic program.

Originator : Student Fee Section of concerned School

Copies : 1 (one)

Distribution : For Student Fee Section to raise invoice as per the payment cycle.

Source document (not limited to) **:** Admission certification documents

Procedures :

1. The information required in the register has to be filled by the student fee accountant at the time of admission.
2. The installment columns will be filled by accountant of concerned School as per the pre-determined fee structure of the academic program.
3. Invoice no will be filled once the invoice is issued to the student.
4. The receipt number will be filled once the invoice is paid.
5. The installment column will be signed once the cycle (raising invoice to issue of receipt) is completed.

Form no: 5-2

Kathmandu University

Student Fee Invoice

School: …… Invoice No: ……..

Program: …… Batch: ……

Name of Student: …….. KU Registration No: …….

Roll No. …… Installment: ……

SN	Particulars	Amount	Remarks
1	Admission fee		
2	Registration fee		
3	Development fee		
4	Tuition fee		
5	Caution money		
6	Other fee		
6.1	Tests		
6.2	ID card		
6.3	Course material		
6.6	Workshop/Project		
6.7	Field visit		
6.8	Semester examination		
6.9	Computer support system		
6.10	Internet service		
6.11	Extra-curricular activities		
6.12	……..		
	Total		

Issued by Checked by

Notes to Student Fee Invoice

Purpose :The purpose of invoice is to inform the students about the fees due from them and to collect and record it on time. Break down of fees in different heads makes the system transparent and the students will have clear information about the amount they are paying for. Timely issue of invoices also makes the students responsible in paying fees in time. For management such breakdown provides them information on the sources of income.

Originator : Student Fee Section of concerned School of the University.

Copies : 3 (Three)

Distribution : First: Student

Second: Accounts Section

Third: Book copy for the originator.

Source document (not limited to): Fee Register

Procedures :

1. Information required in the Invoice is filled by the Student Fee Accountant as per Fee Register.
2. The Invoice is raised as per the Fee Register. The Invoice is issued as per the payment cycle pre-determined at the time of admission of each batch of each program.
3. The Invoice is pre numbered and signed by the concerned authority.
4. The Invoice is issued to the student after it has been signed by the authority who is responsible to check.
5. The Invoice is delivered to the students either physically of electronically.
6. The book copy of the Invoice is kept for future reference.

Form no: 5 -3

Kathmandu University

Hostel Fee Register

Photo

School: ……

Program: …… Batch: ……

Name of student: …….. KU Registration No: ……

Roll No. …… Room No.: ……

Hostel Entry Date: ……. Hostel Exit Date: …….

S N	Particulars	Installments												Total Amount	Remarks
		1	2	3	4	5	6	7	8	9	10	11	12		
	Academic Year														
1	Hostel fee														
2	Hostel deposit														
3	Other fee														
	Total														
	Invoice no.														
	Receipt no.														
	Amount														
	Date														
	Signature														
	Remarks														

Notes to Hostel Fee Register

Purpose :The purpose of this form is to record the hostel fee income receivable from the students. This form serves as the primary record of hostel fee income. On the basis of this register the Hostel Fee Section raises invoice to individual student as per their payment cycle.

Originator : Hostel Fee Section of concerned School

Copies : 1 (one)

Distribution : For Hostel Fee Section to raise Invoice as per the payment cycle.

Source document (not limited to): Hostel enrolment documents

Procedures :

1. The information required in the form has to be filled by the Hostel Fee Accountant at the time of admission in the hostel.
2. The installment columns will be filled by accountant as per the pre-determined fee structure of the batch of the given program.
3. Invoice number is filled once the Invoice is issued to the student.
4. The Receipt Number is filled once the Invoice is paid.
5. Hostel deposit refund will be posted in the deposit refund row.
6. The installment column will be signed once the cycle (raising invoice to issue of receipt) is completed.

Form no: 5-4

Kathmandu University

Hostel Fee Invoice

School: …… Invoice No: ……..

Program: …… Batch: ……

Name of student: …….. KU Registration No: …….

Roll No. …… Installment: ……

Room No.: ……

SN	Particulars	Amount	Remarks
1	Hostel fee		
2	Hostel deposit		
3	Other fees		
	Total		

Issued by Checked by

Notes to Hostel Fee Invoice

Purpose :The purpose of Invoice is to collect hostel fee from student on time. Hostel Fee Invoice is the basis of recording income from hostel fees. It will make the student transparent of the amount they are paying for hostel fee and make them responsible to pay in time.

Originator : Hostel Fee Section of concerned School

Copies : 3 (Three)

Distribution : First: Student

Second: Accounts Section

Third: Book copy for the originator.

Source Document (not limited to): Hostel Fee Register

Procedures :

1. The information required is filled by the Hostel Fee Accountant from the Hostel Fee Register.
2. The Invoice is raised from Hostel Fee Register where the fee installment is pre booked. The Invoice is issued as per the payment cycle pre-determined at the time of admission.
3. The Invoice is pre numbered and signed by the concerned authority.
4. The Invoice is issued to the student after being signed by the authority checking the Invoice.
5. The Invoice is delivered to the students either physically or electronically.
6. The book copy will be kept secured for future reference.

Form no: 5 -5

Kathmandu University

Bus Fee Register

Photo

School: ……

Program: …… Batch: ……

Name of student: …….. KU Registration No: ……

Roll No. …… Installment: ……

Route No: …….

S N	Particulars	Installments												Total Amount	Remarks
		1	2	3	4	5	6	7	8	9	10	11	12		
	Academic Year														
1	Bus fee														
2	Other fee														
	…….														
	Total														
	Invoice no.														
	Receipt no.														
	Amount														
	Date														
	Signature														
	Remarks														

Notes to Bus Fee Register

Purpose :The purpose of this register is to record bus fee income receivable from students. On the basis of this register the Bus Fee Section raises Invoice to students as per their payment cycle. The Bus fee Register is maintained for each batch of student for each academic program.

Originator : Bus Fee Section of concerned School of the University.

Copies : 1 (one)

Distribution : For Bus Fee Section to raise Invoice as per the payment cycle.

Source Document (not limited to): Bus registration document of students

Procedures :

1. The information required in the form has to be filled by the Bus Fee Accountant at the time of admission.
2. The installment columns will be filled by the accountant of concerned Division of the School as per the pre-determined fee structure of the payment cycle.
3. Invoice number is filled once the invoice is issued to the student.
4. The receipt number is filled once the Invoice is paid.
5. The installment column will be signed once the payment cycle (raising invoice to issue of receipt) is completed.

Form no: 5-6

Kathmandu University

Bus Fee Invoice

School: …… Invoice No: ……..

Program: …… Batch: ……

Name of student: …….. KU Registration no: …….

Roll no. …… Installment: ……

Route no:……..

SN	Particulars	Amount	Remarks
1	Bus fee		
2	Other fees		
	Total		

Issued by Checked by

Notes to Bus Fee Invoice

Purpose :The purpose of invoice is to collect bus fee from students on time and record it on accrual basis. It will make the student know about the service they have used and make them liable to make payment in time. The student will deposit the amount in the specified bank and present it to Bus Fee Section and get the receipt.

Originator : Bus Fee Section of concerned School

Copies : 3 (Three)

Distribution : First: Student

Second: Accounts Section

Third: Book copy for the originator.

Source Document (Not limited to) : Bus Fee Register

Procedures :

1. The information required in this form is filled by the Bus Fee Accountant.
2. The Invoice will be raised from Bus Fee Register where the fee installment will be pre booked. The invoice will be issued as per the payment cycle.
3. The Invoice will be pre numbered and signed by the concerned authority.
4. The Invoice will be issued to the student after being signed by the authority who has checked it. The Invoice will be delivered either physically of electronically.
5. The book copy will be kept secured for future reference.

Form No: 5-7

Kathmandu University

Operating Revenue Summary Sheet

School: …… Period …….

Program: …… Batch: …….

Installment (Payment Cycle……)

SN	Reg no	Roll no	Name	Fee Code					Total	Received Amount	Balance	Remarks
				1	2	3	4	5				

Prepared by Checked by

Notes to Operating Revenue Summary Sheet

Purpose :The purpose of this statement is to provide information to the Accounts Section for accounting revenue. This form will be prepared by Student, Hostel and Bus Fee Sections of all Schools.

Originator : Student Fee Section, Hostel Fee Section, and Bus Fee Section

Copies : 2 (Two)

Distribution : First: Accounts Section

Second: Originator of the document

Source Document (not Limited to): Fee Registers

Procedures :

1. The information required by the form has to be filled by all revenue generating sections.
2. The fee code is retrieved as per the fee register.
3. The fee recoverable amount is posted in Fee Code column'.
4. The amount received is posted in received amount column.
5. Deviation between total fee and fee received is posted in Balance column.
6. The document is signed by the authority preparing and checking the document before forwarding it to the Accounts Section.

Form no: 5-8

Kathmandu University

.....School

Revenue Reconciliation Statement				
Faculty/Section:	**Batch:**		**Installment:**	
Particulars	**No**	**Fee**	**Amount**	**Remarks**
A. Revenue				
Total Normal Students				
Dropped Students				
Failed Students				
Repeater				
Late Fees				
Total(A)				
B. Total Scholarship	**No**	**Fee**	**Amount**	**Remarks**
75% Staff Scholarship				
75% Staff Scholarship				
50% Staff Scholarship				
100% Topper Scholarship (tuition Fee Only)				
Total (B)				
C. Reconciliation				
Particulars	**No**	**Fee**	**Amount**	**Remarks**
Total Fee off Students(A)				
Less Total Scholarship Adjustment (B)				
Total (A-B)				
Total Income				
Dues of Students				
Prepared by	Checked by			

Notes to Revenue Reconciliation Sheet

Purpose :The purpose of this sheet is to provide information to the Accounts Section for deviation in revenue receivable and revenue received. It is a part of Revenue Summary Sheet.

Originator : Student Fee Section, Hostel Fee Section and Bus Fee Section

Copies : 2 (Two)

Distribution : First: FD

Second: Originator of the document

Source document (not limited to): Revenue Summary Sheet, Fee Discount Document

Procedures :

1. The information required in the sheet has to be filled by the all revenue generating sections.
2. Part A gives the standard fees receivable from students for the given installment without adjusting scholarship and other discounts.
3. Part B gives the adjustment (discount) made available to students for given installment.
4. Part C gives the reconciliation statement. The difference of A and B is the net recoverable amount of fee. The deviation between net fee recoverable and fee recovered is the balance of due amount from the student. The balance due from students is attached with this statement as information to the FD.
5. This document is signed by the staff preparing and checking the document before forwarding it to the FD.

Chapter

6

6. Cash, Bank and Petty Cash Accounting

6.1. General

156 Operation, management and control of Cash, Bank and Petty Cash play very important role in the financial management system of any organization. This is a most vulnerable area in financial management system. The inherent risk in cash management is very high hence special attention has to be given in its control system.

157 Cash/bank transactions take place every day. Control system should be developed to ensure that these transactions have proper and adequate internal control system. Some of the important control mechanisms are to check one person's work by another person, making payments by cheques, deposit of cash collection on the next business day, preparing bank reconciliation statements more frequently, insuring the cash, keeping petty cash in imprest system etc. Cash flow should be monitored properly so that there is no excess or shortage of cash/bank balance. Excess or idle fund balance will not generate any income and shortage in cash balance will interrupt smooth operation of the organization.

6.2. Operation and Management of Cash Transactions

158 Cash transaction has to be avoided as far as possible, but in some cases it cannot be avoided. The University should follow its financial rules in making cash transactions. For example, during the convocation event, this activity cannot be done without cash transaction. Except in the case of specified activities in which cash transaction cannot be avoided, all other transactions should be done through the bank. While making cash transactions, a sound control mechanism should be established.

6.2.1. Cash Receipt

159 Cash Receipt should be pre-numbered. The cashier should issue Cash Receipt immediately to the payer.

160 The Cash Receipt is a cash value document. One who has Cash Receipt receives cash and issues the Cash Receipt so it is as good as cash. Cash

Receipt has to be kept in a secure place. There is a risk of misappropriation or fraud by some unscrupulous person receiving cash against Cash Receipt.

161 Printed Cash Receipts should be kept in the store. A record of number of Cash Receipt and their issue to different accounting units should be maintained. New Cash Receipts should be issued only after the approval of by the authorized person. The authorized person should check that the Cash Receipt has been used.

162 The accounting entry for cash receipts will be as follows.

Cash Dr

To Party/Income Cr

(Cash received from party/income)

6.2.2. Cash Payment

163 Cash payment is made in special cases with the prior approval from authorized person. In cases when cash payment has to be made, it should be made as specified in the Financial Regulation of the University.

164 Cash payments will be made by the Cashier on the presentation of supporting documents. The supporting document should be defaced as “Paid” as soon as payment is made. Payment voucher should be prepared and the supporting documents are attached with the Payment Voucher. It is signed by the payee and the University officials.

165 The accounting entry of cash payments will be as follows:

Party/ Expenses Dr.

To Cash Cr

(Payment made to party or expenses made in cash)

6.2.3. Cash Deposit in Bank

166 Cash collected by the Cashier has to be deposited in bank within the next working day of such collection. The bank voucher is presented by the Cashier to the accountant as supporting document of cash deposit.

167 The accountant will prepare Receipt Voucher on the basis of the cash deposit slip. He should check that the bank signed and stamped the voucher.

168 The accounting entry will be as follows:

Bank Dr.

To Cash Cr

(Cash deposited in bank.)

6.2.4. Cash Wwithdrawal from Bank

169 Cash withdraw should be done only when there is a need to make cash payments and such cash payment has been approved by the authorized person as per the Financial Regulation of the University. Cash withdrawal should not be made in any other cases.

170 The Cashier should prepare Cash Receipt Voucher as requested for cash withdrawal. Supporting documents justifying the need for cash withdrawal should be attached with the Cash Receipt Voucher.

171 The accounting entry will be as follows.

Cash Dr

To Bank Cr.

(Cash withdrawn from Bank)

6.2.5. Cash Book

172 Cash Book is maintained to record receipt and payment of cash transactions. It is prepared by the Cashier. This is the primary book of account for recording and controlling cash transactions.

173 Receipt and payment of cash is posted in this book every day by the Cashier. Physical cash balance in hand is verified with the balance shown in this book every day.

174 Cash balance in the cash book should be deposited in bank on the following working day. If the volume of daily cash is too big then arrangement can be made with the bank to make provision to collect cash at the University.

6.2.6. Cash Control Mechanism

175 A log of pre-numbered Cash Receipt is kept by the Cashier. The stock of unused Cash Receipts should be kept safely by the Cashier.

176 The Cash Book has to be kept up to date by the Cashier. Any cash receipt or payment should be recorded in the Cash Book as soon as the transaction takes place.

177 An independent person from the FD or the Internal Audit should verify cash in hand periodically without prior notice.

178 The accounting entry should be made as per the records kept in the Cash Book. The balance of cash shown in the Cash Book and Cash Account kept by the FD should be reconciled every month.

179 Any differences in the reconciliation will be reported to the senior person for necessary action.

6.3. Operation of Bank Account

180 All the financial transactions have to be done through bank except in cases where cash transaction is inevitable. Accountant assigned in the FD will be responsible to keep records of bank transactions.

181 The FD should keep records of authorized signatories of different bank accounts.

6.3.1. Non-Operating Bank Account

182 All the revenue of the University is deposited in a Non-Operating bank account. This account is operated by the CO as per the financial regulation.

183 This is the basket account in which all revenue of the University is deposited and no expenditure will be made from this account. The signatory of these accounts will be specified in the Financial Regulation of the University.

6.3.2. Operating Bank Account

184 Separate bank account is operated for making regular expenses. Periodically, fund from the non-operating bank account is transferred to this account as per the Financial Regulation of the University.

185 Operating bank accounts are opened at each School and this account is used for making expenditure allocated to them as per the budget. The signatory of these accounts are specified in the Financial Regulation.

6.3.3. Foreign Currency Bank Account

186 Separate bank accounts are opened for foreign currency. Records of bank account in foreign currencies should be kept in foreign currency as well as in Nepalese Rupees. Amount in the equivalent national currency is calculated at the rate on the transaction date. Foreign currency transactions are made through this bank account. FD is responsible for the operation of this bank account.

187 The closing bank balance amount of the foreign currency account is valued at the closing date exchange rate. The difference amount in the book value and the closing date value is accounted as capital gain or loss in the income statement.

188 The accounting entry for difference in the exchange rates will be as follows.

189 In case of exchange gain

Bank Dr

To Exchange Gain Cr

(Exchange gain in foreign currency balance)

190 In case of exchange loss

Exchange Loss Dr.

To Bank Cr.

(Exchange loss in foreign currency balance)

6.3.4. Investment Bank Account

191 Surplus fund balance which is not allocated for expenditure should be invested (short term or long term) to get optimum yield from investment. Investment can be made in different fixed deposit bank accounts to generate interest from these funds.

192 These accounts are blocked in investment for a fixed term. The Executive Council (EC) will make decision to open such fixed deposit bank account

6.3.5. Special Purpose Bank Account

193 The University has a number of restricted capital funds provisioned for specified purposes e.g. endowment fund, medal fund, scholarship fund etc.

194 As the name suggests, the purpose of these funds are special and the EC makes decision about creation and operation of these funds. Interest earned from the restricted funds invested in fixed term is deposited in this account. This amount is applied for the payment of special purpose for which it has been created.

6.3.6. Project Bank Account

195 Fund received for specific project is firstly deposited in non-operating bank account and the same is transferred to Project Bank Account.

196 These accounts are operated by the project authority assigned by the EC. Information about Project Bank Account and its signatory is provided to FD immediately after opening the bank account.

6.3.7. Bank Receipt

197 Revenue received from the students is directly deposited in the non-operating bank account of the University by students. The fee section collects the bank deposit voucher from students and the detail of bank deposit is presented to FD.

198 The bank receipt details kept by revenue section is considered as receipt in the Bank Book.

199 The FD debits the corresponding bank account giving credit to the respective income heads. The receipt voucher is raised on the basis of the bank deposit voucher as the source document.

200 The accounting entry will be as follows

Bank Dr

To Revenue/Party Account Cr

(Revenue collections deposited in bank.)

201 A receipt is issued to the party making payment against the bank deposit voucher.

202 If the cheque is dishonored, the party will be informed immediately and corresponding accounting entry will be made as follows:

Party Dr

To Bank Cr

(Cheque presented by party dishonored)

6.3.8. Bank Payment

203 Payment for expenses and other payments will be made through operating bank account.

204 The FD will prepare Payment Voucher along with all supporting documents and present it to signing authority to sign the cheque. The accounting entry will be:

Expenses Dr

To Bank Cr

(Expenses paid by cheque)

205 The bank charge directly debited by the bank is treated as expenditure and posted in the books of account as per debit note of the bank or bank statement.

206 Once the cheque is signed it will be issued to the concerned party. The Payment Voucher will be signed by receiver of the cheque. The person writing the cheque prepares a list of cheques which is the basis of recording in the payment side of the BB.

6.3.9. Control Mechanism

207 The cheque book should be kept in safe custody with the Chief of FD or the person assigned for the job by FD.

208 Cash collected has to be deposited in bank. It cannot be spent before depositing it in the non-operating bank account.

209 The custodian of the cheque book will be responsible to keep records of cheque. Unused cheque in cheque book will be physically verified periodically to ensure that they are intact.

210 Correcting entry for overdue and lost cheque has to be made. Fresh cheque is issued for against the overdue cheque on their presentation. In case of lost cheque “Stop Payment Notice" should be issued to the bank immediately.

211 Crossed cheque (A/C payee) should be issued to avoid possibility of misuse of cheque. Damaged or cancelled cheque has to be marked as VOID and kept safe in the cheque pad.

6.3.10. Bank reconciliation

212 The bank statement has to be obtained within seven days after the end of the month. The bank reconciliation should be done every month.

213 The bank reconciliation statement should be signed by the person who has done the bank reconciliation.

214 Bank reconciliation should be done by the person who is not responsible for maintaining the Cash and Bank Book.

215 Annual bank balance confirmation certificate has to be obtained from the bank after the end of the financial year.

216 Adjustment in the books of accounts has to be done for differences that need to be adjusted as per the bank reconciliation statement.

217 Bank reconciliation statement should be submitted to the Chief or any other designated person of the FD.

218 If there is any unidentified deposit, such amount will be shown separately in a common payable account. It will be refunded to the claimant on the presentation of the supporting documents. If no claim is made, it will be transferred to income after certain time period as per the decision of EC.

6.4. Petty Cash

219 Petty cash fund will be kept for small regular expenses of the University as per the provision of Financial Regulation. The accounting entry on receipt of fund will be as follows:

Petty Cash Dr

To Bank Cr.

(Petty cash fund provided)

220 Petty cash will be maintained in imprest system. Under this system, expenditure paid from petty cash is reimbursed periodically equivalent to the expenditure amount. The petty Cashier claims for reimbursement of petty cash every week or on utilization of 80% of the fund, whichever is earlier.

221 Petty cash will be reimbursed on regular basis on the presentation of expenditure statement along with the supporting documents. Further petty cash fund will not be provided until the reimbursement statement of the previous period has been presented and approved by the concerned authority.

222 Sometimes, it will be necessary to provide money from petty cash for making purchases but the invoices are obtained only after the purchase is made. In such cases Petty Cashier should prepare "IOU" signed by the receiver. It is destroyed once the person taking cash submits the invoices.

223 The petty Cashier will keep a Petty Cash Book (PCB) from which s/he prepares an expenditure statement for reimbursement.

224 The PCB will be balanced every day and reconciled with cash balance in hand.

225 The accounting entry of petty cash transaction will be as follows.

Expenditure Dr
To Petty cash Cr

(Expenses made from petty cash account)

6.5. Cash, Bank and Petty Cash Related Forms and Formats

Form no: 6-1

Kathmandu University

Receipt

Receipt No.: …….

Date: ……..

Received with thanks from …….. the amount of Rs…….(in words: …….……..……..) Vide Cash/ Ch. No……of bank……..against……..

……

Received by

Note to Receipt

Purpose : The receipt is the evidence of cash or cheque received by the University from paying party.

Originator : The Cashier or the person assigned by the FD to collect dues.

Signed by : The receiver

Source document: (not limited to) Bank deposit slip or cash

Copies : 3 (Three)

Distribution : First: Payer

Second: FD to raise receipt voucher

Third: Book copy with the receiver

Procedures :

1. The receipt will be pre-numbered. Date of receipt is written below the receipt number.
2. The amount and mode of the receipt (cash or cheque), cheque number and issuing bank is written.
3. The reason for such receipt is written briefly.
4. It is signed by the receiver of payment.
5. The new receipt pad will be issued only after the submission of the used receipt pad to the concerned authority.
6. The cancelled receipt number will be defaced as void and retained in the receipt pad.

Form no: 6-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Receipt Voucher

No: …… Date: ……

SN	Account head	Account code	Particulars	Dr Amt	Cr Amt	Remarks

Prepared by *Checked by* *Approved by* *Posted by*

Note to Receipt Voucher

Purpose : The receipt voucher is the basis for the FD to post fund received in the books of accounts.

Originator : Person assigned by the FD other than Cashier and the person performing bank reconciliation job

Signed by : 1. Preparer

2. Head of FD

3. Authority who can approve the transaction

4. Person who posts the transaction in books of account

Copies : 1 (one)

Distribution : First: FD

Source document (not limited to): Receipt

Procedures :

1. The Receipt Voucher is given a serial number along with date.
2. The RV is raised with receipts issued to the party as supporting documents.
3. The account code as per the Chart of Account and the name of account head is entered in the corresponding columns.
4. The description of transaction is given the Particulars column.
5. The amount is posted in Debit and Credit column correspondingly.
6. The remarks will be written in remarks column, if any.
7. The RV number is put in the Cash Book and Bank Book to cross refer the voucher.
8. The RV is filed in chronological order once it is posted in the books of accounts.

Form no: 6-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Payment Voucher

No: …… Date: ……

SN	Account head	Account code	Particulars	Dr Amt	Cr Amt	Remarks

Prepared by *Checked by* *Approved by* *Posted by* *Received by*

Note to Payment Voucher

Purpose : Payment Voucher is the basis for the FD to record all payments and expenditure in the books of accounts.

Originator : Person assigned by the FD other than Cashier and the person performing bank reconciliation

Signed by :

1. Preparer
2. Head of FD
3. Authorized person for approving transaction
4. Person who posts the transaction in books of account
5. Receiver

Copies : 1 (one)

Distribution : First: FD

Source document (not limited to):

1. Authority for expenditure
2. Supporting documents for expenditure including bills and other relevant documents

Procedures :

1. The Payment Voucher is given a serial number along with date.
2. The PV is raised for all payments and expenditures having proper supporting documents.
3. The account code as per CoA and the name of account head will be entered in the corresponding column.
4. The description of transaction is given in Particulars column.
5. The amount will be posted in Debit and Credit column correspondingly.
6. The remarks will be written in remarks column, if any.
7. The PV number is put in the Cash Book and Cheque List Book to ensure for cross reference.
8. The PV is filed in chronological order in the payment voucher file once it is posted in the books of accounts.

Form No.: 6-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Cash Book

Date	Particulars	Code	R. N.	V. N.	Receipt (DR)	Payment (CR)	Balance

***RN = Receipt Number VN = Voucher Number**

Prepared by: …… *Checked by: ……* *Approved by: ……*

Note to Cash Book

Purpose : Every cash transaction is recorded in this book which is the primary book for cash transactions. This book is essential to ensure the control over cash transactions.

Originator : Cashier

Copies : 1 (one)

Distribution : First: Cashier

Source document (not limited to): Receipt and payment vouchers

Procedures :

1. Cash transactions (receipts and payments) are recorded in the Cash Book is by the Cashier every day with reference number the details about the transaction and its account code are recorded in the corresponding column.
2. The CB is closed every day. The difference between total receipts and payments is the balance of cash. The balance of the previous day is taken as opening balance.
3. Cash shown in the CB at the time of closing will be verified buy the Cashier every day.
4. The voucher number is given once the transactions are posted in the books of accounts.

Form no: 4-5

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Bank Receipt Book

Bank: ……. Account No.: ……

Batch	Roll No	Group	Account	Acc Code	Particulars	DD	Date	Amt	Remarks
Total									

Prepared by *Checked by* *Approved by*

Note to Bank Receipt Book

Purpose : The Bank Receipts Book (BRB) is the record of revenue received by the revenue section on the basis of which the FD prepares a receipt voucher.

Originator : Revenue Section

Copies : 2 (Two)

Distribution : First: Revenue section

Second: FD

Source document (not limited to): Bank deposit slip/bank statement

Procedures :

1. This statement is prepared for different banks separately.
2. Student details with batch, roll no, group and name will be specified in the corresponding columns.
3. The amount deposited in bank, DD No and category of revenue along with account code are posted in the corresponding columns.
4. The BRB for the day or for the period is presented to FD and on its basis FD prepares Receipt Voucher.

Form no: 4-6

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Bank Cheque List Book

Bank: …….. Account No.: ……

SN	VN	Date	Ch No	Bank Code	Payee	Amt. Rs.	Particulars	Acct. Code	Entered by
Total									

Prepared by *Checked by* *Approved by*

Note to Bank Cheque List Book

Purpose : All cheques issued are recorded in this book. This is the primary book of record of cheques issued. It serves as a verification document at the time of bank reconciliation.

Originator : Cheque writer

Copies : 2 (Two)

Distribution : First: Cheque writer

Second: FD

Source document (not limited to): Cheque issued

Procedures :

1. The cheque no, date, amount with the bank code of issuing bank are entered in the corresponding columns of this record.
2. The payee's name and purpose of payment is written in the corresponding columns.
3. The accounts code as per CoA is posted.
4. The personnel making the posting initials in the specified column.
5. The document serves as the source document at the time of preparing bank reconciliation.
6. The voucher number is entered once the transaction has been posted in the books of accounts.

Form no: 4-7

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Bank Reconciliation Statement

SN	Particulars							Amount	
								FC	NRs.
	Balance as per ledger								
1	Add: Cheque Issued but not presented in Bank								
	Ch No	Date	Payee	Amt					
	Total 1								
2	Add: Amount credited bank but not debited in ledger								
	Date	Particulars		Amt					
	Total 2								
3	Less: Debited by Bank but not credited in Ledger								
	Date	Particulars		Amt					
	Total 3								
4	Less: Debited in bank but not credited by bank								
	Date	Particulars		Amt					
	Total 4								
	Balance as per Bank statement								

Prepared by Checked by

Note to Bank Reconciliation Statement

Purpose : Bank reconciliation is prepared to control and verify entries made in the books of account agrees with the records of the bank. The difference between bank balance shown in the ledger and bank statement is reflected in the bank reconciliation statement. Such reconciliation serves the purpose of making correcting entries in between these two records.

Originator : FD (personnel not involved in writing and issue cheque)

Copies : 2 (Two)

Distribution : First: FD

Second: Higher authority

Source document (not limited to): Bank Statement /Accounts Ledger

Procedures :

1. The Bank reconciliation should be prepared every month and the reconciliation statement is presented to the concerned authority.
2. Reconciliation reflects the difference in the amount as shown in the bank statement and the balance shown in the ledger.
3. Cheque issued but not presented in the bank and amount credited by bank but not debited in the ledger will be added in the ledger balance.
4. The figures debited by bank but not credited in ledger and debited in bank but not credited by bank will be subtracted to reach the figure shown in bank statement for the given date.
5. Adjustment entry will be made by the FD with the approval from concerned authority to adjust the differences e.g. bank charge not recorded in the books of account.
6. Working document for preparing the bank reconciliation statement should be attached with the statement for reference.

Form no: 4-8

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Petty Cash Book

Period: …… to ……..

SN	Date	V.N.	Particulars	Amount Receipt/ (Payment)	Expenditure				Remarks
					1	2	3	4	
Total									

Prepared by *Checked by* *Approved by*

Note to Petty Cash Book

Purpose : Payment form petty cash float is made only for small amount of expenditures as per the Financial Regulation of the University. Receipt and expenditure transactions related to petty cash is recorded in this book. Periodic statement for the reimbursement of petty cash is prepared from this book and the supporting documents are attached with the statement.

Originator : The Cashier

Copies : 1 (one)

Distribution : First: The Cashier

Source document (not limited to): Fund received/expenditure bills

Procedures :

1. The Petty Cash Book is posted by the Cashier every day with the reference number of receipt or payment. The details of the transactions are posted in corresponding column.
2. The PCB is closed every day. The difference between total of the receipt and expenditure is the balance amount of cash. The balance of the previous day is the opening balance for the day.
3. Cash shown in the PCB at the time of closing will be verified by the Cashier every day.
4. Reimbursement of petty cash is done periodically as per the Financial Regulation of the University. A summary statement of petty cash expenditure is presented by the Petty Cashier for reimbursement of petty cash.
5. The FD prepares voucher on the basis of summary presented by the Petty Cashier along with all supporting documents before making reimbursement.
6. The voucher number is given in the PCB once the transactions are posted in the books of accounts.

Chapter

7

7. Purchase Accounting

7.1. General

226 Purchase is one of the very important functions of the University as it has to procure supplies like general stores, equipment and fixed assets to run day to day business smoothly.

227 Procurement is a regular function which is handled by the Physical Facility Section (PFS). Store, FD and PFS are involved in process of making procurement. Center for Engineering Design (CED) is also involved in this process for the procurement of construction materials.

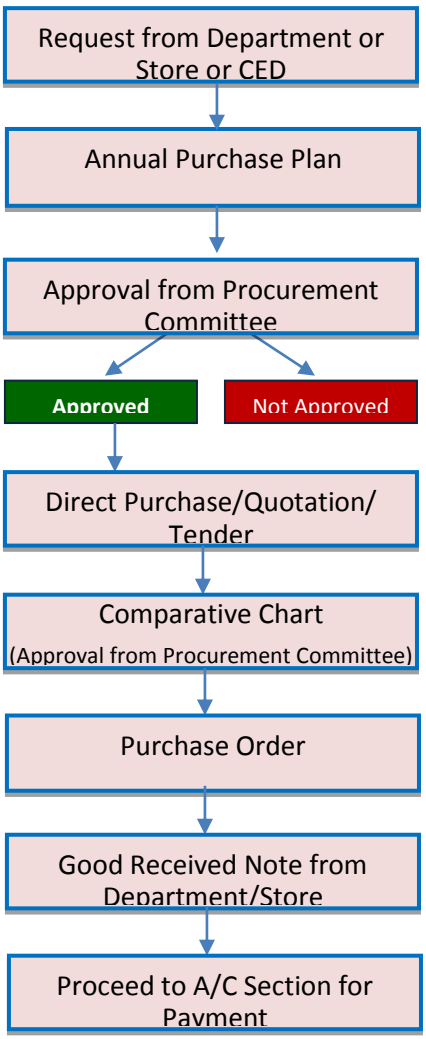
7.2. Procurement policy

228 Purchase involves financial commitment and it is a very sensitive activity having high level of inherent risks. Hence care should be taken in making procurement. Following policies should be taken into the consideration while making purchase.

- Annual procurement plan has to be prepared in advance to ensure regular supply of essential goods and services so that the operation of the University will run efficiently without any interruption.
- Value for money has to be considered while making procurement e.g. Value for money = effectiveness, economy and efficiency.
- Due care should be taken to maintain confidentiality on suppliers prices while making price comparison.
- There should not be conflict of interest between supplier and staff from PFS/CED. In other words, the suppliers should not be the close relatives of the staff involved in making procurement
- Personnel from the PFS/CED should not accept any valuable gift from the suppliers which will tantamount to bribe in disguise.
- Equal opportunity should be provided while bidding to reliable suppliers.
- Supplier's roster has to be prepared in the beginning of the financial year to ensure quality goods in competitive.

- Procurement Rules of the University has to be followed strictly.

7.3. Procurement Procedure



7.3.1. Purchase Request from Division /Store

- The concerned Division submits requisition for issue of goods from store. If the store has no stock of such goods, it requests the PFS immediately for making purchase.
- Store Section submits request for purchases to be made to the PFS of items that needs to be replenished.
- Sometimes the concerned Division will directly request to the PFS for purchase of goods they require.

7.3.2. Annual Procurement Plan

- On the basis of purchase requests from Store Section and concerned Division the PFS prepares an annual procurement plan.

- Annual Procurement Plan (APP) is prepared with information like purpose of purchase; dates goods are to be procured, estimated costs etc. Such plan ensures uninterrupted supply of goods required for smooth operation.
- Since the annual requirement of the goods required is known before hand as shown in the annual procurement plan, there is time to identify the suppliers and update the roaster of suppliers. Procurement can be done as per the annual plan for the year in bulk at competitive price.

7.3.3. Approval from Procurement Ccommittee

- Once the procurement plan is prepared the PFS forwards it to the Procurement Committee (PC) for approval.
- Based on the availability of budget, fund is ascertained by the PC for approval of procurement. The purpose of procurement is also made clear in the approval.
- The supplier is selected by PC as per the provision of Financial Regulation of the University.

7.3.4. Procurement Methods - Direct Purchase/Quotation/Tender

- As per the APP the PFS proceeds for purchase as per section 5 of the Financial Regulation 2049 of the University.
- Direct purchase: Goods required as per the APP is procured by PFS directly from the market as per the provision of Financial Regulation for procurement.
- Quotation: The proforma price of the goods required is the quotation. Quotation is collected from the suppliers listed in the roaster to ensure quality and value for money for the procurement up to the value specified in Financial Regulation. .
- Tender: Tender is the offer issued by the University to the potential suppliers to supply goods and services. This practice is used for bigger procurement and it ensures equal opportunity to all potential suppliers. The tender notice is published in national daily as per the Financial Regulation 2049.

7.3.5. Comparative Chart of Price

- Once the quotations are collected a comparative chart is prepared to compare price quoted by the suppliers.
- In the case of tender as well, comparative chart of bidders price is prepared soon after opening the tender. In the case of some tenders, cost comparison is made only after the evaluation of technical proposal. Price proposal is opened of those bidders who scores more than the required marks in the technical proposal.

- Tenders are opened in the presence of the representatives from the PFS, Store Section, FD, and Administration Division, Division requesting the goods and services as per the provision of the Financial Regulation. For making the procurement process transparent, the bidders are also invited to participate in the tender opening event.

7.3.6. Purchase Order

- On the basis of price offered by the supplier and other terms and conditions, supplier is selected. Purchase Order (PO) is issued to the supplier with details of the specifications of goods or services to be supplied.
- Purchase order is marked with the approval number of PC.

7.3.7. Goods Receipt Note

- Goods Receipt Note (GRN) is prepared by the Store Section, once the goods are supplied by the vendor and they are physically received in the store. List of the goods received and their quantity is stated in the GRN. It is also necessary to specify that the goods are as per the specification specified in the PO.
- If the good are directly requested by the Division, the concerned Division will issue the GRN, specifying that the goods are received as per the specification given in the PO. In case of project, Principal Investigator (PI) will be responsible for such receipt. The store entry will be done by the SS on the basis of such receipt.

7.3.8. Submission to Finance Division

- Once the GRN is received by the PFS, it is forwarded to the FD along with the entire procurement document mentioned above for necessary action for making payment.
- The FD will make payment as per the Contract or PO after checking all the relevant documents.

7.4. Responsibility of Physical Facility Section

229 It is the responsibility of Physical Facility Section (PFS) to arrange purchase of goods and services as requested by SS or different departments. The PFS has to pay attention to the following matters in making procurement.

Receive Requisition Slip (RS) from the SS or other Divisions for procurement.

Inform the requisitioner about any matter which needs clarification so that it has a clear idea about the goods and services required.

Follow the procurement rules specified in the Financial Regulation of the University for making procurement.

Inform the requsitioner about the tentative date of delivery, if it is going to be delayed.

7.5. Certification of Invoice

230 The SS or the requsitioner department certifies the quality and quantity of goods and services received as per the invoice of the supplier.

231 The PFS should check the invoice whether it is as per PO, contract and other relevant document or not. It then certifies the invoice for payment.

232 The certified invoice is forwarded to FD by the PFS.

7.6. Advance to Suppliers

233 Advance is provided to the suppliers as per the agreement against bank guarantee.

234 Advance amount is deducted from subsequent payment of the invoice as per the agreement.

235 The supplier's ledger is scrutinized regularly to monitor advance amount to be recovered in order to avoid any excess payment.

7.7. Responsibility of Finance Division

236 The responsibility of payment to suppliers lies with the FD. The FD makes payment to the supplier after checking following documents.

- Copies of contract/agreement entered into with the supplier, quotations, price comparison chart, PO with stamp of PC's decision number etc.
- Copies of goods received as per GRN by store or requisitioner department.
- Certified copy of suppliers invoice with supporting documents from the concerned department.

237 The above document will be checked by FD regarding their conformity with the Financial Regulation of the University.

238 The supplier's invoice will be checked for arithmetic accuracy.

239 Voucher is prepared along with supporting documents as mentioned above after scrutinizing suppliers account. Cheque is prepared for the payable amount after withholding the tax as per the provision of Income Tax Act 2058. The cheque is presented for signing to the concerned authority along with all supporting documents.

240 Purchase is recorded in the accounts after payment is made. In case of credit purchase the purchase is recorded on receipt of GRN and certified invoice from the concerned department.

241 The accounting entry of purchase is done as follows.

Purchased of goods and services in cash

Purchase Dr.

To Bank Cr.

Purchased of goods and services in credit

Purchase Dr.

To Supplier's Account Cr.

7.8. Methods of Payment

242 Payment to the suppliers is made through one of the following methods.

243 Cheque in Local Currency: Payment through account payee cheque in the local currency to the local suppliers.

244 Cheque or Draft in Foreign Currency: Cheque or draft in the foreign currency is made only to the foreign parties. In the case of local parties, if they are eligible to receive payment in foreign currency, they can also be paid in foreign currency. Circular of Nepal Rastra Bank should be referred in this respect.

245 Letter of Credit:

- Application to Nepal Rastra Bank or other commercial bank should be submitted to open an irrevocable Letter of Credit (LC).
- Payment of margin money is debited to the LC account. Separate account should be opened for each LC.

  Letter of Credit (specific L/C number) Dr.

  To Bank Cr.
- Bank advice is received from time to time on account of bank charges, payment to the suppliers and other miscellaneous charges. All these expenses should be debited to the concerned LC account.
- On full payment, LC statement along with other relevant documents should be received from the bank. Final entry in the accounts should be passed as follows.

  Expenditure Dr.

  To Letter of Credit (specific L/C number) Cr.

7.9. Costing of Purchase

246 In some cases all the costs related to purchase may not be included in suppliers invoice e.g. freight, custom, insurance, installation etc.

247 The above mentioned expenditure will be accounted in the concerned purchase to reflect the true cost of the items purchased. If such expenses cannot be segregated specifically, it will be computed as per the weighted average method.

248 The respective purchase items will be allocated these costs.

249 These costs will be recorded in the concerned heading at the time of payment or at the time of recording the store item or fixed assets.

250 The entries for allocating procurement costs will be as follows.

251 At the time of recording transactions for various costs

Expenditure (Freight, Custom, Insurance, Installation) Dr.

To Bank Cr.

252 At the time of adjustment of these costs

Store or Assets Dr.

To Expenditure (Freight, Custom, Insurance, Installation) Cr.

7.10. Special Considerations for Constructions

253 According to the construction amount for erection, repair and maintenance, procurement can be done through (a) Direct Purchase (b) Quotation (c) Tender (d) Public Bidding for Least Price according to the Financial Regulation of the University.

254 Availability of budget and cost estimation of works are major criteria for undertaking any construction works. The cost estimate is done by the technician which is then approved by the concerned authority.

255 Various contract arrangements specified in the Financial Regulation should be followed while making procurement.

256 In bigger contracts, payment is made to the contractors as the work progresses. Progress payments made for works should be accounted as Capital Work-in–Progress under fixed assets component of balance sheet till its capitalization.

257 A report on work completion should be obtained to satisfy whether work completed has been in line with design, specification and required quality. Capital Work-in-Progress and progress payments made during the year should be capitalized in the year of final acceptance of the report and takeover of such assets.

258 All direct costs associated with construction works are capitalized.

7.11. Repair & Maintenance

259 Repairs and maintenance of civil works, plumbing, electricity, telephone, furniture, equipment, land development lies within the responsibility of the PFS. Following procedures should be followed for repairs and maintenance works.

- The concerned department requests the PFS for various repairs and maintenance works. The Purchase Requisition Form (PRF) will be used as request for repair and maintenance works.
- The CED is responsible for making detail design and cost estimation for civil work and repair and maintenance work.
- The estimate of repair and maintenance cost will be provided by the CED or by the concerned department.
- The PFD will follow the procurement procedures for repairs and maintenance as specified in the Financial Regulation.
- On the completion of job, the PFS forwards the final invoice to FD for payment along with job completion certificate and other relevant supporting documents.

7.12. Purchase Related Forms and Formats

Form 7-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Annual Procurement Plan

School: *……..*

Department: *…… ……..*

Financial Year: *……..*

SN	Items (1)	Approved Budget (2)	Accounts Code (3)	Specification (4)	Unit (5)	Expected Price (6)	Amount (7)	Remarks

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Annual Procurement Plan

Purpose: The annual procurement plan is prepared by different departments which then forwarded to the PFS. The PFS consolidates all the plans to make an APP of the University for the given financial year.

Originator: Different Departments

Copies: 2 (Two)
First: Originator
Second: PFS

Source document (not limited to): Materials requested from different Schools and departments.

Procedures:

1. The information over the head of the form has to be filled by the originator of this document.

2. Column 1 is for Items to be procured, column 2 shows the budget allocated for the same. Column 3 gives the Accounts Code as per CoA.

3. Column 4 gives the detail specification of the item. Column 5 gives the quantity required and column 6 gives the expected price per unit.

4. Column 7 is for amount required to procure goods and services. This column can be divided into twelve months to know exactly when the goods and services are needed. It will help the FD to plan cash flow.

5. The document is signed by the personnel engaged in preparing and checking the document.

Form 7-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Supplier Roster

School: ……..

Department: …… ……..

Financial Year: ……..

SN	Items (1)	Specification (2)	Accounts Code (3)	Suppliers' Unit Cost Rs. (4)			Remarks
				I	II	III	

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Supplier's Roster

Purpose: Approved supplier's roster is prepared by the PFS. The purpose of supplier roster is to identify the suppliers capable to supply the goods and services at competitive price. The roster is prepared for items which are repetitively used, easily available in the market and not necessary to hold in stock for long period e.g. stationary.

Originator: PFS

Copies: 2 (Two)
First: PFS
Second: Store

Source document (not limited to): Letter of interest provided by the supplier in response to request made by the University.

Procedures:

1. The information at the head of the form has to be filled by the originator

2. Column 1 is for Items to be procured, Column 2 gives the detail specification of the item.

3. Column 3 gives the Accounts Code for the item as per CoA. Column 4 gives different supplier's price per unit.

4. Column 5 is for remarks, if any.

5. The document is signed by the personnel preparing and checking the document. The document is approved by the authority in the Procurement Committee.

Form 7-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Purchase Request Form (PRF)

From: ……..

For: …… ……..

PRF No.: …… ***Date:*** ……..

SN	Specification (1)	Accounts Code (2)	Budget Available (3)	Quantity (4)	Expected Cost (5)	Last Purchase (6)		Expected Required Date	Remarks
						Rate	Date		

……..	……	……	……..	……
Requested by	*Recommended by*	*Checked by*	*Approved by*	*Received by*

Notes to Purchase Request Form (PRF)

Purpose : This form is the basic document to start the procurement procedures to be followed by the PFS. This form is numbered to keep record of purchase request. It is signed by the person receiving the goods once they are received. Hence this document fulfills the requirement of GRN as well.

Originator : Stores Section or the concerned department prepares Purchase Requisition (PR) for goods and services that need to be procured with clear purpose of the request.

Copies : 3 (Three)

Distribution : First: PFS

Second: Requisitioner's file for reference.

Third: FD (after the goods are received)

Procedures :

1. Purchase Request Form (PRF) is the basis for making procurement. It is prepared either by the Stores Section or any other department which needs the materials. The purpose for the request will be specified in remarks column.
2. The PFS takes necessary action to make procurement.
3. Any procurement should have adequate budget provision. No procurement should proceed if the budget is not available.
4. The PFS should follow existing procurement policy and rules as specified in the Financial Regulation to make the procurement.
6. Previous purchase date and price is quoted in the form to compute the tentative value of the goods to be purchased.

Form 7-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Price Comparison Chart

School: …… ***Department:*** …… ……..

Date: ……..

SN	Specification (1)	Accounts Code (2)	Budget Available (3)	Quantity (4)	Estimated Cost (5)	Suppliers' Unit Cost (6)			Last Purchase (7)		Remarks
						I	II	III	Rate	Date	

Recommendation for purchase award:

Enclosure

1 *Bidder's registration document with VAT registration certificate*
2 *Proforma Invoice*
3 *Tax Clearance Certificate*
4 *Mode of payment and advance clause*
5 *Tender document and bid bond security (in case of tender)*
6 *JV Agreement (in case of tender from Joint Venture Company)*

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Price Comparison Chart

Purpose : This chart is prepared to compare the prices quoted by different bidders. Competitive bidding is the most efficient criteria in awarding the contract. Normally, contract is awarded to the supplier offering the best price. But this criteria may not be application in all cases.

Originator : PFS

Copies : 2 (Two)

Distribution : First: PFS

Second: FD

Source document (not limited to): Quotation/Tender presented by bidders

Procedures :

1. Specification of goods to be supplied is clearly stated in this form along with the Account Code for the same and availability of budget.
2. Estimated cost of the goods and services to be procured.
3. The price quoted by different bidders.
4. Latest previous purchase price of same item for comparison.
5. The recommendation for PO is stated at the bottom of the form.
6. The documents enclosed are marked (√) in the space provided in the bottom of the form. The reason for non-enclosure of any document should be explained, if required.

Form 7-5

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Purchase Order

School: …… ***Department:*** ……...

Order Name: ……...

Supplier Name: …… ……

Delivery Date: …… ***Delivery Site:*** ……....

PRF No.: …… ***Procurement Committee Decision No.:*** …….

SN	Specification (1)	Accounts Code (2)	Quantity (3)	Rate (4)	Amount (5)	Remarks

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Purchase Order

Purpose : This is the official commitment document regarding award of procurement to the supplier authorizing them to supply the specified goods on specified time at given rate

Originator : PFS

Copies : 4 (four)

Distribution : First: PFS

Second: FD

Third : Store

Fourth: Supplier

Source document (not limited to): Purchase request form

Procedures

1. Specification of goods to be supplied should be clearly stated in this form along with Account Code. The reference number of PRF and PC's decision number should also be mentioned in the PO.
2. Time and place of delivery of goods should be clearly stated.
3. On the approval of PO the order is placed to the supplier.
4. The terms and condition of supply should be clearly stated in the PO.
5. The Store Section should check the goods for specifications as per the PO once the goods are received.

Chapter

8

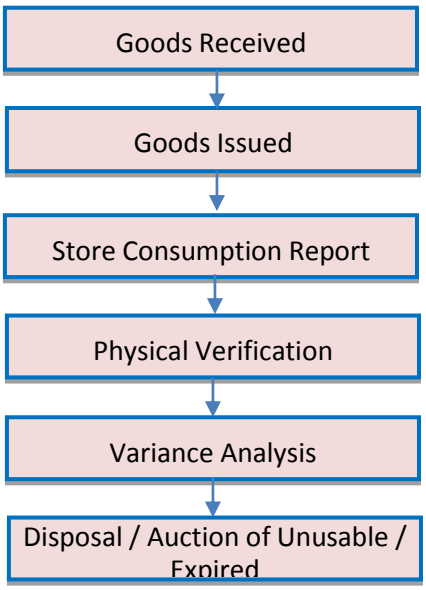
8. Inventory (Expendable Goods) Accounting

8.1. General

260 Management of inventory is looked after by the Store Section. It is responsible to ensure uninterrupted supply of required goods for the operation of the University activities. In order to run this section smoothly, the inventory management like level of inventory, proper store arrangement, availability of store items etc. should be efficient. The University has maintained two stores for expendable items (i) General Store (ii) Kitchen Store.

8.2. General Store

261 Items like stationary, education materials; fuel, office supplies, lab supplies etc. are kept under General Store. These items account about 40% of operation and administrative expenses. These items are recorded in the store at the time of purchase as current assets. The store control account of inventory is maintained in the FD. Expenditure of inventory items are booked as per the consumption report prepared by the SS periodically. Flow of work of SS is shown in the following chart.



Work Flow of Store Section

8.3. Goods Receipt

262 Normally, goods are received by the SS from the suppliers through the process of procurement. The SS forwards the purchase requisition to the PFS. The PSF checks the budget and places the Purchase Order to suppliers following the procurement rules as prescribed in the Financial Regulation of the University. For the replenishment of goods, SS raises Purchase Requisition of goods once hit the reorder level (minimum level) to ensure uninterrupted supply of goods.

263 Once the goods are delivered by the supplier the SS checks the goods as specified in PO. In this process the SS may seek help from expert to test the quality of goods.

264 The SS certifies the invoice presented by the supplier to confirm the specification of goods ordered. The goods are accepted by store once the quality has been checked and then issues the Store Entry Report (SER) to PFS. The SS inters goods received in the specified headings of the Stock Book and Bin Card. The value of the goods as provided by the FD is recorded in Stock Book.

265 The PFS forwards the invoice along with SER to FD for payment.

266 Finally the FD makes payment to the supplier.

267 The accounting entry of this purchase in cash or credit will be as follows.

Store (stationary, office supplies, Lab supplies etc.) Dr.

To Bank/Party Cr.

(Stock purchase in cash or credit)

8.4. Valuation of Goods

268 Valuation of goods procured is the responsibility of FD. Costs like custom, freight, insurance etc are added in the invoice price of the supplier to arrive at the cost of goods.

269 The FD provides the cost of the goods to the store along with the SER. The SS records the same in the Stock Book.

270 The valuation of goods remaining in store is done using First in First out (FIFO) basis. FIFO means, goods issued from store is valued at the price first received in store.

271 Obsolete, damaged, and unusable materials are revalued by the physical verification team to reflect the true value of closing stock.

8.5. Store Issue

272 Different departments requisition goods from the store as required and store issues goods to the concerned departments on the presentation of approved Requisition Slip (RS). RS is approved by the Department Head.

273 The RS is numbered by the store and it is acknowledged by the receiver of the goods.

274 Goods issued are posted in the corresponding item in the SB and Bin Card with reference to the Issue slip number.

275 If the goods are not available in the store, the SS raises PR and sends it to the PFS for procurement.

276 The SS l returns the RS to the requesting department if items requested are not available and cannot be delivered within one week.

277 New RS should be presented to the SS if goods are not available at the time of request.

278 Gate Pass (GP) is issued for every movement of inventory item from and to the premises of CO and Schools.

8.6. Store Consumption Report

279 Store Consumption Report (SCR) is the summary of goods issued by the SS for a given period of time.

280 It is based on Issue Slip (IS) of the store which is prepared with reference number of the IS.

281 It is presented to the FD every month for necessary accounting entry.

282 Once the authorized copy of Store Consumption Report is received the FD makes following accounting entry:

Expenditure (stationary, office supplies, lab supplies etc) Dr.

To Store (stationary, office supplies, lab supplies etc.) Cr.

(Expenditures for particular headings e.g. stationary, office supplies, lab supplies etc. are debited giving credit to the corresponding inventory items)

8.7. Physical Verification

283 The inventory items are physically verified every quarter. Technically, the quantity posted in the SB and the items physically verified should agree. Deviation in these two amounts is explained in Physical Verification Report PVR.

284 Obsolete and unusable items are shorted out during the process of physical verification.

285 Physical verification is done in the presence of personnel from the SS, FD and Administration Division (AD). After the completion of physical verification, PVR is presented to AD and FD for necessary action.

8.8. Write-off or Auction of Store Items

286 The SS should review the condition of stock items regularly to assess if they are damaged and unusable.

287 The physical verification team scrutinizes obsolete, damaged and unusable items presented by the SS. The team will certify such items being true and correct to the higher authority.

288 The higher authority makes decision as per the Financial Regulation to write off such items.

289 Items with residual value should be auctioned as per the provision of the Financial Regulation.

290 FD will make entries for write of store as follows.

1. Store Loss Dr.

   To Store (stationary, office supplies, Lab supplies etc.) Cr..

   (Disposal of obsolete and unusable stock items)

2. Store Loss Dr.

   Cash/ Bank Dr.

   To Store (stationary, office supplies, lab supplies etc.) Cr.

   (Auction of damaged store items and the loss charged to Inventory loss account.)

8.9. Kitchen Store

291 Kitchen items like food, fuel and other items are kept under this heading. The inventory record of these items are kept as general store explained above.

8.10. Inventory Related Forms and Formats

Form 8-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Store Entry Report (SER)

SER No.: …… ***Date:*** …….. ***PO No.:*** …….. ***Date:*** ……..

Supplier: …… …….. ***Invoice No.:*** …….. ***Date:*** …….

Local Purchase/Import: …….. ***LC No.:*** …….. ***Date:*** ……. .

Expendable/None Expendable: ……..

SN	Particulars	Code	Unit	Rate	Amount	VAT	Total	LF	Remarks	Received by
1	2	3	4	5	6	7	8	9	10	11

In case of Import (Filled by Account Section)

SN	Code		Other Cost					Grand Total	Remarks
	Rate	Value	Freight	Custom	Insurance	Other	Total		
1	2	3	4	5	6	7	8 (4 to 7)	9 (3+8)	10

Goods are received as specified above.

Prepared by: …… *Checked by: ……* *Approved by: ……*

Notes to Store Entry Report (SER)

Purpose : Store Entry Report (SER) is the proof of goods received by the SS. On the basis of SER the store keeper inters the goods received in SB and BC.

Originator : The Store

Signed by :
1. Store Keeper
2. Store In-charge
3. Accountant (for valuation)

Copies : 3 (Three)

Distribution : First: FD

Second: Store

Third: Book copy

Source document (not limited to): Purchase invoice, delivery note from suppliers

Procedures :

1. On receipt of goods, the store keeper checks the goods for specification and price as per the PO issued to the suppler. The name of supplier, PO No, Invoice number of supplier with date is marked in the head of this report. The LC number will be written in case of import. The category of goods are segregated as Expendable (consumable) and Non Expendable (non-consumable).
2. The form is completed by the SS. Separate form is prepared for each PO. The specification of the item, account code, unit, rate, amount are filled in this form. The SB and BC are posted from this form. Ledger folio of SB is mentioned in this form for cross verification.
3. The first two copies are sent to FD. The lower part of the form is field by FD. Other charges like freight, custom, insurance are added to the cost of goods to derive at the actual cost.
4. Once the valuation is done a copy is sent to the SS. The SS enters the value of the goods as per the SER.
5. The book copy of SER is be retained by the Store Section.
6. The SER is pre-numbered and its reference number is also written in the Stock Book.

Form 8-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Consumable Requisition Form (CRF)

CRF No.: …… ***Date:*** ……...

From: ……... ***To:*** ……..……..

By: ……. .

(Please make necessary arrangement to issue the below mentioned items in time)

SN	Particulars	Code	Unit	Quantity	Issued	LF	Remarks
1	2	3	4	5	6	7	8

……... …… ……... ……

Prepared by *Checked by* *Approved by* *Received by*

Notes to Consumables Requisition Form (CRF)

Purpose :This form is used to issue the store items to the requisitioner. It serves as the documentary evidence for entering issue of goods in SB and BC.

Originator :Requsitioner of concerned department

Signed by : 1.Person requesting the goods

2. Person approving the request

3. Store Keeper

4. Receiver of the goods

Copies : 3 (Three)

Distribution : First: Store

Second: FD at the time of presentation of consumption report

Third: Book copy retained by the originator.

Source document (not limited to); Request from concerned Schools/Departments

Procedures:

1. The personnel from different departments prepare the Consumable Requisition Form (CRF) for the goods they require.
2. The CRF is pre-numbered and distributed to different departments by the SS as per their request. The record of CRF is kept by the SS.
3. The SS issues the goods requested. If the goods are not available in store it will immediately inform the PFS through Purchase Requisition and inform the requesting department.
4. The goods issued are recorded in the SB and BC as per the CRF. The specification of goods, quantity issued are recorded in the CRF along with item code of such goods.
5. One copy of CRF is used to prepare Store Consumption Report.

Form 8-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Stock Book

Page No.: ……

Item Name: …….. ***Code:*** ……

Location: …….. ***Bin No.:*** ……

Max Qty: …….. ***Min Qty:*** …… ***Reorder Level:*** ……..

SN	Date	Particulars	Ref. No.	Purchase			Issue			Balance			Remarks
				Qty	Rate	Amount	Qty	Rate	Amount	Qty	Rate	Amount	

…….. …… ……..

Prepared by *Checked by* *Approved by*

Notes to Stock Book

Purpose : Stock book is the ledger to record movement of every individual store item. Receipt and issue of goods are posted in this ledger with reference of receipt and issue documents. This record is kept in quantity as well as in value.

Originator : Store

Copies : 1 (One)

Distribution : First: Store

Source document (not limited to): Store Entry Report (SER) and Consumption Request Form (CRF).

Procedures :

1. The upper part of the Stock Book gives the information about specification of the goods, item code, location with bin number and stock level i.e. maximum, minimum and reorder level to ensure uninterrupted supply of goods.
2. The opening balance of stock carried from previous period is entered in this ledger with value. Each receipt is posted with the reference document number and value.
3. All the issues are posted with reference number of issue document with quantity, rate and amount in the issue column.
4. The balance quantity, rate and amount are shown in each row after receipt and issue are recorded. This column gives stock position after each transaction.
5. The stock valuation is done using in First in First out (FIFO) basis.

Form 8-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Bin Card

Card No.: ……..

Item Name: …….. ***Code:*** ……..……..

Location: …….. ***Bin No.:*** ……..……..

Max Qty: …….. ***Min Qty:*** …… ***Reorder Level:*** ……..

SN	Date	Ref. No	Received Qty	Issued Qty	Balance Qty	Signature	Remarks
1	2	3	4	5	6	7	8

……..
Prepared by

……
Checked by

……
Approved by

Notes to Bin Card

Purpose :Bin Card (BC) is kept in store where the store items are physically placed. Movement of every item is recorded in the BC only in quantity. The main purpose of the BC is to assist the store keeper to find out the status of the quantity of inventory.

Originator : Store Section

Copies : 1 (One)

Distribution : First: Store

Source document (not limited to): Store Entry Report (SER) and Consumption Request Form (CRF).

Procedures :

1. The upper part of the Bin Card gives the information about the specifications of the goods, account code, location and bin number, maximum, minimum and reorder levels to ensure uninterrupted supply of such goods.
2. The opening balance is carried forward from the previous BC. The quantity of each receipt and issue are recorded in the BC when physical movement takes place.
3. BC is placed by the side of physical stock.
4. The BC is signed by the person who handles the inventory item.
5. The store keeper has to make physical count of store item periodically to ascertain the accuracy of the store balance as shown in the BC.

Form 8-5

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Store Consumption Report

Report No.: ……..

From: …….. ***To:*** ……..…….

SN	Date	Particulars	Code No.	Ref. No.	Qty	Rate	Amount	Remarks
1	2	3	4	5	6	7	8	9

……..
Prepared by

……
Checked by

……
Approved by

Notes to Store Consumption Report

Purpose : Store Consumption Report (SCR) is the summary of goods issued by store in a given time period. It is prepared periodically (monthly) and sent to the FD for booking of inventory used in expenditure in the corresponding account heads.

Originator : The Store

Signed by : 1. Person preparing the report

2. Store in charge

Copies : 2 (Two)

Distribution : First: Store

Second: FD at the time of presentation of SCR

Source document (not limited to): Stock Book, Requisition Form

Procedures :

1. The reporting period will be written in the head of the report with report number.
2. Date, specification of goods, quantity issued, rate and amount are filled from Consumable Requisition Form (CRF).
3. This report is the extract of issue column from stock book.
4. The items presented in the report are grouped as per the account code. FD books expenditure in corresponding account heads from the certified copy of this form.
5. This document serves as the supporting document in preparing the voucher for consumption of inventories.

Form 8-6

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Physical Verification Report

Report No.: ……..

From: …….. ***To:*** ……..……..

SN	Particulars	Code No.	Location	Book Qty	Physical Qty	Excess/ Short	Rate	Variance Amount	Remarks
1	2	3	4	5	6	7	8	9	10

……..
Prepared by
(Administration Department)

……
Checked by
(Store Section)

……
Approved by
(Finance Section/Department)

Notes to Physical Verification Report

Purpose : Physical verification of inventory is done to confirm that the inventory shown in stock book is in agreement with the physical balance. Any deviation will be reported to the management for necessary action.

Originator : Physical Verification Team

Signed by : All team members

Copies : 3 (Three)

Distribution : First: Store

Second: FD

Third: Administration Division

Source document (Not limited to): Physical count sheet, Stock Book

Procedures :

1. A physical verification team is formed with the representatives from SS, AD and FD.
2. A Physical Verification Sheet (PVS) is prepared with the list of all inventory items before the start of physical count. This sheet is filled up as per the physical count conducted by the team. The book quantity is filled in the book quantity column once the physical verification is done. It will be grouped as per the account code given in the CoA.
3. The variance (excess and shortage) will be computed, and the reason for the same is marked in remarks column.
4. Obsolete, broken and unusable inventories are noted and their condition is stated in the remarks column.
5. On the basis of physical verification the management takes necessary decision or action to adjust, recover short/excess items and unusable goods.

Form 8-7

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Report on Unusable Goods

Report No.: ……..

From: …….. ***To:*** ……..……..

SN	Particulars	Purchase date	Code no	location	Qty	Rate	Amount	Remarks
1	2	3	4	5	6	7	8	9

……..
Prepared by

……
Checked by

……
Approved by

Notes to Report on Unusable Goods

Purpose : The unusable goods will be identified during physical verification. They are written off as per this statement according to the decision of the management.

Originator : Store

Signed by : Store

Inspection Team

Administration Division

Copies : 3 (Three)

Distribution : First: Store

Second: FD

Third: Administration Division

Source document (Not limited to) : Physical Verification Sheet

Procedures :

1. This will be prepared as per PVS and it is grouped as per account code to make necessary entry in the particular store head.
2. The inspection team will inspect the goods as per the report and the team certifies the report after their observation.
3. The report is forwarded to the Administration Division or concerned authority for further approval to make adjustment.
4. The approved report is forwarded to FD for necessary accounting entries.

Chapter

9

9. Fixed Assets Accounting

9.1. General

292 Property, plant and equipment owned by the University for the regular use to generate revenue are categorized under fixed assets. Fixed assets have useful life of more than one year. They include all properties purchased from the University fund or received from the partners or donors. All costs incurred to bring the assets in an operational condition like custom, freight , insurance, installation etc. are included in cost of the fixed assets.

293 The physical location of the University is scattered and it is a challenging task to manage huge volume of assets in all these locations. Proper control mechanism is very important to manage and put them in working condition for regular use of these assets. Procurement of fixed assets has to be done as per the Financial Regulation of the university. The fixed assets are categorized as per their nature and useful life. Assets are amortized or depreciated according to their useful life. Fixed assets should be insured as per the Financial Regulation of the University to protect them from unforeseen natural calamities and accident.

9.2. Procurement of Fixed Assets:

294 Fixed assets are procured by the PFS as per the annual capital expenditure plan. The annual capital expenditure plan is reflected in the annual budget.

295 Request for procurement of fixed assets is submitted to the PFS through Capital Goods Request Form (CGRF). The PFS checks the annual capital expenditure plan and budget available before preceding the procurement procedures.

296 Once it is confirmed that it is in the annual capital expenditure plan and the budget is available, PFS initiates the process for purchase as per the provision of procurement rule defined by the Financial Regulation of the University. The procurement process will be followed as explained in Chapter 7 of this manual. Procurement of asset is recorded in the FD as per the information provided by the PFS.

297 The accounting entry will be as follows:

Fixed Assets Dr.

To Bank/Party Cr.

(Purchase of fixed assets in cash or credit)

9.3. Civil Works

298 Civil works (building, roads, other civil works) of the University lies in this category of the assets. Procurement of civil work is done as per the procurement procedures as explained in Chapter 7 of this manual.

299 Construction of civil works need more technical inputs. Center for Engineering Design (CED) is involved in the process of construction of different civil works or procurement of such assets.

300 The University has a master plan of its infrastructure development. This task is entrusted to CED. It makes plan for the development of infrastructure within the scope of the master plan. In doing so, priority of the University is determined by the Executive Council (EC).

301 CED prepares design and estimates costs of the civil works which is presented to the Construction Committee (CC) for review, discussion and approval. The CC is represented by the Registrar, representatives of concerned department (the user), FD and the CED coordinator. It is then forwarded to the EC for approval. Once the approval from EC is obtained it is forwarded to the PFS.

302 CED is involved in the whole process of civil work till the construction is completed and handed over to the user department. It issues the job completion certificate once the civil work is completed.

303 In the case of some small civil works, CED carries out such work directly or using the force account without using the contractor.

9.4. Work in Progress (WIP)

304 Civil works, whose construction has been started but not yet completed, are recorded under WIP in that financial year.

305 CED is responsible for the supervision and monitoring of the civil works. It checks and verifies the running bills submitted by the contractor. After verification and certification, running bills are forwarded to the FD for payment. The FD makes payment after complying its verification procedures.

306 The accounting entry for WIP will be as follows.

Work in Progress (Name or No.) Dr.

To Bank Cr.

(Running bill payment of contractor as certified by CED)

307 Once the construction is completed, the CED makes final inspection of the construction and issues job completion certificate. The civil work is then handed over to the user.

308 The accounting entry will be as follows:

Building/Others (Civil Work) Dr.

To Work in Progress Cr.

(Capitalization of the civil work completed)

9.5. Fixed Assets Received in Grant

309 Capital grants are received from different donors and agencies. Although they are free gift to the University, but these items should be valued in the books of account at cost price. It is valued at fair market price if cost of these items are not disclosed by the donor. The entry for capitalizing the donated items will be as follows.

Fixed Assets Dr.

Capital Grant Fund Cr.

(Capitalization of fixed assets received in grant)

310 An amount equal to annual depreciation of such capital item will be charged to Capital Grant Fund (CGF) for writing off this fund gradually at the application depreciation rate. Fund is created for the replacement of these items after expiry of their useful life for the purpose of financing such assets.

311 Accounting entry for recording these transactions will be as under.

Depreciation Dr.

Fixed Assets Cr.

(Depreciation charged on capitalized fixed assets from Grant)

and

Capital Grant Fund Dr.

Replacement Capital Fund Cr.

(Grant fund debited and replacement capital fund created)

9.6. Valuation of Fixed Assets

312 Valuation of fixed assets is done by the FD on the basis of invoice presented by the supplier and certified by the. All other incidental expenses (custom duty, freight, insurance, installation cost of equipment) incurred on acquisition of assets and brining the assets at the stage of commissioning are capitalized in the cost of assets. The value of the fixed assets is provided to the PFS which maintains the fixed assets register.

313 Fixed assets like land can be revalued to reflect the true physical worth of the University. The revalued amount will be shown in fixed assets register as addition. The revaluation will be done as per the provision of Financial Regulation of the University.

314 The accounting entry for revaluation will be as follows:

Fixed Assets: Land Dr.

To Revaluation Reserve Cr.

(Revaluation of land)

9.7. Issue of Fixed Assets

315 Fixed assets, once recorded in fixed assets register by the PFS, are issued to concerned department as per their request. All the formal procedures followed in this process will be same as issue of store items as explained in Chapter 8, Inventory Accounting of this manual.

316 Identification numbers are given to each asset at the time of recoding in the Fixed Assets Register (FAR). The location of the assets should be clearly marked in order to locate them easily.

9.8. Repair & Maintenance of Fixed Assets

317 Fixed assets are held for longer period and they need regular repairs and maintenance to keep them in a workable condition. Repairs and maintenance costs are accounted in revenue expenditure.

318 Sometimes repairs and maintenance costs can be of major nature. If the capacity of the assets has enhanced due to repairs and maintenance such expenses are recognized as capital expenditure and not revenue. Such expenditure is added in the cost of fixed assets. For example, addition of a floor in the building.

319 In the Income Tax Act 2058, repairs and maintenance expenses up to 7% of the base amount of the particular class of assets. The excess amount is considered as addition to fixed assets.

320 The accounting entry of capitalization of assets will be as follows.

Fixed Assets: Building A (addition of two rooms) Dr.

To Bank Cr.

(Addition of two rooms to building A)

Or

Repair & Maintenance Dr. 70,000

Bus Dr. 50,000

To Bank Cr. 120,000

(Base value of a Bus whose base value is 1,000,000. Repair cost of the bus is Rs. 120,000. 7% of base value charged as expenditure the excess amount capitalized as assets)

321 Log book of machine and vehicles are kept to record the operational history of such items. The log book gives information about the total kilometer the vehicle has run or the number of hours machine has run and the operating and maintenance cost history of these equipments.

9.9. Fixed Assets Register

322 Fixed Assets Register is kept to record all fixed assets owned by the University. The basis of recording the quantity and value of the fixed assets register is Capital Goods Entry Report (CGER). Information given in CGER is posted in the FAR. This is the primary book for recoding the fixed assets.

323 Each item of fixed assets are recorded in the separate sheets of FAR. The fixed assets are grouped as per the category of fixed assets defined by the Inland Revenue Department (IRD) as follows:

Group	Description	Depreciation Rate
I	Land, Building, Structure, Civil Work	5%
II	Computer, Data Processing Equipment, Furniture & Fixture, Office Equipment, Lab Equipment	25%
III	Excavator, Construction Equipment, Other Equipment	20%
IV	Other assets not included in above specification	15%
V	Other assets not included in above specification	50% of amortization

324 Addition and deletion of the assets are recorded in the respective pages of FAR.

9.10. Fixed Assets Identification

325 Identification number of each asset is allotted to each asset at the time of its recording in the FAR. The identification number tag is sticked to the asset which is posted in the FAR as well.

326 The location of the assets are recorded in FAR. On the basis of the Identification Number the PFS can spot the location of the assets during the time of physical verification.

327 The fixed assets identification number is given as follows:

Category	Department ID	Accounts (Line Items)	Sub Account	Batch Year
Assets	HO	Furniture	Table	N/A
2	01	03	01	
Account Code: 2010301				

328 Alphabet is added as suffix to identify the assets for easy reference e.g. 2010301 L (L for Library). It indicates that the furniture belongs to the library. The PFS should allocate the alpha code according to the need.

329 In the case of transfer of assets from one department to another, it should be done only with the approval of the concerned authority assigning the assets identification number. The authority allocates new identification number and corrects the assets register accordingly. In the case of staff being transferred or on the retirement staff, assets used by such staff is taken back by the PFS and kept in the store or handed over to the new usurer.

330 Gate Pass (GP) is issued by the security person at the gate for any movement of assets in the premises of CO and Schools.

9.11. Depreciation and Amortization

331 Life of fixed assets varies depending upon the nature of fixed assets. Assets are written off annually within the useful life of such assets. Instead of charging the full cost of assets in the year of purchase as expenditure, it is charged in the income statement in the form of depreciation during the useful life of such assets.

332 Fixed assets are grouped, as explained above, in the FAR. The group of assets is depreciated as per the provision of Income Tax Act 2058. The fully depreciated item is recorded at Rs.1 to show the physical existence of the assets, if it is in a workable condition.

333 Depreciation is charged on assets added or disposed during the year according to the duration of their use in the particular financial year. (As per Income Tax Act). The amount of depreciation is deducted in the FAR also.

334 The accounting entry of depreciation will be as follows:

Depreciation Dr.

To Assets Cr.

(Depreciation charged on fixed assets)

335 Assets which have been taken in lease are amortized during the period of lease as per the lease agreement. For example, if the University builds a shed in leased land at a cost of Rs. 100,000 for a period of five years. Salvage value of shed after 5 years of use is Rs. 20,000. Annual amortization amount will be as follows:

Cost of shed	100,000
Less: Salvage value	20,000
Amount to be amortized	Rs. 80,000

Amount of annual amortization is the cost after salvage value divided by the life of the shed i.e. Rs. 80,000/5 = Rs. 16,000/year. Hence the shed has to be amortized by Rs. 16,000 annually.

336 The accounting entry for amortization will be as follows.

Amortization Dr.

To Leasehold property Cr.

(Amortization of leasehold property.)

9.12. Physical Verification

337 Physical verification of fixed assets has to be done in regular interval, if possible, otherwise, at least once a year. The physical verification is done by the physical verification team, which is composed of members from the PFS, FD, AD, and user department.

338 The team is responsible to prepare a physical verification report after completion of verification. The report should clearly note the assets which are in good condition and assets which are damaged, unusable, repairable and not repairable.

339 Physical verification report is presented to the higher authority. The report gives status of the assets at different locations and give suggestion for necessary action to be taken to dispose of or repair assets which are in usable condition.

9.13. Disposal or Auction of Fixed Assets

340 As per the fixed assets physical verification report, the management has to take decision regarding assets which are not in working condition. They should either be disposed of or repaired. Assets which are to be disposed of should be listed.

341 A valuation committee is formed to fix value of assets to be disposed. FAR is the basis for valuation of fixed assets. Disposal is done as per the Financial Regulation of the University. Assets disposed should be deleted from the FAR. The FD has to make entry in the books of account for assets disposed.

342 The accounting entry of disposal of assets will be as follows.

Bank or Cash	Dr.	
Accumulated Depreciation	Dr.	
Loss on disposal of Assets (in case of loss)	Dr.	
Asset (Gross Block)		Cr.
Profit on Disposal of Assets (in case of profit)		Cr.

(Disposal of fixed assets on loss or profit)

9.14. Fixed Assets Related Forms and Formats

Form 9-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Capital Goods Request Form

SN. …. ***Date:*** *……..*

Local Purchase/Import

Requested by: *……..……..*

SN	Specification	Code no	Qty	Est. Cost.	Other Cost	Total Cost	Budget Available	Remarks
1	2	3	4	5	6	7	8	9

Justification:

…….. *……* *……*

Prepared by *Checked by* *Approved by*

Notes to Capital Goods Request Form

Purpose: The Capital Goods Request Form (CGRF) is presented by the concerned department to the PFS to request for capital goods. The PFS provides the capital goods as required by different departments and if not available it will initiate the process for procurement. This format is also used for take over and hand over of fixed assets.

Originator : Concerned department

Signed by : 1. Person requesting the capital goods

2. Chief of the department

3. PFS

Copies : 3 (Three)

Distribution : First: FD

Second: PFS

Third: Book copy with concerned department

Source document (not limited to): Request from concerned department or person

Procedures :

1. The top part of the form provides necessary information about the requisitioner. CGRF number and date are written to keep record of the request.
2. The specification of the capital goods is written with its code number.
3. The estimated value of the capital goods requested is filled by the concerned department.
4. The budget available for the same is filled by the PFS for FD, if such capital goods have to be procured.
5. Justification for the requirement of such capital goods is explained by the concerned department.
6. If all the items requested could not be delivered at the time of request, the new CGRF has to be presented for goods not delivered. It is done if the request is not fulfilled within one week from the date of request.

Form 9-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Capital Goods Issued Form

CGIF No.: …. ***Date:*** *……..*

Class of Assets: ……..

Issued to: *……..……..*

CGRF No: ……..

SN	Specification	Code no	LF	Assets ID	Qty	Rate	Amt.	Location	Remarks
1	2	3	4	5	6	7	8	9	10

…….. *……*

Issued by *Received by*

Notes to Capital Goods Issue Form

Purpose : Capital Goods Issue Form (CGIF) is the record of issue of capital goods to different departments. On the basis of this document fixed assets are posted in fixed assets register with their code and location. This format is also used in case of take over and hand over of fixed assets.

Originator : PFS

Signed by : 1. Person issuing the capital goods

2. Person receiving the capital goods

Copies : 3 (Three)

Distribution : First: FD

Second: Receiving department

Third: Book copy with PFS

Source document (Not limited to): Request form

Procedures :

1. The top part of the form provides necessary information about the basis for issuing the capital goods. The form is given the serial number.
2. The item code and location of the capital goods issued are recorded in this form.
3. Cost and accounts code along with fixed assets identification number is posted in this form.
4. Ledger folio number of fixed assets register where the assets is recorded is given in LF column.
5. Different CGIF are issued for different group of assets, so that it can be entered in particular group of assets.
6. If all goods requested could not be made available at a time (within one week) of issue, fresh CGRF is to be filled and forwarded to the PFS.

Form 9-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Work in Progress Register

Contract No…… *Site No.: ……*

Project Name: …….

Start Date: …….. *Completion Date: ……*

Contractor: ……

Estimated Cost…….. *Contract Amount: ……* *Advance Provided: …….*

Advace Condition: ……

Bank Guarantee Amount: ……...

SN	Running Bill No.	Particulars	Labour	Material	Consultancy Fee	Total	Vat	Grand Total	Cumulative Balance	Remarks
1	2	3	4	5	6	7	8	9	10	11

……... *……* *……*

Prepared by *Checked by* *Approved by*

Notes to Work in Progress Register

Purpose : Work in Progress Register (WIPR) is the primary book of civil works. On the basis of this register FD books expenses made on civil works. Once the job is completed, it is booked in assets of such civil work.

Originator : CED or concerned department, Physical Facility Division

Signed by : Personnel form CED or concerned department.

Copies : 2 (two)

Distribution : First: FD

Second: CED or concerned department

Source document (not limited to): CED report

Procedures :

1. The top part of the form provides necessary information about the civil work, its value, the contractor and condition for providing advance.
2. The running bill presented by the contractor is checked by CED and posted in this register.
3. The cumulative balance column shows the value of work to be accounted as WIP. The remarks column will be used for payment made to the contractor against the invoice or any other matter.
4. If the construction has been done by the University itself details of labor, materials and consultancy fees will be given.
5. This register will be considered as control ledger for civil work. The FD charges the expenditure incurred in civil work as work progresses on the basis of this register and the report presented by the CED.
6. The WIP is booked as assets on the completion and commissioning of the job. Fixed assets identification number is given at this stage.

Form 9-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Repairs and Maintenance Request Form

RMRF No.:…… *Date.: ……*

Department: …….. *Date of Issue: ……*

Location: …….. *Fixed Assets ID: ……*

Account Code: ……

SN	Particulars	Net Block (book value of the assets)	Estimate	Budget	Actual Expenses	Remarks
1	2	3	4	5	6	7

Service Provider Details:

Name: …… ……. Contact: ……

Estimated Cost: ……

Goods Issued Date: …… Expected Date of Goods Delivery: ……..

Delivered Date: ……

……..	……	……
Prepared by	*Checked by*	*Approved by*

Notes to Repairs & Maintenance Request Form

Purpose : Fixed assets need regular repairs and maintenance to keep it in workable condition. Service for the repairs and maintenance of fixed assets is provided on the basis of Repairs and Maintenance Request Form (RMRF).

Originator : Concerned department.

Signed by : 1. Personnel preparing the Request

2. PFS

3. Personnel from concerned department who receive after maintenance.

Copies : 2 (two)

Distribution : First: FD

Second: PFS

Third: Concerned department

Source document: (not limited to): Request from concerned department / person

Procedures :

1. The top part of the form provides information about the repairs and maintenance work.
2. The specifications and net block value of assets (value after accumulated depreciation that is book value) is posted in the given column.
3. The estimated cost is posted in the column provided with the help of technician.
4. The document is approved by the PFS who assigns the job. (to the supplier if warranty period is not expired)
5. The bottom part of the form gives the details of service provider.
6. The form completed with all information and signatures of concerned persons is provided to the FD for necessary action and payment.

Form 9-5

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Fixed Assets Register

SN	CGIF no	Description	Date of use	Id	location	GV		Add/ (Del)			Dep		NB	Remarks
						Qty	Value	Dt	Qty	Value	DY	AD		

……..
Prepared by

……
Checked by

……
Approved by

Notes:

CGIF: Capital Goods Issue Form

ID : Identification Number

GV: Gross value of the assets

Dt: Date of addition or deletion

Val; Value

DY: Depreciation for the year

AD: Accumulated depreciation

NB: Net Block (Book value)

Notes to Fixed Assets Register

Purpose : Fixed Assets Register (FAR) is the primary book of entry of fixed assets of the University. All records of fixed assets are kept in this register as per the group of assets. Book value of assets of each group at a given point of time can be ascertained for FAR.

Originator : PFS

Signed by : PFS

Copies : 1 (One)

Distribution : First: PFS

Source document (not limited to): CGIF/CFRG/ Depreciation/Purchase and disposal of assets

Procedures :

1. Different sheets in the FAR are allocated for each asset as per the group of assets. CGIF number is posted as reference number of the assets entered along with its specifications, identification code and location.
2. Each addition or deletion of assets is posted in Addition/Deletion column with quantity and value. Disposal of assets are posted with quantity and value in negative sign ( ) in Addition/Deletion column.
3. Depreciation is computed each year as per the provision of Income Tax Act 2058. Accumulated depreciation is carried forward to the next year in the column accumulated depreciation.
4. Net value of assets after depreciation is computed and posted in the column Net Block (NB).
5. On the basis FAR, a summary of fixed assets schedule is prepared and forwarded to the FD for necessary entry in the books of accounts.
6. WIP is recognized as assets after the completion of job and the value of WIP is posted in addition column.

Physical Verification Sheet of fixed assets

The format presented for the physical verification of store is used for the physical verification of fixed assets also.

Form 9-6

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

VEHICLE/MACHINE LOG BOOK

Vehicle/Machine No. : …… *Type: ……* *Sheet No.: …….*

SN	Date	Traveler/ User	Division	Purpose	Start			End			Result		Fuel/ Maintenance /Service	Millage /Consu mption	Signature of user	Remarks
					KM/OR	Time	From	KM/OR	Time	To	KM/OR	Time				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Note: KM = Kilometer; OR = Other Reading

Signature: …… ***Name (Driver/Operator): ……*** ***Date: ……***

Notes to Vehicle/Machine Log Book

Purpose : Vehicle/Machine log book is kept to ensure proper utilization of vehicle/machinery. The application of these items and the purpose of application will be clearly stated in this book. On the basis of data entered in this book the efficiency of these items can be measured. It keeps the record of maintenance expenditure incurred for such items.

Originator : Operator of Vehicle/Machine

Signed by : The Operator.

Copies : 2 (Two)

Distribution : First: FD as supporting for payment of fuel and maintenance.

Second: The Operator

Source Document (not Limited to): Traveler's note/users note

Procedures :

1. Vehicle or machine number and type is written in the head of this form. Serial number, date, name of traveler/user. User department or division and purpose of use will be written in column 1, 2, 3, 4 and 5 respectively.
2. Column 6, 7 and 8 are allotted for start of odometer, time and place respectively. Column 9, 10 and 11 are used for recoding end number of odometer, time and destination respectively.
3. The column 12 gives the kilometer run which is the difference between column 9 and 6. Column 13 gives the time taken which is the difference between column 10 and 7.
4. Column 14 gives the quantity of fuel and other consumables refilled, service and maintenance done. The total millage run or machine time hour are summed up to the date of refueling, which will enable the analyst to compute the fuel consumption and maintenance and service required.
5. Column 15 is computed by dividing column 14 by column 12 which gives the kilometer run per liter of fuel. The ratio of column 13 and 14 gives the machine run in terms of time per liter of fuel consumed.
6. Column 16 is signed by the traveler or user of the machine.
7. There is a provision of remarks in column 17, if any.

Form 9-7

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Assets Disposal Form

Department: …… *ADF No.: ……*

Date: …… *Decision No.: ……..*

SN	Particulars	Code No	LF	location	ID	GB	Accumulated Depreciation	NB	Disposal or Auction Value	Realized Value	Remarks

…….. *……* *……*

Prepared by *Checked by* *Approved by*

Notes to Assets Disposal Form

Purpose : Assets Disposal Form (ADF) is prepared after physical verification report is presented. The purpose of this form is to get approval from the authorized person for the disposal of unusable assets. A valuation team ascertains the value of assets.

Originator : PFS & concerned department

Signed by : 1. PFS

2. Concerned department

3. Higher authority giving approval for auction or disposal

Copies : 3 (Three)

Distribution : First: PFS

Second: Concerned department

Third: FD

Source document (not limited to): Physical verification sheet/decision of concerned authority

Procedures :

1. As per the physical verification report this form is prepared. Name of the department, date and decision number of the disposal are written on the top of the format.

2. Description of assets along with its account code, assets identification number and location are posted in the respective columns. Ledger folio of the assets in the FAR is posted in the given column.

3. The gross block value, accumulated depreciation and net block value of assets after depreciation are posted in the respective columns.

4. The team formed for disposal of assets estimates the value of such assets. It is posted it in the given column. The actual value realized from disposal is posted in the next column. The whole process of disposal is followed as per Financial Regulation of the University.

Chapter 10

10. Advance Accounting

10.1. General

343 Amount provided to staff, students, suppliers, service providers etc. for specific purpose before the completion of assigned job is treated as advance. As the University adopts accrual basis of accounting, such advances cannot be booked in expenditure until the job is completed. Advances which are provided to staff for longer time period as per their request for their personal expenditure is treated as loan. Loan is recovered in installment as per the agreement.

344 Advance is provided to different persons involved in the operation of the University. They are categorized as per the nature of advances under different groupings.

10.2. Staff Advance

345 Staff advance is provided for different purposes. The details of different staff advances and their accounting treatment is described below.

10.2.1. Travel Advance

346 Travel advance is one of the common advances provided to staff for travel to different places (internal and overseas) for official purpose. It is provided as per the University guidelines for travel given in the Financial Regulation. Main documents for providing travel advance are given below.

347 **Travel order:** Travel order authorizes the staff to travel for the assigned purpose. Travel order is issued to staff by the concerned department head.

348 The purpose, destination and travel days should be clearly specified in the Travel Order (TO). The mode of transport is also specified in TO.

349 TO is approved by the authorized person well before the date of travel, so that the FD can arrange for travel advance on time.

350 The source of funding for the travel should be specified in the TO.

351 No fresh advance should be provided till old dues are settled.

352 **Travel advance:** The concerned staff forwards the request for travel advance along with the approved TO to the FD.

353 Travel advance is provided as per the estimated travel expenses for transportation, Daily Subsistence Allowance (DSA) and other incidental expenses (local transport, communication etc.).

354 The FD scrutinizes the personal account of the staff to insure s/he has no previous unsettled advance. It will make a note if there is any old unsettled advance.

355 After ensuring that the balance of advance of the staff is nil, the accounts section will provide advance amount. The accounting entry will be as follows:

Staff Advance Account Dr.

To Bank Cr.

(Travel advance provided)

356 If the advance has to be provided in foreign currency for foreign visit, it is necessary to take permit from Nepal Rastra Bank (NRB). Advance is provided in foreign currency at the selling bank rate of the day.

357 **Travel advance settlement:** Once the staff is back from travel s/he has to initiate for travel advance settlement. It has to be done within the period specified in section 8.1 of the Financial Regulation.

358 Travel Advance Settlement Form (TASF) is submitted along with all the supporting documents.

359 TO and advance request forms are part of travel advance settlement, without which the FD will not be able to settle advance.

360 If any amendment has been made in the TO the same has to be presented to the FD at the time of settlement.

361 If the advance is provided in foreign currency, unspent advance balance should be refunded in foreign currency or in equivalent national currency at the selling bank rate on the day of settlement.

362 The accounting entry of travel advance settlement will be as follows.

1. Expenditure (Travel, DSA, Other) Dr.

To Staff Advance Account Cr.

(Travel advance settlement)

2. Expenditure (Travel, DSA, Other) Dr.

To Staff Advance Account Cr.

To Bank Cr.

(Travel advance settled and excess expenditure paid to staff)

3. Expenditure (Travel, DSA, Other) Dr.

Bank Dr.

To Staff Advance Account Cr.

(Travel advance settled and excess advance recovered from staff)

363 Excess advance amount is deposited in the specified bank by the staff and the bank deposit voucher is presented to the FD at the time of accounts settlement.

10.2.2. Work Advance

364 Work advance is provided to staff for procurement of goods, payment of utility bills and any other expenses. The estimated cost for such expenses is presented by the concerned department or by the PFS to the FD.

365 Advance is provided by the FD as per the Purchase Order issued by the PFS after scrutinizing advance account of the staff.

366 Such advance has to be settled within the time period as specified in the Financial Regulation. If the advance is not settled on time, fine is charged as per the provision of Financial Regulation.

367 The FD settles such advance as per the GRN issued by the PFS or presentation of utility bill receipt. The certified invoice of the supplier is presented for advance settlement.

368 The accounting entry for settlement of advance is as follows:

1. Goods (inventory, utility expense) Dr.

To Staff Advance Account Cr.

(Work advance settled)

2. Goods (inventory, utility expence) Dr.

To Staff Advance Account Cr.

To Bank Cr.

(Work advance settled and excess expenditure paid)

3. Goods (inventory, utility expense) Dr.

Bank Dr.

To Staff Advance Account Cr.

(Work advance settled and excess advance recovered)

369 Excess advance amount is deposited to the specified bank by the staff and present the bank deposit voucher to the FD at the time of accounts settlement.

10.2.3. Salary Advance

370 Salary advance can be provided to staff as per the provision of Financial Regulation and directives issued by the University from time to time.

10.2.4. Other Loan to Staff

371 Other loan like vehicle, home, medical treatment, education, social loan can be provided to staff as per the provision of the Financial Regulation and directive of the University issued from time to time.

10.3. Advance for Student Activities

372 Advance is provided to a responsible staff (normally focal person) for different project and student activities. This is equivalent to Work Advance mentioned above.

373 This advance is provided as per the request of the concerned department. The request letter gives information about the purpose of advance and the tentative date of advance settlement. The limit of advance is ascertained by authorized authority of the University (Registrar). .

374 The accounting entry will be as follows.

Department (Focal Person and Activity) Dr.

To Bank Cr.

(Student activities advance provided to the department for student activity)

375 The concerned department should initiate for the settlement of such advance. FD will follow up for settlement of such advance with the focal person who has taken advance. If the advance is not settled on time fine will be charged as per the provision of the Financial Regulation.

376 Advance is settled by the FD on presentation of relevant documents. The list of documents to be presented for advance settlement will be specified by FD at the time of providing advance.

377 The accounting entry of advance settlement will be as follows.

Expenditure (Student Activity) Dr.

To Department (Focal Person and Activity) Cr.

(Student activities advance settled by the Department)

10.4. Advance to Suppliers

378 Advance is provided to the suppliers as per the provision of PO or contract. These advances are provided as mobilization advance.

379 The accounting entry will be as follows:

Party Dr.

To Bank Cr.

(Advance provided to supplier)

380 Mobilization advance is provided for large advances, normally for construction works. In order to secure such advances, bank guarantee is taken for the amount equivalent to advance.

381 Advance is settled as specified in the PO or terms of contract. If the advance is not settled on time fine will be charged as specified in PO or contract.

382 The credit controller of FD will be responsible for follow-up and recovery of advance.

383 Advance is settled from the running invoices of the contractor certified by the PFS. The final settlement will be made after deducting retention money (in case of construction) which will be refunded as per the provision of the contract.

384 The accounting entry for advance settlement will be as follows.

Expenditure (Construction) Dr.

To Contractor Cr.

To Retention Money Cr.

To Bank Cr.

(Payment made to contractor after deducting advance and retention money)

10.5. Advance Related Forms and Formats

Form: 10-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Travel Order(TO)No. …… Date: ……..

Personal details
Name Position Department /section Office/ School
Travel Detail
Purpose of travel Place and country Period Mode of transport
Extension of travel period (Document Attached) Reason for extension of travel
Source of fund
Advance Request Form (ARF) No: Travel allowance Daily Allowance Other
Previous advance balance
Remarks

Requested by	Recommended by	Approved by
Date	Date	Date
Travel extension approval		
Requested by	Recommended by	Approved by
Traveler's signature	Signature of School	Signature
Date	Date	Date

Note: The provision of advance settlement as per the provision of Financial Regulation is attached here with.

Notes to Travel Order

Purpose : Travel Order (TO) is prepared well before the date of travel for the approval of the concerned authorized person so that the FD can arrange payment of advance in time.

Originator : The Traveller

Signed by : 1.The Traveller

2. Concerned department

3. Higher authority giving approval for travel

Copies : 3 (Three)

Distribution : First: FD as supporting for payment voucher

Second: Concerned department

Third: The Traveller

Source document (not limited to): Travel invitation/travel plan of the School, department, if any

Procedures :

1. Personal details of the traveler should be written on the head of the form. It should be numbered for reference and for settling advance.
2. Information required in this form is filled by the traveler. Number of days, destination, purpose and mode of travel should be clearly filled in the form.
3. The source of fund for travel is filled in the form.
4. Amount of advance required by the traveler is filled.
5. The form is presented to the FD for authorization of travel advance. The FD will review the personal account of the traveler before providing advance. No new advance will be sanctioned if there are any old dues unless there is a genuine reason for not settling the advance.

Form: 10-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Advance Issue Form

T.O/ ARF no :	AIF No:	Date:
Account head		
Ch No		
Source of fund		
Amount in word		

Received by	Finance officer
Date	Date

Notes to Advance Issue Form

Purpose : Advance Issue Form (AIF) is prepared as evidence of advance payment and it is considered as the supporting document for the settlement of advance.

Originator : FD

Signed by : 1.Advance receiver

2. Finance officer

Copies : 2 (Two)

Distribution : First: FD as supporting for payment voucher

Second: Advance receiver

Source Document (not limited to): TO

Procedures :

1. AIF number is given to refer the same at the time of advance settlement.
2. TO number or Advance Request Form (ARF) number is given as reference number to verify the reason of providing advance.
3. Advance amount is written in number and figure.
4. Date of receipt of advance is clearly stated along with cheque number and account heads.

Form: 10-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Travel Advance Settlement Form

Travel allowance (A)				Daily Allowance (B)			Other (C)		Total Amt. (A+B+C)
Particular	Class	Rate	Amount	Days	Rate	Amount	Particulars	Amount	
From …to …									
Total									
Advance (Ref No)									
Balance									
Remarks									

The expenses of Rs. Mentioned is true. Any falsification will be the ground of punishment as per the KU rules and regulation.

……..	……..	……
Requested by	*Recommended by*	*Approved by*

Note to Travel Advance Settlement Form

Purpose : Travel Advance Settlement Form (TASF) is used for the settlement of travel advance. The travel expenses claim is presented along with all the supporting documents along with this form.

Originator : The Traveller

Signed by : 1.The Traveller

2. Concerned department

3. FD

Copies : 2 (Two)

Distribution : First: FD as supporting for advance settlement voucher

Second: The Traveller

Source Document (not limited to): TO/Advance issue form/DSA rate certification/expenditure bills

Procedures :

1. The traveller fills expenditures under travel allowance, daily allowance and other expenses along with all supporting documents.
2. If any change has been made in the travel plan the same has to be amended in the TO and approved after amendment with date.
3. The reference number of TO and Advance Issue Form has to be given on advance row of the form.
4. After computing the difference of advance provided and expenditure incurred the payable or receivable amount is ascertained and accordingly advance is settled.
5. The FD will prepare advance settlement voucher on the basis of this form as the supporting document.

Form-10-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Advance Request Form

ARF No.: *……..* ***Date:*** *……..*

Please provide following advance:

SN	Purpose	Estimated Cost	Estimated date of Completion of Job	Remarks

…….. *……* *……*

Requested by *Recommended by* *Approved by*

Notes to Advance Request Form

Purpose : Advance Request Form (ARF) is used for the purpose of requesting work advance. This form justifies the reason for providing work advance.

Originator : Person seeking work advance

Signed by : 1. Person seeking work advance

2. Concerned department giving approval

3. The higher authority

Copies : 2 (Two)

Distribution : First: FD as supporting for advance payment voucher

Second: Person seeking work advance

Source Document (not limited to): Expenditure plan

Procedures :

1. The person requesting advance prepares this form. It is given number and date for further reference.
2. The specification of work has to be clearly stated. Detailed estimated cost of the work and the estimated completion date has to be stated. If the details of work cannot be accommodated in the given column (purpose) a separate sheet can be attached.
3. The person requesting advance has to present this document at the time of advance settlement to the FD.
4. The FD will give remarks in the row provided for any outstanding old due, if any.
5. No advance will be provided if there are any old dues.

Form-10-5

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Advance Settlement Form

ASF No.: …….. ***Date:*** ……..

SN	Particulars	Code No	Ref No	Advance	Expenditure	Balance	Remarks

…….. …… ……

Requested by *Recommended by* *Approved by*

Notes to Advance Settlement Form

Purpose : Advance Settlement Form (ASF) along with the supporting evidence is presented by the person taking advance to the FD for settlement of his/her advance.

Originator : Person taking advance

Signed by : 1. Person taking advance

2. Concerned department giving approval

3. The higher authority

Copies : 2 (Two)

Distribution : First: FD as supporting for advance settlement voucher

Second: Person taking advance

Source Document (not limited to): Advance request form/ expenditure bills

Procedures :

1. Date and Advance Settlement Form (ASF) number should be written in the head of the form for further reference.
2. All expenses with supporting documents are presented with code number as per the Chart of Account.
3. Advance amount is posted in advance row with reference number of Advance Issue Form.
4. Balance amount of advance is computed to ascertain the amount of receivable or payable amount.
5. The FD makes necessary entry as per this form.

Chapter 11

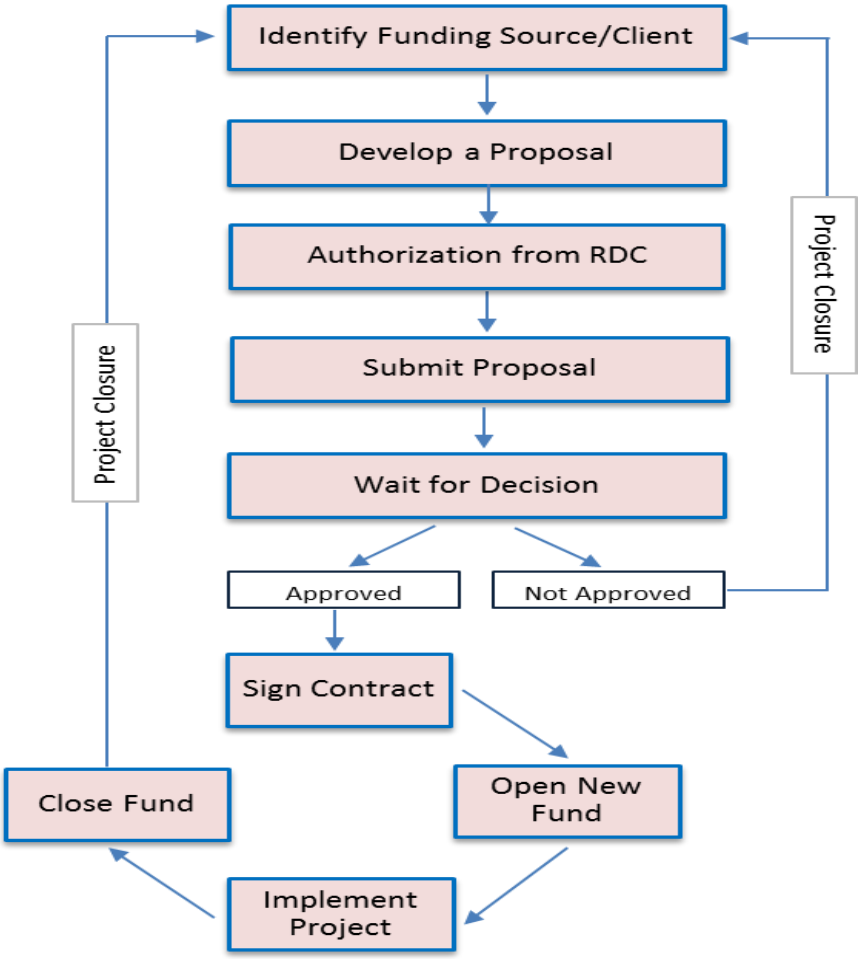
11. Project Accounting

11.1. General

385 This chapter deals with the accounting system and procedures of externally funded Project/Research under Research, Development and Consultancy (RDC) unit of the University.

386 Project Accounting system is an integral part of financial management system. It plays an important role in supporting the research and development environment at the University. It tracks sources of funding and expenditure incurred for different research projects. Each project with separate contract requires financial reporting to the donors for various activities of the project. Project financial reporting of the opening project funds, fund received and expenditure incurred during the reporting period and the closing fund balance is the basic reporting of the basic financial report. Some other activities like interest earned on the project fund is also reported in the project account.

Each project typically has the following activities flow



11.2. Project Phases and Activities

387 For the purpose of Project Accounting procedures, administrative and accounting activities have been classified in project phases as follows:

Phase	Activity	Accounting Activities
Start-up	- Networking - Proposal Writing/Submission - Negotiation - Award/Agreement	- Pre-project Expenses Accounting - Project Accounting Model Formulation
Operation	- Office Setup - Team Mobilization - Project Implementation - Other Tasks as per Agreement	- Fund Inflow/Receipt Accounting - Fund Outflow/Expenditure Accounting - Project NEEs Accounting

Maturity	- Project Finalization - Reporting - Other Tasks as per Agreement	- Accounts Closure - *Financial Reporting* - *Project Audit* - *Fund Balance Transfer* - *NEEs Transfer*

11.3. Project Accounting Procedures

11.3.1. Start-up Phase

388 **Pre-Project Exfpenses**: All expenses made before project award (e.g. source/client identification, networking, proposal development and submission) are accounted as normal expenses of the Directorate of the RDC.

389 The management decides a threshold amount (maximum) of expenses to be used for research. Pre-approval is required to make such expenses from the head of RDC.

390 These expenses are charged to prospective projects. It is necessary to made provision of these expenses in the annual budget of the RDC. (Note: these costs will be recovered from the research project through appropriate budget items).

391 The accounting transaction of these expense will as follows.

Expenses Account (Project - X) Dr.

Bank Account Cr.

Formulation of Project Accounting Model

392 Proposals have equal chance of success or failure. Project accounting model for successful projects needs to be finalized by the RDC at this stage.

393 **Case 1 (proposal successful and project awarded):**

394 Negotiation on the proposal, project award, signing of contract/agreement, finalization of working modalities will be the major activities in this case. The head of RDC will be responsible for all these works.

395 Project accounting model is formulated on the basis of terms and conditions specified in the project ToR and contract. Generally project contracts are of two types. They are:

a. Lump Sum Contract : A contract under which a principal (client) agrees to pay a contractor a specified amount for completing the work. Typically, in such contracts it is not necessary to provide detail breakdown of costs.

b. Reimbursable Contract (long term type): A contract under which allowable and reasonable costs incurred by a contractor in the performance of a contract are reimbursed in accordance with the terms of the contract.

396 If there is no specific terms and conditions for project accounting system, standard accounting policy and procedures of the University should be followed.

397 Pre-project expenses incurred during the proposal development and submission stage are charged to the project that has been awarded, provided such expenses are allowable cost.

Case 2 (proposal unsuccessful)

398 All pre-project expenses incurred during the proposal development and submission stage are transferred to the general expenses of RDC.

399 The accounting entry for transfer of expenses to approved project will be as follows:

Expenses (RDC)Dr.

Expenses (Project X) Cr.

400 The project is considered as closed and the expenditures incurred for the project are charged as Research and Development expenditure.

11.3.2. Operation Phase

Fund Inflow/Income Accounting

401 After signing the contract and finalization of accounting model, the RDC will finalize the bank accounting operational procedures.

402 Administration section of RDC will submit the following summarized project details to the head of RDC and FD:

Form no: 11-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

DIRECTORATE OF RESEARCH, DEVELOPMENT AND CONSULTANCY (RDC)

PROJECT – SUMMARY

Project Name	
Project Code	
Client	
Name of PI	
Date of Contract	
Effective date of Contract: *Start Date* *Completion Date*	
Source of Fund	
Total Fund	
Fund Disbursement Schedule	
Bank Account Details: *Bank and Branch* *Account No.* *Signatory*	
Deliverables and Reporting Schedule	
Special Conditions (mentioned in contract, if any)	
Prepared by: *Signature* *Name* *Date*	

403 Fund received from the project will be deposited in the non-operating bank account of the University. Such fund has to be accounted by account section of RDC as follows:

Bank (non-operating A/C) Dr.

Project ……. Fund Cr.

(Receipt of fund from the donor)

404 An operating bank account will be opened in the name of the Project. The signatory of the account will be as per the contract entered with the donor. Account section of RDC will complete all the required procedures of the bank account.

405 In the above case, the project fund is transferred to the project bank account after deducting specified overhead (if mentioned in agreement with donor) amount.

406 Accounting transaction of fund receipt will be as follows.

Bank (Project ……..) Dr.

Overhead Dr.

Bank (Non-operating A/C) Cr.

(Transfer of fund to the project operating account after deduction of overhead costs)

Fund Outflow/Expenditure Accounting

407 Project contract/agreement is the primary document, according to which project expenses are incurred.

408 Project expense should be made as per the terms and conditions prescribed in the contract/agreement and other project guidelines. Such expenses has to be accounted by accounts section of RDC as follows:

Expenses (project) Dr.

Bank (Project….) Cr.

(Expenses paid for project activities)

409 Project expenses and procurements of the project should be done in line with the Financial Regulations of the University.

Project NEE Accounting

410 RDC should follow the procurement procedures as per the Financial Regulation of the University for any purchase, including NEEs.

411 Account section of RDC has to maintain Fixed Assets Register in the prescribed format of the University given in Chapter 9, Fixed Assets.

11.3.3. Maturity Phase

Accounts Closure

412 Upon completion of the Project, account section of RDC is responsible for accounts closure. RDC should insure that all the terms and conditions of the contract/agreement have been adhered to. It should determine if there are any obligations or procedures that are required for termination.

413 Following activities should be accomplished as per the terms and conditions specified in the contract/agreement. If there is no specific terms and conditions then standard accounting policy of the University should be followed.

414 **Financial Reporting:** Accounts section of RDC has to prepare and submit financial report of the project to the head of RDC. S/he verifies the report and the same are forwarded to the FD and client (if required).

415 **Project Audit:** Project audit has to be audited by an independent auditor as per the terms and condition of the contract/agreement. Audit report should be submitted to the FD and client (if required).

416 **Balance Transfer:** If there are any funds and NEEs remaining after the completion of Project, RDC and FD will dispose of cash and the NEEs according to the terms and conditions in the grant agreement (i.e. either returned to the donor or transferred to the University).

11.4. Overhead Amount

417 Overhead amount is charged to the Project as per the decision of EC. This amount is agreed with the donor and stated in the contract document.

11.5. Periodic Accounts Reporting

418 Financial Statement of each project is prepared and submitted to the FD and donor, periodically. Periodic reporting date depends upon the project size, length of the project and project requirement given in the contract/agreement.

419 Project Accountant or Accounts Section of the RDC is responsible for preparing financial reports. Such reports are approved by the head of RDC.

420 Financial Report is submitted to FD, and the Client (if required). Reporting template will be as follow.

11.6. Project Related Forms and Formats

Form no: 11-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

PERIODIC PROJECT ACCOUNT REPORT

Project: ……..... Code: ……...

Start Date: ……..... End Date: ……...

Total Budget: ……... Fund Balance: ……

Team Leader/PI: ……...

Period: From ……..…..… to ……..……

Date of Preparation:……..

SN	Particulars	For the Period	Up to the Period
1	2	3	4
A.	**Fund Inflow/Source**		
A.1	*Opening Fund*		
A.2	*Fund Received*		
	Sub-Total (A)		
B.	**Fund Outflow/Application**		
B.1	*Project Revenue Expenses*		
B.2	*Project Capital Expenses*		
B.3	*Project Advance for Expenses*		
	Sub-Total (B)		
C.	**Fund Balance (A-B)**		
D.	**Balance Fund Represented by:**		
D.1	*Bank*		
D.2	*Cash*		
D.3	*KU Fund*		

……	……	……
Prepared by:	Checked by:	Verified by:
Project Accountant	Finance officer (RDC)	Head (RDC)
Date:	Date:	Date:

Notes to Periodic Project Account Reporting

Purpose : The purpose of this form is to report financial transactions of the Project to the concerned authority every quarter for projects that lasts longer than a quarter. Column 3 of this form will not be applicable for short term projects.

Originator: Project Accounts Section.**Copies** : 3 (Three)

Distribution: First: Head of RDC

Second: FD of the University

Third: Client/Donor (if required)

Source document (not limited to): Revenue and expenditure records

Procedures:

1. Information required in the form has to be filled by the Project Accountant.
2. Trial Balance of project financial transactions for the period and up to the period should be prepared.
3. **Opening Fund:** Fund balance from the previous reporting period is posted in this row of Column 3 (for the period column).
4. **Fund Received:** Fund received during the reporting period is posted in this row of Column 3. Fund received up to the period is posted in Column 4 (up to the period) of this row.
5. **Revenue Expenses:** Expenditures of recurring type is categorized under this heading. Expenditure for the period under this heading is posted in this row of Column 3. Expenditure up to the period is posted in this row of Column 4.
6. **Capital Expenses:** Capital expenditures are Non-Expendable Expenditures (NEEs) which lasts for more than a year. It is categorized under this heading. Total expenditure for the period under this heading is posted in this row of Column 3 and the cumulative expenditure is posted in Column 4 of this row.
7. **Project Advance for Expenses:** Advance provided to staff and suppliers for expenditure is categorized under this heading. Expenditure for the period under this heading is posted in this row of Column 3 and the cumulative expenditure amount is posted in Column 4 of this row.
8. The sub- total B gives the total of Fund Outflow/Application.
9. The difference of A and B gives the project fund balance as of the reporting date. Fund balance for the period and up to the period will be same.

10. The fund balance is represented by row D. The balance amount will comprise of cash, bank or in the University fund. The situation of using the University fund for the Project expenditure will arise when there is delay in receiving donor fund. Fund balance is verified by the Project Director and concerned PI of the project before forwarding the same to the FD of the University.

Project Variance Analysis Report:

Following report is prepared for each long term project exceeding the period of one quarter. It is a monitoring tool for the FD to verify if the project is moving as per plan or not.

Form no: 11-3

Project Variance Analysis Report									
Project: …… Code: ……..									
Start Date: ……... End Date: ……									
Total Budget: …….. Fund Balance: …									
Team Leader/PI: ……..									
Period: *From* ……..…… *to* ……..…… *Date of preparation:*									
SN	**Particulars**	**Total budget**	**Budget up to the Period**	**Budget for the Period**	**Expenditure up to the Period**	**Exp for the period**	**Variance up to the Period**	**Variance for the Period**	**Budget Balance**
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
	Expenditure Headings								
	Project Revenue Expenses								
	Project Capital Expenses								
	Project Advance for Expenses								
	Total								
…… Prepared by: Date:				…… Verified by: Date:					

Notes to Project Variance Analysis Report

Purpose : Project Variance Analysis Report (PVAR) is to report variance between budget and actual expenditure of a given project for each quarter. It is the monitoring tool for the management. The RDC and FD to review progress made in the implementation of the Project. This tool will raise early alarm if the deviation from the predetermined budget is significant. This report is presented along with the periodic project account report.

Originator: Project Accounts Section.

Copies: 3 (Three)

Distribution: First: Project Director

Second: Project PI and the Partner

Third: FD of the University.

Procedures:

1. The information required in this form has to be filled by the Project Accountant.
2. The project should prepare Trial Balance for the period and up to the period.
3. Total budget of the Project is presented in Column 1.
4. Budget up to the reporting period is presented in Column 2.
5. Budget for the reporting period is presented in Column 3.
6. Expenditure incurred up to the period is presented in Column 4.
7. Expenditure for the period is presented in Column 5.
8. Budget variance up to the period is presented in Column 6 in percentage.
9. Budget variance for the period is presented in Column 7 in percentage.
10. Budget balance for the rest of the project period is presented in Column 8.

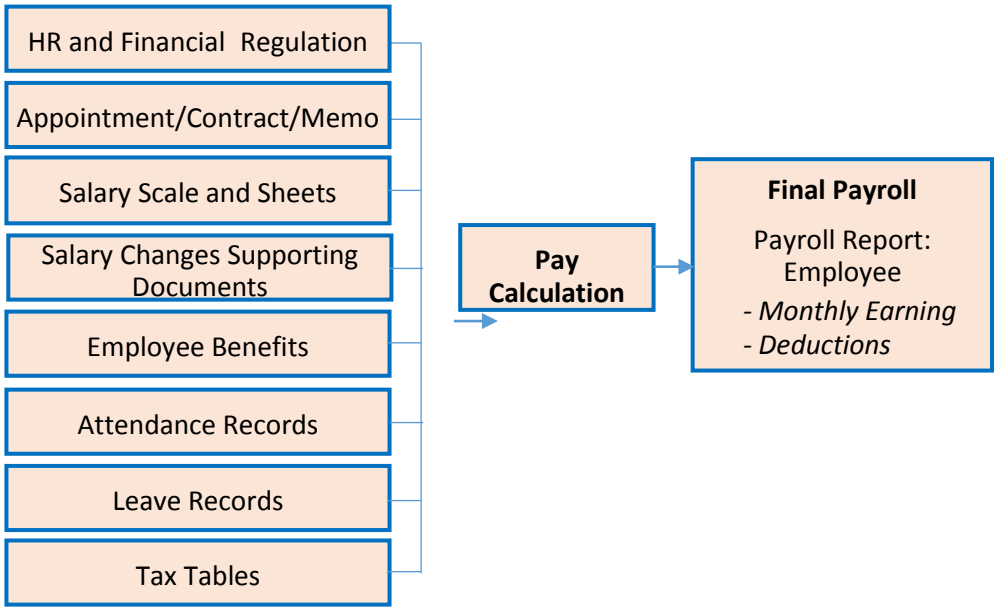
Chapter 12

12. Payroll Accounting

12.1. General

421 Payroll Services Unit of the University is responsible in preparing payroll, making calculations of employee benefits, deducing amount due for tax and amounts recoverable from salary, making pay checks, transferring fund for direct deposit of salary in the bank accounts of the employees.

422 This Chapter deals with the payroll-related accounts along with keeping records of attendance, leave and benefits, amounts to be deducted for any dues recoverable and finally disbursing payroll. The main objectives of the payroll system are recording of attendance correctly, timely computation and distribution of salaries and establishing proper internal control system of payroll accounting. The process of payroll involves verification of the Rules and Regulations, checking of records, preparing payroll and disbursement of salaries as shown below.



423 Accounting of payroll is important to keep payroll system effective so that payment to staff is made on time. In order to make timely payment to staff, recording of attendance and submission of time record to the FD in time is essential.

424 Calculation and preparation of correct payroll is important. Valuable time of Human Resource and General Service Section (HR) and accounts staff and the payee is wasted if payroll is not prepared correctly. This requires correct recording of attendance, leave, timely communication of new appointments and revision of salary and allowance, information on unsettled staff advances etc. Proper control system should be in place to control unpaid salary.

12.2. Attendance Record

425 Attendance record is the evidence of staff being present on duty. KU has already installed electronic attendance system (biometric signature) in all Divisions and sections of the Central Office and Schools.

426 All employees should register their signature (thumbprint) at the time of entry and departure. It is a secure system as the proxy person cannot put thumbprint attendance on behalf of any other person. Attendance record is prepared on the basis of this record.

427 HR is responsible to manage the attendance records. Similarly administration section of the concerned Schools and Department manages the attendance records of their schools and provide periodic reports to HR Division (as necessary).

428 Attendance Record of employees on official visits and tour has to be noted from the TO.

429 Name of employees has to be removed/suspended after the completion of service tenure/contract period from the electronic attendance.

12.3. Leave

430 Employees are entitled to different types of leaves as per the rules of the University. Leave is sanctioned on the basis of provisions prescribed in the Financial Regulation.

431 Annual leave is not the right of staff. The management can reject leave request if s/he cannot be spared from duty.

432 Approval of leave should be taken before utilizing leave except in the case of unexpected sick leave. Approval of sick leave should be taken as soon as possible.

433 HR is responsible in keeping records of leave of the employees. The leave record should be updated every month.

12.4. Preparation of Payroll

434 There are three types of Payroll depending upon the nature of service.

- Regular Salary
- Project Salary/Research Remuneration
- Wage Sheet

12.4.1. Regular Salary

435 FD and HR Division of the University prepare payroll jointly for regular staff in the prescribed format.

436 Financial Regulations, salary scale, appointment/contract, and attendance and leave records are basis for payroll preparation.

437 Payroll Sheet is prepared every month which is approved by the Head of HR .

438 Concerned HR/Admin Section of all Schools, Divisions and Central Office should send the attendance record to HR. It is prepared by a staff who has been delegated this responsibility and verified by the Head of the Department.

439 HR compiles the records received from different sections, schools and Divisions and finalize it every month in the prescribed format

440 Payroll preparation starts immediately after receiving attendance record from the respective sections.

441 HR completes required fields of the Payroll Sheet and forwards it to the FD for advance (and others - if any) adjustments and tax calculation.

442 FD records advance amount recoverable (and other adjustments - if any) and calculates tax liability then forwards it to HR Division for final approval.

443 HR forwards the final approved payroll sheet to the FD for processing the payment.

444 FD deposits salary directly in the bank account of individual staff as per the approved payroll sheet.

12.4.2. Project Salary/Research Remuneration

445 RDC prepares payroll in close coordination with FD for the Project salary and research remuneration in the prescribed format.

446 Grant agreement documents, terms and conditions of agreement, time sheet of project employees (staff/consultants) are the basis for payroll preparation.

447 Project employees should complete a work/time sheet in the prescribed format every month. It should be approved by the Team Leader (TL), Principal Investigator (PI) of the project/research.

448 Payroll Sheet is prepared every month and it should be approved by the Head of RDC.

449 Accounts Section of RDC prepares initial payroll of the project and forwards it to the FD for any adjustment (as per the Financial Regulation and other policies).

450 FD makes adjustments (if any) and forwards it to the RDC for finalization and approval.

451 FD of RDC deposits salary directly in the bank account of the employees.

452 Pay slip should be provided to each employee (staff/consultants) with details of salary and deductions. Payroll is prepared using the accounting software and it also prints individual payroll without much effort. During the process of preparing the payroll, it is necessary to verify the Subsidiary Ledger of staff advance. Any overdue advance is deducted from salary.

453 All the deductions (as per the rule and policy) from salary should be done before finalizing payroll sheet otherwise amount to be deducted will remain unsettled.

12.4.3. Wage Sheet

454 FD and HR Divisions of the University prepares wage sheet jointly for wage payment to the individuals hired on wage basis (or Labor) in the prescribed format.

455 Staff Regulation, Financial Regulation, wage rate, decision to hire employee, attendance records are the basis for wage sheet preparation.

456 Wage sheet is prepared and completed on monthly basis and each form has to be approved by the Head of HR.

457 HR compiles the attendance records of wage based employees from different Sections, Schools and Divisions and finalizes wage payroll on monthly basis in the prescribed format.

458 HR completes required fields of the Payroll Sheet and forwards it to the FD for advance (and other - if any) adjustments and tax (social benefit) calculation.

459 FD records advance recoverable (and other adjustments - if any), calculates tax liability and then forwards it to HR for final approval.

460 HR returns the approved Payroll Sheet to FD for making necessary payment process.

12.5. Deductions

461 Following deductions will be made before finalizing payroll:

a. Salary advance as agreed in the advance approval application and policy of the University.

b. Work advance not settled after the completion of work. Deduction from monthly salary is done as decided by the concerned Head of the Division. Unspent work advance balance is normally refunded at the time of settling it but only in the exceptional circumstances it is deducted from the payroll.

c. Income tax is deducted from monthly salary as per the prevailing Income Tax Act of Nepal. Such deduction should be deposited in the concerned tax office within the prescribed time.

d. Unauthorized leave or leave without pay is deducted from the monthly salary. Salary of staff who have joined during the month is computed on pro rata basis.

e. PF deductions should be done every month and deposited with the Employees Provident Fund as per the Financial Regulation of the University. Records of staff who have opted to make contribution in the Citizen Investment Trust (CIT) should be properly kept. These deductions should be deposited in time so that staff do not lose interest due to delay in making deposits.

f. Other deductions to be made for various facilities provided to staff should be deducted.

12.6. Accounting treatment

462 The accounting entry of payroll management is as follows.

463 For recording of salary payable at the end of the month.

Salary		Dr.
Allowances		Dr.
P F Contribution		Dr .
	PF Payable	Cr.
	Income Tax	Cr.
	CIT	Cr.
	Other Deductions	Cr.
	Bank	Cr.

(Payment of salary, PF, allowances and recording of deductions i.e. advance, CIT, other facilities etc.)

12.7. Payroll Related Forms and Formats

Form no: 12-1

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

MONTHLY PAYROLL SHEET - REGULAR SALARY

Sheet No. : …… ***Payroll Period: ……. to ……***

SN	Staff			Salary					Allowance					Total Compensation	Deductions						Total Payable	Income Tax	Payment
															Regular			Other					
	Name	Designation	Department Code	Basic Salary	Grade			Total	Dearness	Dashain	PF	Other	Total		PF	MI	CIT	Advance	Other	Total			
					No.	Rate	Amount																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24

Prepared by: ……. ***Checked by: …….*** ***Approved by: ……***

Note - *Fill column no. 1 to 18 by HR Division; and column no. 19 -24 by Finance Division*

Notes to Payroll Sheet - Regular Salary

Purpose : Payroll Sheet (PS) is prepared to calculate monthly salary payable to employees correctly and in time.

Signed by :
1. HR Officer/Finance Officer - Preparer
2. Chief of FD - Checks
3. Chief of HR - Approves

Originator : HR and FD jointly.

Copies : 2 (Two)

Distribution : First: HR
Second: FD

Source document (not limited to): Personnel files of employees, attendance record.

Procedures :

1. Payroll has to be prepared in time in order to distribute salary in time.

2. The details like name of the staff, designation, section, code number of staff etc. are clearly written in the Payroll.

3. Information on total the number of days worked is taken from the attendance record received from the respective sections.

4. Amount of basic salary, grade, total salary, allowances and total gross salary are written in the earnings column. Any amendment in the salary scale or allowance has to be referred to the decision of the management.

5. Amount of deductions like provident fund, income tax, advance, PF loan, contribution to CIT, others and total amount are written in the deduction column.

6. Gross salary less total deductions is the net amount of salary payable.

7 After payment of salary or deposit of salary in the bank, the copy of the payroll will be attached with the Journal Voucher.

8. Pay slip should be provided to staff for their record in two copies and the one has to be returned to FD with the signature of the employee as record of acceptance.

Form no: 12-2

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

ATTENDANCE RECORD

Sheet No. : …… ***Record Period: ……. to ……***

SN	Name	Designation	Department Code	Days in the Period				Over Time	Total HRs Worked	Leave Taken											Accumulated Leave		Remarks
				Total	Weekend	Holiday	Working			Casual	Sick	Home	Maternity	Mourning	Sabbatical	Extra-ordinary	Study	Total	Paid	Unpaid	Home	Sick	
1	2		3	4	5	6	7		8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

Prepared by: …… ***Checked by: ……*** ***Approved by: ……***

Notes to Attendance Record

Purpose : The purpose of the Attendance Record (AR) is to correctly prepare the monthly payroll of the employees.

Signed by :
1. HR Officer
2. Chief of HR
3. Registrar

Originator : HR after receipt of attendance record from the respective Schools, Divisions and Sections.

Copies : 3 (Three)

Distribution : First: FD
Second: HR
Third: Respective Schools and Divisions

Source document (not limited to); Attendance and leave record.

Procedures :
1. The Attendance Record Sheet (ARS) is completed during each pay period.
2. Days worked within each pay period are recorded, in the Attendance Record along with any leave taken.
3. Overtime worked within the pay period has to be duly approved before it is included in the Payroll.
4. Time and Attendance Sheet has to be signed by the employee and supervisor certifying that they are correct.
5. Time and Attendance Sheet are submitted to Payroll Section as per the due date schedule.

Form no: 12-3

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

WAGE SHEET

Sheet No. : …… ***Wage sheet Period: ……. to ……***

SN	Name	Department Code	Basic Wage			Overtime			Total Wage	Deductions		Payment	Signature
			Days	Rate	Amount	Hour	Rate	Amount		Advance	Income Tax @1%		
1	2	3	4	5	6	7	8	9	10	11	12	13	

Prepared by: …… *Checked by: ……* *Approved by: ……*

Note - *Fill column no. 1 to 10 by HR Division; and column no. 11 -13 by Finance Division*

Notes to Wage Sheet

Purpose : The purpose of the Wage Sheet (WS) is to calculate monthly wage payable to wage based employees.

Signed by :
1. HR /Finance Staff - Prepare
2. Chief of FD - Checks
3. Chief of HR - Approves

Originator : HR and FD jointly.

Copies : 2 (Two)

Distribution : First: HR
Second: FD

Source document (not limited to): Personnel files of the employees.

Procedures :

1. Wage sheet is prepared in order to distribute labor hired on the daily wages basis.

3. Information on total number of days and over time (hour) worked is taken from the attendance record received from respective sections.

4. Total wage less total deductions is the net amount of wage payable.

5. Employee should sign it when payment is made.

5. After payment of wage, copy of the wage sheet is attached with the JV.

Form no: 12-4

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

LEAVE RECORD SHEET

Sheet No. : …… ***Year: ……..***

Name of Employee: *……..* ***Designation:*** *……..* ***Date of Employment:*** *……/ ……. /……*

Department: *……* ***Department Code:*** *……*

Month	LEAVE (E = Earned; U = Used; C = Cashed; B = Balance)																																Remarks
	Casual				Sick				Home				Maternity				Mourning				Sabbatical				Extra-ordinary				Study				
	E	U	C	B	E	U	C	B	E	U	C	B	E	U	C	B	E	U	C	B	E	U	C	B	E	U	C	B	E	U	C	B	
Opening Balance																																	
Month - 1																																	
Month …..																																	
Month - 12																																	
Closing Balance																																	

Prepared by: *……* ***Checked by (Employee):*** *……* ***Approved by:*** *……*

Notes to Leave Record

Purpose : Leave Record (LR) shows the total number of days leave has been utilized by the staff and the balance of (outstanding) leave. It is not possible to find out the status of leave if this record is not kept up to date.

Originator : Administration sections as soon as new staff is recruited.

Signed by :
1. Leave record keeper
2. Employee after verification of leave
3. Chief of HR

Copies : 1 (One)

Distribution : First: Personal file of staff.

Source document (not limited to): Personnel file of employees

Procedures :
1. Leave Record is prepared for one year which shows leave status for each month.

2. Different types of leaves are recorded in the respective columns of this form.

3. Current month's earned leave is added to previous month's leave balance and current month's leave utilization is deducted to arrive at unutilized balance of leave.

4. Accumulated leave balance of the previous year is carried forward to the LR of the following year.

5. The purpose of getting the signature of the staff in this form is to confirm the leave taken by the concerned employee. It makes him/her aware of leave taken which will help to avoid confusion regarding leave record.

Form no: 12-5

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

DIRECTORATE OF RESEARCH, DEVELOPMENT AND CONSULTANCY

WORK/TIME SHEET

Name of Project: ……..

Name of Consultant/Employee: …… ……..

Designation: ……..

Month/Year: ……./……

Dates	HOME INPUT (Hours) [1/]	FIELD INPUT [2/]		Total Hours Worked [3/]	Short Description of Work
		Hours	Location		
Total (Hours)					
Total (in person-month)					

Up to date leave record

Accumulated leave		Leave entitled during the month		Leave taken during the month	
Annual leave	Sick leave	Annual leave	Sick leave	Annual leave	Sick leave

[1/]For periods of less than one person month in the home office the calculation is on the basis of 175 hours per month (i.e. 7 hours = 1/25 of month (0.0454)

[2/]For periods in the field of less than one person month the basis of calculation for one calendar day is 1 day = 1/30 of a month (0.0333)

[3/]As specified/agreed in the Contract Agreement, total working hours in a day should not exceed the limit that agreed.

Prepared by: …… Checked by: …… Approved by: ……

Notes to Work/Time Sheet

Purpose : The purpose of Work/Time Sheet is to calculate monthly input of the employee and consultants engaged for the Project implemented by RDC.

Signed by :
1. Employee/consultant
2. Project person (as per project agreement or assigned person)
3. Principal Investigator or Authorized Person

Originator : Concerned Project employee/consultant as per his/her contract document and input details

Copies : 1 (One)

Distribution : First: Accounts Section of the Project

Source document (not limited to): Work/Time Sheet

Procedures :
1. Every employee/consultant of the respective Project has to fill up the monthly work/time sheet.
2. Information about the name of project, employee name, designation should be clearly written.
3. Daily input details (such as home, field, location, total hours worked, short description of work) are recorded, along with any leave taken within the pay period.
4. Duly signed Work/Time Sheet is submitted by the employee to the concerned project officer who should check and forward to PI for approval.
5. Approved WTS are submitted to the Accounts Section of project for preparing the payroll.

Form no: 12-6

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

DIRECTORATE OF RESEARCH, DEVELOPMENT AND CONSULTANCY

PAYROLL SHEET - PROJECT SALARY/REMUNERATION

Sheet No. : …… ***Payroll Period: ……. to ……***

S N	Employee	Designation	Project Code	Remuneration			Other Facility	Total	University Adjustment	Balance	Tax	Advance	Payment	Signature
				Rate	Input	Amount								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	

Prepared by: ……. ***Checked by: …….*** ***Approved by: ……***

Note - Fill column no. 1 to 9, 13 and 14 by DRDC; and column no. 10 -12 by Finance Division

Notes to Payroll Sheet - Project Salary/Remuneration

Purpose : The purpose of payroll is to calculate monthly salary payable to employees under different project and research works.

Signed by :
1. Project Accountant
2. Head of RDC
3. Principal Investigator or Authorized Person

Originator : Finance section of RDC after receipt of attendance record from the respective sections.

Copies : 3 (Three)

Distribution : First: Finance Section of RDC
Second: Project document file
Third: FD

Source document (not limited to): Work/Time Sheet.

Procedures :
1. Payroll is prepared in order to distribute salary/remuneration of the Project on time.
2. The details of name of the staff, designation, project code, remuneration rate, input etc. has to be clearly written.
3. Information on total number of days worked has to be taken from the work/time sheet received from the respective sections (project administration).
4. Finance section of RDC should forward draft payroll after computing gross salary payable to finance division for any adjustment.
5. Deductions like project advance, personal advance, any other adjustments, tax deductions are made before finalizing payroll.
6. Gross salary less total deductions is the net amount of salary payable.
7. Employee has to sign it when payment is made.
7. After payment of salary or deposit of salary in the bank, the copy of the payroll is attached with the JV.

Chapter 13

13. Budget

13.1. General

464 Budget is the reflection of activities to be carried out by the University in financial terms. The University has a practice of preparing budget for a financial year before the beginning of the new financial year. During the course of its preparation and approval, it is discussed with different stakeholders and issues raised by them are accommodated in the budget, as far as possible, so that it becomes an implementable document for monitoring and evaluation.

465 Budget is used as a financial tool to monitor and evaluate the activities of the. The FD is responsible in evaluating the application of budget. It closely monitors income and expenses against the budget (over and under the approved budget). The reason of such differences is analyzed to assure that the predetermined activities of the University are performed as per plan.

466 Budget preparation process is participated by all units of the University. It is then compiled by the FD and presented to the University Council (UC) for its approval as per the Financial Regulation.

13.2. Revenue Budget

467 Annual forecast of income generated from different activities of the University is determined by the respective cost centers (Faculties and Schools). The same will be computed and compiled by the FD to forecast the annual revenue. The budget preparation process follows bottom up approach. All cost centers provides necessary information as per their activity plan to the FD which will then compile and finalize the operating revenue budget.

13.2.1. Operating Revenue Budget

468 Revenue generated through operating activities of the University is categorized under operating revenue e.g. See details in Chapter 5 -Revenue Accounting.

469 In order to determine the operating revenue, different departments the Schools prepare a student intake plan for their respective programs. The fee rates are determined for the forthcoming session and the total revenue for the year is

calculated based on the estimated intake of students. The FD collects revenue estimates made by different faculties of all Schools and compiles to consolidate total amount of operating revenue for the year.

470 The other regular types of revenue are affiliation fee and others which is computed on the basis of information provided by the concerned departments. Total amount of operating revenue is presented under the budget line given in the CoA.

13.2.2. Non- Operating Revenue Budget

471 Revenue generated by activities other than operational activities are categorized as non- operating revenue. The breakdown of non-operating budget heads are given in Chapter 5 Revenue Accounting. They are project revenue, interest earnings, miscellaneous sales, forfeiture of deposits, penalty, other receipts. Project revenue details are provided by the Directorate Research, Development and Consultancy (RDC) as per the consultancy agreement and project contract/agreement. Other revenue are calculated as and when they are received or due of receipt.

472 The FD compiles all the documents provided by concerned cost centers and prepare Non-operating Revenue Budget.

13.3. Expenditure Budget

473 Forecast of expenditures for the forthcoming year is done by the respective cost centers as per their activity plan. Forecast of expenditure should be done on a common basis e.g. actual expenditure of the previous year can be common basis for forecasting expenditure. Expenditure forecast should take into account rate of inflation and any other expenses not incurred in the previous year.

474 If any new expenditure heading needs to be created and budget is to be allocated, zero based budgeting approach can be applied to calculate budget under this new budget head. Expenditure budget is classified under recurring and non-recurring expenditure heads as described below.

13.3.1. Recurring Expenditure Budget

475 Recurring expenditures are those expenses which are incurred every year and they are repetitive in nature. The recurring expenditures are of two types as explained below.

13.3.2. Operating Recurring Expenditure Budget

476 Expenditures which are incurred to generate operating revenue are categorized as operating expenditure e.g. salary, water and electricity, communication, printing and stationary, fuel, rent, salary, repairs and maintenance, refreshment etc. are examples of Operating Recurring Expenditure.

477 Budget for recurring expenditures are compiled by the FD from the information provided by different cost centers. The budget heads for these expenses is allotted as per the accounts code defined in the CoA.

478 Budget for provisional expenditures like leave payment, staff gratuity, depreciation should also to be prepared. Such expenses are provisioned on the basis of estimates by the cost centers.

479 The Operating Recurring Expenditure budget is of two types: the variable recurring budget and fixed recurring budget. Expenditure which are directly related to revenue are called variable, because it varies as per variance in revenue. Expenditures which has to be incurred irrespective of revenue generation are called fixed expenses e.g. rent, staff salary depreciation and amortization etc.

13.3.3. Non- Operating Recurring Expenditure Budget

480 Recurring expenditures incurred for non- operating revenues like in projects fund, grants, research and developments are categorized as non-operating recurring expenditure and budget for the same is called Non-operating Recurring Expenditure Budget.

481 Non-operating Recurring Expenditure Budget is prepared as per the planned activities and the budget agreed in the agreement entered with the donors.

482 Information regarding recurring expenditure is provided to the FD form different units of the University for the Compilation of budget.

13.3.4. Non- Recurring Expenditure Budget

483 Expenditures which are of not repetitive types are categorized under Non-recurring Expenditure Budget and they are called capital expenditures. These expenditures are essential to generate revenue from their use. Without such expenses, operation of the entity is not possible.

484 The University has a Master Plan and the development of the infrastructure takes place on the basis of this plan. Annual procurement plan is provided by the PFS. Cost estimate and plan for infrastructure development is provided by the concerned department to the FD. The FD incorporates the same in the budget under non-recurring expenditure budget.

485 Budgeting for non-recurring expenses is done on the basis of the Strategic Plan of the University. This plan is the basis for different departments to identify the need for non-recurring expenses (capital goods/fixed assets). Information about the requirement of capital goods is provided by the concerned department to the FD which is responsible for compiling Non-Recurring Expenditure Budget (capital budget) on the basis of such information.

486 The donor funded non-recurring budget is prepared as per the contract/agreement signed with the donor.

13.4. Cash Budget

487 Cash budget is the estimation of cash inflow and outflow for the given period. Revenue of the University is the source of cash inflow and various expenditures are cash outflow.

488 Annual forecast of cash inflow and out flow is broken down into 12 months to determine amounts of monthly cash flows. This helps the University manage cash in time which ensures uninterrupted operation of the University activities.

489 If there is an indication of cash deficit then additional efforts will be made in expediting revenue collection. If the deficit persists then arrangement has to be made to take short term loan. Any cash surplus needs to be applied in making short/long term investments to generate interest.

490 In the case of externally funded projects, if the surplus fund arises then the reason for having surplus fund should be analyzed. The reason could be due to delay in the implementation of project activities as per the stipulated time table given in the agreement. If the Project has faced deficit of fund, the FD has to check total expenditure against the budget. FD will have to submit request for the release of further installment if there is shortage of fund and such fund is due to be received as per the contract/agreement.

13.5. Budgetary Control

491 Budget is one of the control mechanisms to ensure that the annual plan of the University has materialized or not as per the financial criteria. This is a financial tool, with the help of which the FD and the management analyzes the financial performance. The FD allows to make expenditures within the limit of the budget ceiling while approving the expenditures.

492 Budget serves as the guiding tool to different departments for maintaining financial discipline. This tool makes the cost centers responsible in performing as per plan and meeting revenue target. It also serves as the guidance to the management for future planning.

13.5.1. Budget Variance Analysis

493 Budget variance analysis is one of effective budgetary control tools. The actual figures of revenue and expenditures are compared with the budgeted figure. The deviation from budget is analyzed at least once in every quarter.

494 On the basis of this analysis the FD provides suggestion to the management for taking corrective action to achieve the objective as planned in the budget.

495 This analysis is the basis for the management to make decision for budget revision. The budget transfer from one head to another can be done on time as per the provision of the Financial Regulation. Budget revision is to be done if the revenue collection is not as per plan and actual expenditure is not in line with budget. Priority of expenditure is rescheduled as per the availability of resource in the budget revision.

496 If some unplanned expenditure has to be incurred during the year, provision can be made in the Supplementary Budget. Source of fund has to be identified for such expenditure and budgetary arrangement can be made as per the provision of the Financial Regulation.

497 Unspent budget balance at the yearend has to be reviewed and explanation should be provided for such balance. If the reason of such unspent balance is satisfactory, it will not affect the budget estimation for the coming year. Unspent balance of non-recurring budget (capital budget) can be carried over to the next year.

13.6. Budget Related Forms and Formats

Form no 13-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Budget Work Sheet

BWS No…… *Date: ……*

School: …….. *Department: ……..*

Financial Year: …….. *Budget Line: ……..* *Account Code: ……*

SN	Particulars	QTY	Rate	Amount													Remarks
				1	2	3	4	5	6	7	8	9	10	11	12	Total	

…….. *……* *……*

Prepared by *Checked by* *Approved by*

Note to Budget Work Sheet

Purpose : Budget Work Sheet (BWS) is the basis for budget preparation. Details for preparing revenue and expenditure estimate are provided by different departments of the Schools. School will compile the documents to prepare budget for the School.

Originator : Different departments of Schools and cost centers.

Signed by :

1. Preparer
4. Department Head
5. School Head

Copies : 3 (Three)

Distribution : First: Concerned school or cost center

Second: FD

Third: Department preparing the BWS

Source document (not limited to): Revenue Plan/ Market Price analysis

Procedures :

1. The BWS should have the budget heads as per the Chart of Account so that the comparison of the budgeted figure with actual figure can be easily made. The account codes are written in the sheet.
2. The estimate of budget line item is prepared for each budget head stating quantity, rate and amount. The details are entered in the corresponding months so that the School can prepare budget as per its activity spreading over the whole year for each month. Monthly budget amount will help to compare with the actual amount periodically.
3. The budget head has to be grouped as per the groups specified in the text presented above e.g. operating revenue, non-operating revenue, operating recurring expenditure, non-operating recurring expenditure, non-recurring expenditure.
4. Budget has to be prepared taking into consideration of previous period's budget utilization and budget variance report.

Form 13-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Budget Sheet

For the Period ……

BWS No…… *Date: ……*

School: …….. *Department: ……..*

Financial Year: …….. *Budget Line: ……..* *Account Code: ……*

SN	Acc Code	Particulars	Budget Previous Year	Amount by Month													Remarks
				1	2	3	4	5	6	7	8	9	10	11	12	Total	
A		**Revenue**															
		Total - A															
B		Expenditure															
B.1		Recurring															
B.2		Capital															
		Total - B															
		Grand Total (A+B)															

……..
Prepared by

……
Checked by

……
Approved by

Notes to Budget Sheet

Purpose : Budget Sheet (BS) is prepared by the department for their respective Schools. The School prepares its budget on the basis of budget sheet provided by the department. The FD prepares budget for the University as a whole on the basis of these Budget Sheets.

Originator : Different schools.

Signed by :

1. Preparer
2. Department Head
3. School Head (Dean)

Copies : 3 (Three)

Distribution :

First: Concerned School or cost center

Second: FD

Third: Department preparing the Budget sheet

Source Document (not limited to): Budget Work Sheets

Procedures :

1. The Budget Sheet is the compilation of the BWS. The work sheets of same budget head are clubbed for each month to prepare the budget for the department.
2. The Schools prepare their budget on the basis of budget presented by different departments of the School and the same is forwarded to the FD.
3. The budget of the previous year is also presented in the budget sheet to compare the budget with past amounts.
4. The budget heads are coded with accounts code as defend in the CoA.

Form no: 13-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Consolidated Budget Sheet

For the Period ……

SN	Acc Code	Particulars	Schools								Total	Remarks
			1	2	3	4	5	6	7	8		

……..
Prepared by

……
Checked by

……
Approved by

Notes to Consolidated Budget Sheet

Purpose : The Consolidated Budget Sheet (CBS) is prepared by the FD for all Schools and the University as a whole. On the basis of this document the University prepares its annual budget for presentation in the Council.

Originator : FD of the University.

Signed by :
1. Preparer
2. Department Head
3. Higher authority of the University

Copies : 3 (Three)

Distribution :
First: Administration department
Second: Finance Division
Third: All Schools

Source Document (not limited to): Budget sheets form different departments and Schools.

Procedures :

1. All the budgets forwarded by different Schools are consolidated in one sheet.
2. The budget of the University as a whole is presented in the Total column of this sheet.
3. The total of all columns gives the annual budget of the University as a whole for the financial year.
4. On the basis of this consolidated budget the budget summary sheet is prepared to present in the Council meeting for approval.

Form 13-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Budget Summary Sheet

For the Period ……

SN	Acc Code	Particulars	Actual Expenses (Previous Year)	Budget (This Year)				Estimated for Next FY	Remarks
				Approved	Actual of 6 Months -1	Revised Estimated for 6 Months-2	Total (1+2)		

……..
Prepared by

……
Checked by

……
Approved by

Notes to Budget Summary Sheet

Purpose : Budget Summary Sheet (BSS) is the final annual budget of the University. It is distributed to all stakeholders after approval by the Council.

Originator : FD of the University.

Signed by :
1. The University Council
2. FD
3. Higher Authority

Copies : 3 (Three)

Distribution :
First: Concerned School or cost center

Second: FD

Third: All concerned stakeholders of the University.

Source Document (not limited to): Consolidated budget sheet for the budget year, budget of the previous year, actual expenditure at the time of preparing budget, revised budget of the running year.

Procedures :

1. The actual expenditures of the previous year, the actual expenditure of the current year up to the period, the revised estimate for the remaining period of current year and total of the current year are presented along with the budget estimate for the coming year.
2. The budget is prepared in time ahead of the next fiscal year so that the actual expenditure up to the period and revised estimate for the remaining period will also be computed to compare the budget estimate for the coming financial year.
3. The budget is presented in the University Council meeting for approval. After the approval, it is ready for implementation in the coming financial year.
4. The approved budget is distributed to all stakeholders.

Form no: 13-5

KATHMANDU UNIVERSITY
Dhulikhel, Nepal

Budget Variance Report

Sheet No. : …… ***Period: ……. to ……***

S N	Acc Code	Particulars	Budget		Act Expenditure		Variance Amount		% Variance		Remarks
			Up to the Period	For the Period	Up to the Period	For the Period	Up to the Period	For the Period	Up to the Period	For the Period	

Prepared by: *Checked by:* *Approved by:*

Notes to Budget Variance Report

Purpose : Budget Variance Report (BVR) shows comparison between budget and actual performance. It is prepared on periodic basis. The deviation is analyzed and reviewed on the basis of documents presented during the course of budget preparation. The reason of variances is explained and corrective action is taken on the basis of this analysis for budget revision.

Originator : FD of the University.

Signed by :

1. Preparer
2. Finance Division
3. Higher authority

Copies : 3 (Three)

Distribution :

First: Concerned School or cost center

Second: FD

Third: High Authority.

Source Document (not limited to): Budget for the period and up to the period, actual revenue and expenditure for the period and up to the period.

Procedures :

1. The budgeted figures are entered in the corresponding column for the period and up to the period.
2. The variance amount is entered in the corresponding column. If the budget is over expended the negative sign will be given. Similarly if the revenue is under collected the negative sign will be given and vice versa.
3. The variance is presented in percentage also.
4. If the variance is significant corrective action has to be taken as per the provisions of the Financial Regulation of the University.
5. Based on the variance, action has to be taken for budget revision, if necessary.

Form no: 13-6

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Cash Budget

For the Period ……

CB No…… *Date: ……*

School: …….. *Department: ……..*

SN	Acc Code	Particulars	Amount by Month													Remarks
			1	2	3	4	5	6	7	8	9	10	11	12	Total	
A.		**Cash Inflow**														
		Opening Balance														
		Revenue														
		Total A														
B.		**Cash Outflow**														
		Expenses														
		Total B														
		Cash & Cash Equivalent (A-B)														

…….. *……* *……*

Prepared by *Checked by* *Approved by*

Note to Cash budget

Purpose : Cash budget is prepared to ensure availability of fund to undertake activities as per the plan.

Originator : FD of the University.

Signed by : 1. Preparer

2. Finance Division

3. Higher authority

Copies : 2. (Two)

Distribution : First: High Authority

Second: FD

Source Document (not limited to): Detail monthly revenue and expenditure budget

Procedures :

1. Revenue is entered in this form as per the approved budget.
2. Expenditures are entered as per the approved budget in this group breaking it into each month.
3. The difference between the sum of opening fund balance and revenue, and expenditure is the fund balance.
4. If the balance of fund comes to a negative figure, it indicates that the University will face fund shortage in the coming days to perform its planned activities as per budget. Hence corrective action has to be taken to ensure availability of fund to perform the activities as per plan.
5. Positive fund balance is transferred to the next period as the opening balance. If the fund balance is significantly high it can be invested in interest bearing short term or long term investment for generation of interest income.

Chapter 14

14. Final Account

14.1. General

498 Final Account (FA) is the outcome of the entire accounting process. Financial statements at any particular date provides financial information of the University to the management, stakeholders, public and any other person or University. It is the window from where the financial performance of the University can be visualized.

499 The FD is responsible to produce Final Accounts on the basis of the financial transactions recorded for the given period of time. The FA shows the details of revenue and expenditure for the given period.

500 FAs are prepared periodically and presented to the management. It has to be prepared in time as historical information does not help much for making decisions.

501 Financial statement is a tool for the management to make decisions. Trend Analysis, Ratio Analysis, Budget Analysis etc. are some important analytical management information which is arrived at on the basis of the FA.

502 The FA is the medium of financial communication between the University and other partners. They are the basis for checking the health of the University by the funding agencies, research partners, donors, bank, government and other users of financial statements. Hence, reliability and timely presentation of the financial statements is very important.

503 Different components of the final accounts are presented in the following paragraphs.

14.2. Trial Balance

504 The FD prepares three types of vouchers i.e. Receipt Vouchers, Payment Vouchers, and Journal Vouchers. These vouchers are posted in the books of accounts in corresponding headings as specified in the CoA after their approval from the concerned authority.

505 Total amount of income or expenditure in each accounting head is taken from the General Ledger.

506 A summary of each ledger balance on a specific date is prepared. The debit and credit sides of the summary sheet needs to balance because in double entry book keeping system each transaction will have debit and corresponding credit entry. This summary sheet of the financial transactions is called a Trial Balance. If the debit and credit sides are equal, then it is a confirmation that the financial transactions have been entered correctly and it is correct and complete.

507 TB is the base data for preparing the final accounts.

14.3. Extended Trial Balance (ETB)

508 For quick review of the financial position of the entity an Extended Trial Balance (ETB) can be prepared by adding two columns in the TB , one for Revenue and expenditure and another for Balance Sheet. A separate column for adjustment entry is added in this statement. The adjustment before finalization of the account is shown in this column, which differentiates entries made before the adjustments and the adjustment entries.

509 Revenue and expenditure heads as specified in the CoA is inscribed in the respective Revenue and Expenditure columns. The balance amount of surplus or deficit is transferred to the Balance Sheet along with the closing stock. All account heads under assets and liabilities are inscribed in the Balance Sheet column. This sheet is very useful for the FD for quick review of the financial position of the University.

14.4. Statement of Revenue and Expenditure

510 Account heads specified in the CoA as Revenue and Expenditure are inscribed in this statement. This statement shows the surplus or deficit from different activities of the University. The difference between revenue and expenditure is the surplus or deficit. If revenue exceeds expenditure the balance is surplus and vice versa.

511 The difference between operating revenue and variable operating expenditure gives the gross operating surplus or deficit. The variable operating expenditure is the expenditure which is directly related to operating revenue. Once the fixed operating expenses are deducted from gross surplus or deficit it gives operating surplus or deficit. Fixed operating expenditure is the expenditures which are incurred irrespective of variation in revenue generation.

512 In the operating surplus or deficit, net of non-operating revenue and expenditure amount is added to get the net surplus or deficit for given period.

513 The extra ordinary gain or (loss) arises from other than normal business activities, like exchange gain/(loss) on sales of assets, unusual revenue or expenditure etc. Such gain or loss is added to the net surplus/ (deficit) to arrive at the total surplus or deficit of the University for a given period.

514 The total surplus/(deficit) are transferred to Revenue and Expenditure Appropriation Account.

14.5. Revenue and Expenditure Appropriation Account

515 The surplus or deficit amount computed form the statement of Revenue and Expenditure Account is apportioned as per the decision of the Executive Council of the University.

516 The un-apportioned balance of the previous financial year is brought forward to this statement along with the balance amount transferred from the statement of REA for the year.

517 The apportioned amount is transferred to the corresponding account heads which is shown in the BS under the respective heads. The apportioned balance is transferred to the Balance Sheet.

518 The accounting entry of apportionment will be as follows.

Revenue & Expenditure Account Dr .

To Funds (Different funds as apportioned by the executive council) Cr.

(Surplus fund transferred to different funds as per the decision of the executive council)

14.6. Balance Sheet

519 Balance Sheet (BS) shows the financial status of the University on a given date. All assets and liabilities as specified in the CoA is presented in the BS.

520 BS is in fact the statement of sources and applications of fund. Liabilities are shown in source of fund and assets in application of fund.

521 Control accounting head (main headings which is the sum of sub-headings) are shown in the BS. The details of the control account heads are presented in the schedules to the BS.

14.7. Statement of Changes in Equity

522 Surplus revenue is retained by the University and ploughed back as a source of fund in the form of retained earnings. Surplus is also retained in the form of different fund accounts. Statement of Change in Equity (SCE) is a statement of retained earnings.

523 The SCE shows the movement of retained earnings and other funds in a given period.

524 The opening balance of capital fund and retained earnings are presented in this statement. The movement of these funds is presented in a separate line to compute the balance as on date. This statement is a part of the financial reporting and is a basis to review the movement of different funds e.g. Reserve Fund, Revaluation Fund, Corpus Fund, Endowment Fund etc.

14.8. Cash Flow Statement

525 Cash Flow Statement (CFS) is the integral part of the financial statement. As per the national and international accounting standards, it is essential to prepare a Cash Flow Statement.

526 The CFS shows the movement of cash and cash equivalent for the give period. The sources of cash flow are divided into three groups (i) operating activities, (ii) investing activities and (iii) financing activities.

14.9. Accounting Policies and Explanatory Notes

527 Accounting policies and explanatory notes are the integral part of the final financial statements. A fair presentation of the financial statements requires proper application of accounting policies and adequate disclosure of the financial information. Adoption of the accounting policies should comply with the national and international accounting standards. Disclosure of significant accounting policies is necessary to interpret the financial statements by the users.

528 Some information will have to be explained in the form of explanatory notes which the readers should be informed about but they are not part of the accounting policies. Such notes explain certain matters that are significant in relation to the financial statements but they need not be disclosed as per the accounting standards.

14.10. Fundamental Basic Principles

529 The followings are the fundamental basic accounting principles, which need to be followed while preparing and presenting the financial statements of the University.

530 Accrual Accounting: A method of accounting where revenues and expenditures are recognized in the books of accounts as and when the activities relating to revenue and expenditure takes place and not when they are actually received or paid.

531 Consistency: The accounting practices and policies should remain same for one year to another. If a change becomes necessary, the change and its effect should be stated clearly in the financial statements. Any change in such policies should be continued.

532 Cost Concept: Transactions are entered in the books of account at the amount that actually takes place.

533 Depreciation: The University follows Written down Value (WDV) Method for computing the annual and partial period depreciation on its assets as per the depreciation rates prescribed in the Income Tax Act 2058.

534 Capitalization: Any item having the purchase value of Rs. 5000 or less is treated as operating cost and they are not capitalized even though the nature of these items is non-expendable. The full amount of such expenditure is recorded expenditure in the Revenue and Expenditure Statement at the time of procurement. However, in order to control these items, they are recorded in the inventory register.

535 Amortization: Assets leased by the University are amortized during the period of lease agreement. The lease amount less the residual value is amortized in equal installment during the remaining period of the lease.

536 Fund Accounting: Surplus amount used in the appropriation as per the decision of EC are accounted and shown as fund in the Balance Sheet under different fund balances. There are some fund available for specific purpose like scholarship fund and donor fund which are also shown in the BS.

537 Research & Development Work: Fund for Research and Development work is the restricted fund provided for the specific purpose. These funds are presented as liability and application of these funds are deducted from the liability. The balance amount not used is shown in the BS liabilities.

538 Capital Grant: Assets of capital nature received in grants are capitalized as fixed assets and the equivalent amount is credited to Capital Grant Fund. Replacement Capital fund is created from the amount equal to annual depreciation of such assets for providing necessary finance for the replacement of these assets, which is required after the expiry of useful life of the existing assets.

14.11. Schedules of Financial Statements

539 Schedules are the integral part of the financial statements. Details of Revenue and Expenditure heads presented in the Statement of Revenue and Expenditure and Balance Sheet are supported by schedules to the financial statements annexed with the financial report.

14.12. Final Account Related Forms and Formats

Form 14-1

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Trial Balance

For the Period ……

SN	Acc Code	Particulars	Amount Rs.		
			Opening Balance	For the Period	Up to the Period
A.		**Liabilities**			
B.		**Assets**			
C.		**Revenue**			
D.		**Expenditure**			
		TOTAL		**NIL**	**NIL**

……..
Prepared by

……
Checked by

……
Approved by

Notes to Trial Balance

Purpose :This is the summary of financial transactions of the University for given period. It is the basis for preparing the financial statements.

Originator : FD

Signed by : FD Head

Staff preparing the Trial Balance

Copies : As required

Distribution : As required

Source document (not limited to): Books of accounts

Procedures :

1. Assets, Liabilities, Revenue and Expenditures from the ledger are copied to this statement. Debit and credit amounts of the TB should balance which is the proof of its correctness.
2. TB has two columns, one for the transactions of the present balance of the reporting period and other for up to the reporting period. Debit figure is presented as positive figure and credit as negative.
3. The TB is prepared for a specific period, normally every month or as required by the management. The period for which it has been prepared is written on the head of the TB.
4. It is signed by the responsible person from the FD before presentation to the higher authority.

Form 14-2

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Extended Trial Balance (ETB)

For the Period ……

SN	Acc Code	Particulars	Opening Balance (1)	For the Period (2)	Total 3=(1+2)	Adjustment (4)	Adjustment Total (3+4)	Revenue & Expenditure Statement	Balance Sheet
A.		**Liabilities**	(xxxx)	(xxxx)	(xxxx)	(xxxx)	(xxxx)	(xxxx)	(xxxx)
B.		**Assets**	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
C.		**Revenue**	(xxxx)	(xxxx)	(xxxx)	(xxxx)	(xxxx)	(xxxx)	(xxxx)
D.		**Expenditure**	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
		TOTAL	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

……..
Prepared by

……
Checked by

……
Approved by

Notes to Extended Trial Balance

Purpose : The Extended Trial Balance (ETB) gives a glance of the financial activities for the period and the financial position as on the given date. It is the integrated form of statement of Revenue and Expenditure for the period and Balance Sheet as on date.

Originator : FD

Signed by : FD Head

Staff preparing the Trial Balance

Copies : As required

Distribution : As required

Source document (not limited to): Adjustment entries, Balance Sheet of previous year, Trial Balance for the period

Procedures :

1. Five additional columns are added in the TB to make it an Extended Trial Balance. The opening balance column is drawn separately from the previous period. The sum of opening balance and balance for the period gives the balance as on the date for the given account heads.

2. There will be accounting adjustments before finalizing the accounts for the period it has been prepared for. Such adjustments are shown in the Adjustment column. It will help the FD and user of the report to visualize the adjustments made by the FD before presenting the report.

3. The sum of total and adjustment gives the adjusted total. Revenue and expenditure are copied to revenue and expenditure columns. The revenue which has credit balance is presented as negative and expenditures are shown in debit as positive.

4. The vertical sum of revenue and expenditure gives the figure of surplus or deficit. In this table, surplus is shown as negative because in this case the revenue exceeds expenditure and vice versa. Total amount of the column after adding surplus or deficit will be nil.

5. Assets and liabilities of adjusted total is copied to Balance Sheet column. Surplus or deficit from Revenue and Expenditure column is transferred to Balance Sheet. The vertical total column will be nil as the assets and liability side of the BS will always be equal.

Form 14-3

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Balance Sheet

As on ……

SN	Particulars	Schedule	Amount Rs.	
			Current Year	Previous Year
A	**Source of fund**			
1	Capital Fund	1		
2	Reserve Fund	2		
3	Endowment Fund	3		
4	Other Fund	4		
5	Balance Transferred from Appropriation Account	R/E		
	Total Source of Fund (1 to 5)			
B	**Application of Fund**			
1	Fixed Assets	5		
2	Work In Progress	6		
3	Investment	7		
4	Current Assets			
i	*Inventory (As certified by Management)*	8		
ii	*Receivables*	9		
iii	*Cash & Bank*	10		
	Total Current Assets(i to iii)			
5	Current Liability			
i	*Payables*	11		

ii	*Research & Development Programme*	12		
iii	*Provisions*	13		
	Total Current Liability(i to iii)			
	Net Current Assets(4-5)			
	Total Application of Fund (1 to 5)			

Senior Manger FD *Registrar* *Vice Chancellor*

Executive Members *Auditor*

Notes to Balance Sheet

Purpose : Balance Sheet reflects the financial position of the University as on the given date. It can be prepared as and when required by the management but normally final FS is prepared at the end of the financial year. It is then audited and certified by the independent auditor.

Originator : FD

Signed by : FD Head
Registrar
Vice- chancellor
Executive members
Auditor

Copies : As required

Distribution : As required

Source document (not limited to): Adjusted final Trial Balance up to the given period.

Procedures :

1. The source of fund is presented in the upper part of the BS as shown in the format. Total of part A gives the total source of fund.
2. Part B represents application of fund. It is divided into five categories.
3. Current assets and current liabilities are presented in the respective lines as shown in the format. The difference of current assets and current liability is the net current assets or liability. If the total amount of current assets exceeds current liability the total amount is net current assets and if the current liability exceeds current assets the amount is net current liability and shown as negative figure.
4. The total of Fixed Assets, Work in Progress, Investment and Net Current Assets (Liability) gives the total amount of application of fund. The total amount of sources and application of fund should balance.
5. Previous year's figures are presented in the previous year's column. Presentation of previous year’s comparative figures is essential to compare these two figures.

Form 14-4

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Statement of Revenue & Expenditure

For the period……..

SN	Particulars	Schedule	Amount Rs.	
			Current Year	Previous Year
1	Operating Revenue	A		
2	Less: Variable Operating Expenditure	B		
	Gross Operating Surplus/(Deficit)			
3	Less: Fixed Operating Expenditure	C		
	Operating Surplus/(Deficit)			
4	Add: Non- operating Revenue	D		
5	Less: Non- operating Expenditure	E		
	Net Surplus/(Deficit)			
6	Extraordinary Gain/(Loss)	F		
	Net Profit transferred to Appropriation Account			

Form 14-5

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Statement of Revenue & Expenditure Appropriation Account

For the period……..

SN	Particulars	Schedule	Amount Rs.	
			Current Year	Previous Year
1	Opening balance from previous year			
2	Surplus/(Deficit) transferred from statement of Revenue & Expenditure			
3	**Total Surplus (A)**			
4	Transferred to Corpus Fund			
5	Transferred to General Reserve			
6	Transferred to Staff Welfare Fund			
7	Transferred to Infrastructure Development Fund			
8	Transferred to Other Fund			
	Total transfer (B)			
	Balance transferred to Balance Sheet (A-B)			

Notes to Statement of Revenue and Expenditure and Appropriation Account

Purpose : Statement of Revenue and Expenditure shows the financial position of the University regarding generation of revenue and expenditure for the given period. It can be prepared as a periodic report as decided by the management. Statement of Revenue and Expenditure Appropriation Account is the part of Statement of Revenue and Expenditure which explains how the surplus is being apportioned to different fund accounts.

Statement of Revenue and Expenditure and its appropriation is prepared once a year which is a statutory requirement.

Originator : FD

Signed by : FD Head
Registrar
Vice- chancellor
Executive members
Auditor

Copies : As required

Distribution : As required

Source document (not limited to): Final adjusted Trial Balance for the period.

Procedures :

1. The statement of Revenue and Expenditure shows operating and non-operating revenue. The difference between operating revenue and variable operating expenditure gives the amount of gross surplus. After deducting fixed operating expenditure from gross operating surplus operating surplus or deficit is determined.2. Non-operating revenue is added to this amount and non-operating expenditure is deducted to arrive at net surplus (or deficit).

3. Extraordinary gain or loss is added or subtracted from net surplus/ (deficit) to get Surplus/(Deficit) which is transferred to Statement of Revenue and Expenditure Appropriation Account.

4. The balance transferred to the Statement of Revenue and Expenditure Appropriation Account is apportioned as per the decision of the EC and provision of the Financial Regulation. The balance amount after appropriation is transferred to the Balance Sheet.

Form 14-6

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Cash Flow Statement

For the period……..

SN	Particulars	Amount Rs.	
		Current Year	Previous Year
A	**Cash Flow From Operating Activities**		
	Net Surplus of the year		
	Add: Depreciation & Amortization		
	Cash flow from change in Working Capital (Increase)/Decrease in Inventory (Increase)/Decrease in Receivables Increase /(Decrease) in Payables Increase/(Decrease) in Short term Fund Increase/(Decrease) in Provisions		
	Net cash flow from operating activities (A)		
B	**Cash Flow from Investing Activities** (Purchase)/Sale of Assets (Increase) /Decrease in WIP (Increase)/Decrease in Investment		
	Total cash flow from investing activities (B)		
C	**Cash Flow from Financing Activities** Increase/(Decrease) in Capital Fund Increase/(Decrease) in General Reserve Increase/(Decrease) in Endowment Fund		

	Increase/(Decrease) in Other Fund Increase/(Decrease) in Long Term Borrowings		
	Total cash flow from financing activities (C)		
D	**Net Cash Flow during the period(D= A+B+C)**		
E	Cash & cash equivalent in the beginning of the year (E)		
E	**Cash & cash equivalent at the end of the year (D+E)**		

Notes to Cash Flow Statement

Purpose : The Cash Flow Statement (CFS) gives the movement of cash for the period. It explains how the changes in the operating activities, investing activities and financing activities affect the cash balance for the period. It can be prepared as required or as a periodic report as specified by the management. It is mandatory to prepare CFS as a part of annual financial statement.

Originator : FD

Signed by : FD Head
Registrar
Vice- chancellor
Executive members
Auditor

Copies : As required

Distribution : As required

Source document (not limited to): Balance Sheet

Procedures :

1. Surplus or deficit for the period is taken from Revenue and Expenditure Statement for the period. All non-cash expenditures are added back to the surplus or deficit. The change in working capital for the period is added in the above figure to compute the net cash flow from the operating activities.

2. Increase or decrease in fixed assets, work in progress and investment for the period is computed to arrive at net cash flow from investing activities.

3. Change in capital fund, other funds and long term borrowing if any, is computed to get the net cash flow from the financing activities.

4. Cash flows from all three activities is added to compute net cash flow for the period. The opening cash balance and cash equivalent are added to net cash flow for the period. The result gives the balance of cash and cash equivalent at the end of the period. Cash balance should match with the cash and bank figure in the Balance Sheet.

Form 14-7

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Statement of Change in Equity

For the period……..

SN	Particulars	Capital Fund	Changes in Other funds					Surplus/ (Deficit)	Total
			1	2	3	4	5		
	Beginning of the year								
	Increase/ (Decrease) for the period								
	At the End of the year								

Notes to Statement of Change in Equity

Purpose : The Statement of Change in Equity (SCE) shows the movement of the sources of fund for the period. This statement is part of the financial statements and it is mandatory to prepare this statement in the final accounts.

Originator : FD

Signed by : FD Head
Registrar
Vice- chancellor
Executive members
Auditor

Copies : As required

Distribution : As required

Source document (not limited to): Balance Sheet

Procedures :

1. The opening balance of the Capital Fund, other fund and Surplus/ (Deficit is presented in the first row.
2. Change in Capital Fund, Other Fund and Surplus/Deficit for the year is presented in row two.
3. Sum of two items give the balance of Capital Fund, Other Fund and Surplus/Deficit up to the period.
4. The total amount of all funds should match with the equity figure in the Balance Sheet for the period.

Form 14-8

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Schedules

SN	Particulars	Schedule No.	Remarks
	Capital Fund	1	
	Reserve Fund	2	
	Endowment Fund	3	
	Other Fund	4	
	Fixed assets	5	
	Work In Progress	6	
	Investment	7	
	Inventory (As certified by the management)	8	
	Receivables	9	
	Cash & Cash Equivalent	10	
	Payables	11	
	Research & Development Fund	12	
	Provisions	13	
	Operating Revenue	A	
	Variable Operating Expenditure	B	
	Fixed Operating Expenditure	C	
	Non-operating Revenue	D	
	Non-operating Expenditure	E	
	Extra Ordinary Gain/(Loss)	F	

Note to Schedules

Purpose : Schedules are the details of the Control Account presented in the Balance Sheet and Statement of Revenue and Expenditure. It is not practical to present all the account heads in the Control Ledger and Subsidiary Ledger in the financial statements. Therefore the details of these accounts are presented in the schedules.

Originator : FD

Signed by : FD Head

Registrar

Vice- chancellor

Executive members

Auditor

Copies : As required

Distribution : As required

Source document (not limited to): Adjusted Trial Balance

Procedures :

1. Schedules are details of the control/subsidiary account heads presented in the Financial Statements.
2. The schedules are prepared from the Trial Balance as given in the CoA.
3. Total amount of the schedule should agree with the total amount shown in the financial statement.

Form 14-9

KATHMANDU UNIVERSITY

Dhulikhel, Nepal

Fixed Assets Schedule

(Schedule - 5)

For the period……..

SN	Particulars	Assets Group				Total Rs.
		A	B	C	D	
	Depreciation Rate					
A	Gross Block					
	Opening Balance					
	Add: Addition for the Year					
	Less: Deletion for the year					
	Total Goss Block (A)					
B	Depreciation					
	Opening Balance					
	Depreciation for the Year					
	Depreciation on Addition of Assets					
	Depreciation on Deletion of Assets					
	Total Depreciation(B)					
C	**WDV For the Year (C=A-B)**					
D	**WDV Previous Year**					

Note to Fixed Assets Schedule

Purpose : Fixed assets schedule is a part of the schedule of financial statement which gives details about the fixed assets, addition or disposal of assets during the year and depreciation.

Originator : FD

Signed by : FD Head

Registrar

Vice- chancellor

Executive members

Auditor

Copies : As required

Distribution : As required

Source document (not limited to): Fixed Assets Register

Procedures :

1. The depreciation rates are written in percentage in the first row of this register.
2. The opening balance amount of the fixed asset as per the group classification is presented in the first row. Addition is added to the opening balance and deletion is deducted from this balance to arrive at the gross block (Gross Value) of assets up to the year.
3. The opening balance of depreciation up to last year is presented in block B. It is the accumulated depreciation up to previous year. The amount of depreciation for the year is added to this amount. Any depreciation on sale or disposal of assets is deducted.
4. The difference of A and B gives the written down value of assets as on the given date. This amount of assets is reflected in the Balance Sheet.
5. The WDV up to previous year is also presented in this schedule to compare depreciation with previous year's depreciable amount. The depreciation amount for the year is computed from the WDV of previous year as per the given rate.
6. The above format is the vertical presentation format. This format can also be presented horizontally, in which the assets group and computations are presented in vertical columns.

Annexes

1. Definition of Account Headings

A. REVENUE

Account Code	Account Heads	Definition
	Grant	**Revenue received by KU, from government or other institutional sponsors, intended for the support of specific programs of KU and projects.**
	Grant from Government	*Revenue received from government as grant*
	Grant from UGC	*Revenue received from UGC as grant*
	Grant from others	*Revenue received from other institutions/sponsors as grant*
	Employees quarter revenue	Revenue received from fee charged to KU employees for use of residential quarter
	Canteen revenue	Revenue received from operating canteen services
	Bank interest earned	Interest earned on KU's investment in fixed deposit accounts and/or any other interest bearing bank accounts.
	Training, seminar and workshop revenue	Revenue charged to sponsor organizations/institutions for KU organizing/facilitating different workshops, trainings, courses and seminars.
	Goods and assets sale (Gain on sale of property)	Revenue generated from the sale or auction of the KU's inventory and fixed assets.
	Hall rent revenue	Revenue received for rental of different halls owned and operated by KU.
	Exchange gain/Loss	When arrangements to pay or receive are agreed in a currency different than the functional currency there is a likelihood of an exchange gain arising. 'Transaction exchange gain' arises as a result of difference in foreign exchange rate between the day the transaction is 'recorded' in the books of accounts and the day when 'actual settlement or receipt' occurs. Translation exchange gain/loss arises when financials in one currency is translated into another currency.
	Affiliation fee	Revenue earned from KU licensing or trademarks of KU programs and faculties to other schools/institutions. (Revenue earned from KU's affiliated/ extended programs.)

Account Code	Account Heads	Definition
	Convocation fee	Fees charged to students applying for graduation (convocation ceremony)
	Transcript fee	Revenue received from fees charged to current/prior students for transcripts issued by KU.
	Student income (Student fee)	Revenue received from students.
	Student income: Admission fee	*Fees charged to students for admission to KU.*
	Student income: Registration fee	*Fees charged to new students on their registration to KU-shown as registration fee received from affiliated colleges. Registration fee received from constituent programs' students shown on students' fee.*
	Student income: Tuition fee	*Fee charged to students for attending courses of different programs*
	Student income: Exam fee	*Fee charged to students for attending exams in different programs of affiliated / extended programs. Exam fee received from constituent programs' students will be shown as students' fee*
	Student income: Development fee	*Fee charged to student for infrastructure development and other physical facilities.*
	Student income: Hostel fee	*Fees charged to students for using residence facility of KU.*
	Student income: Other fees	*Fees charged to students for the services provided to them.*
	Project income (Contributed from R & D projects)	Revenue received in the form of overhead or other contribution from RDC projects/researches.
	Other income	Revenue received from miscellaneous or extraordinary sources for which a specific account code has not been allocated.

B. EXPENDITURE

Account Code	Account Heads	Definition
	Employee expense	**Expenditure associated with payment to KU employees.**
	Employee expense: Salary - Full time employees	*Compensation paid to full-time KU employees on a monthly basis.*
	Employee expense: Salary - Part time employees	*Compensation paid to employees that hold a temporary position (duration less than six months) within KU department on a regular basis.*
	Employee expense: Allowance	*Allowance (for dearness, dashain festival and other) given to employees as part of their compensation package in addition to their basic salary.*
	Employee expense: Provident Fund	*Extra amount contributed by KU to its employees on the basis of their basic salary. (Permanent employees - 10% of basic salary and Regular employees - 10% of basic salary)*
	Employee expense: Grade	*Annual increment provided by KU to its employees.*
	Employee expense: Leave provision/expenses	*Amount paid to KU full time employees as compensation for not taking leave. Leave payment can be made for both sick leave and home leave.*
	Employee expense: Gratuity Provision/expenses	*Annual expenses made by KU for gratuity paid to permanent employees on their termination from Job.*
	Student expense	**Expenditure associated with students of KU**
	Student expense: Examination expenses	*Cost incurred during examination conducted by KU.*
	Student expense: Lab supplies	*Cost incurred to purchase lab equipment for teaching purpose*
	Student expense: Student project	*Fund made available by KU to their student for R& D.*
	Student expense: Field visits	*Cost incurred during field visits organized for students*
	Student expense: Scholarship	*Financial assistance for tuition and other fees provided by KU for students. Scholarship is made on the basis of academic excellence, and/or financial need.*
	Student expense: Educational materials	Regular expenditure on teaching materials like markers, CDs, pendrive etc.

Account Code	Account Heads	Definition
	Student expense: Extracurricular activities	Expenditure on student activities other than education. For example sports, music, student functions etc.
	Operation and Administrative Expenses (O & A expense)	**Expenditure associated with administration and operation of KU**
	O & A expense: Traveling expenses	Travelling costs incurred for official purpose.
	O & A expense: Water and Electricity	Utility costs incurred for daily operation of KU.
	O & A expense: Communication	Expenses for internet, telephone, fax, post and other different means of communication.
	O & A expense: Stationery	Stationery expenses on purchase of paper, pen, envelops, files and other consumables for daily operation.
	O & A expense: Printing	Expenditure incurred for printing services obtained from service providers.
	O & A expense: Newspaper, journals and periodicals	Regular expenditure on journals.
	O & A expense: Uniform and apron	Regular expenditure incurred to provide uniform and apron to staff, workers and student.
	O & A expense: House Rent	Payment made to landlord as compensation for their space used by KU.
	O & A expense: Fuel (other)	Fuel consumed for the operation of office accessories like office pantry and heating system of KU.
	O & A expense: Fuel for generator	Fuel to run the generator.
	O & A expense: Repair and maintenance	Expenditure incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition (retaining original functionality without increasing its original capacity).
	O & A expense: Meeting allowance	Allowance provided for official meetings arranged by KU.
	O & A expense: Guest entertainment	Costs directly associated with entertainment, amusement, diversion or other social activities offered for the benefit of KU faculty, staff, students, donors, guests, etc.

Account Code	Account Heads	Definition
	O & A expense: Refreshment and lunch	Expense on work lunch & snacks provided by KU
	O & A expense: Seminar	Expenses for organizing different workshops, training, courses, seminars
	O & A expense: Insurance	Insurance of fixed assets, marine insurance on import purchase of goods, accident insurance provided to staff in case of field visit or other official insurance costs.
	O & A expense: Financial aid, donation and prizes	Any payments made by KU to: - Charitable institutions as donation or contribution; and - Individuals as an award or honorarium.
	O & A expense: Advertisement	Costs associated with advertising through all media channels (paper & electronic) that are paid to external vendors by KU in an effort to promote KU operations and for publication of public notice.
	O & A expense: Membership fee	Fee paid by KU to become a member of an organization.
	O & A expense: Bank charge	Service charges and fees imposed by banks.
	O & A expense: Daily wages	Wage payments to KU temporary employees (labor), those not permanently assigned to a department or any specific position.
	O & A expense: Miscellaneous	Small miscellaneous costs and those expenses that do not easily fit into any of the defined categories. Significant items should not be charged or budgeted to this account.
	Vehicle expenses	**Expenditure associated with vehicles owned and operated by KU**
	Vehicle expense: Insurance	Premium amount for insuring vehicles are owned and operated by KU.
	Vehicle expense: Registration and Renewal	Vehicle registration and annual renewal cost for vehicles owned and operated by KU.
	Vehicle expense: Fuel for vehicle	Purchase cost of fuel for vehicles owned and operated by KU.
	Vehicle expense: Vehicle repair and maintenance	Cost incurred for repair and maintenance for vehicles owned and operated by KU.

Account Code	Account Heads	Definition
	Canteen expenses	**Expenditure associated with canteen operated by KU**
	Canteen expense: Canteen Supplies	Cost of supplies & materials used for canteen operation.
	Canteen expense: Fuel for canteen	Fuel cost incurred for operation of canteen.
	Canteen expense: Other expenses	All other operation expenses that do not easily fit into any of the defined categories
	Hostel expenses	**Expenditure associated with hostel operated by KU**
	Hostel expense: Hostel supplies	Costs of supplies & materials used for hostel operation.
	Hostel expense: Fuel for hostel	Fuel cost incurred for operation of hostel.
	Hostel expense: Water, electricity	Utility expense for water and electricity, including water purchased in tanker and jar for drinking.
	Hostel expense: Telephone, internet	Communication expenses on telephone and internet.
	Hostel expense: Other expenses	All other hostel operation expenses that do not easily fit into any of the defined categories
	Project expenses	**Expenditures associated with studies, consultancies, research and development works**
	Project expense: Remuneration	Compensation paid to personnel directly involved with research/project
	Project expense: Travelling Expenses	Air tickets, parking charges, vehicle hire, local travel costs and other travel costs incurred for the project.
	Project expense: Stationery and Printing for project	Paper, pen, ink, printing supplies, materials printing in press and in secretarial service and other stationery and printing expenses incurred for project.
	Project expense: Communication and telephone	Communication expenses on telephone and internet for the project.
	Project expense: Office and field equipment	Equipment like bags, sleeping bags, umbrellas and other items used for project field office and project visit.
	Field Gears	High value or technically superior field equipment like tents.

Account Code	Account Heads	Definition
	Project expense: Other project expenses	All Project expenses that do not easily fit into any of the defined categories
	Project expense: Research and development	Research and development of technical value which adds value to current or existing situation
	Other expenses	**All other expenses that do not easily fit into any of the defined categories**

C. ASSETS

Account Code	Account Heads	Definition
	Land	Cost incurred to purchase land to be owned by KU.
	Building	Construction cost of building, constructed in the land owned by KU. and other construction cost on leased property.
	Furniture and fixtures	Cost incurred for purchase of furniture and fixtures, including transportation, taxes, insurance and other costs, for KU use.
	Vehicle	Cost incurred for purchase of vehicle and accessories and fittings, including transportation, taxes, insurance and other costs for KU use. Purchase costs of major parts which enhance the life or capacity of vehicles also fall under this account.
	Lab equipment	Cost incurred for purchase of non- recurring equipment, including transportation, taxes, insurance and other costs for KU use.
	Office equipment	Cost incurred for purchase of computer, printer, photo copy machine, scanner, fax machine, UPS, calculators, hard disk and other equipment required for operation of KU.
	Machine instruments	Cost incurred for purchase of machine instruments and accessories and fittings, including transportation, taxes, insurance and other costs for KU use. Eg: generators. Purchase costs of major parts which enhance the life or capacity of machine instruments also fall under this account
	Computer and software	Cost incurred for purchase of computer, software and accessories and fittings, including transportation, taxes, insurance and other costs for KU use.
	Other constructions	Construction cost incurred for structures other than buildings, constructed in the land owned by KU.
	Work in progress	Cost incurred for capital goods which are yet to be completed at the end of the financial year.
	Investment	Investment of KU fund in income generating activities.
	Bank investment	Investment of KU fund in interest bearing bank accounts.
	Other investment	Investment of KU fund in areas other than interest bearing bank accounts.
	Inventory	Consumable goods stored by KU for use in daily operation.
	Advance	Amount provided to staff or different party before completion of task to perform such task.
	Bank	Different bank accounts operated by KU.
	Cash	Bank notes

D. LIABILITIES

Account Code	Account Heads	Definition
	Capital Fund & Capital Grant	The fund generated from KU activities will be the capital fund of KU. Capital grant and fixed assets purchased through externally funded projects are added to capital fund of KU. Both will be presented as source of fund in the balance sheet.
	Land Revaluation	Land Revaluation is the fund reflected due to increase or decrease in land value. The revaluation will be determined in regular interval of time, as decided by the EC.
	Staff Welfare Fund	Fund allocated for welfare of staff.
	Endowment Fund	Restricted fund provided by specific donor for specific purpose.
	Medal Fund	Fund provided by donor and allocated for distribution of medal
	Loan	Amount borrowed by KU from another party which needs to be refunded with or without interest as governed by the agreement with the party.
	Endowment and donation	Revenue received by KU from individual/institutions as gift or bequest. This account includes all donations and gifts in both monetary and non-monetary form which are credited to Fund Account.
	Refundable deposit	Deposit received from students during the admission, which will be refunded to the students after completion of the students program.

Note: New account heads will be defined as and when required.

2. Check lists for Payment

SN	Procurement	Document Required
1.	Direct Purchase	- Purchase order - In case of schools Dean authorize the purchase order - Copies of Goods Receipt Note (GRN) received by store of requisitioning department. - Certified copy of suppliers invoice with supporting documents from concerned department. - Other supporting documents as specified by Finance Regulation
2.	Purchase through Quotation	- Quotations (as required by Financial Regulation) - Price comparison chart - Technical evaluation (Where applicable) - In case of schools PO authorized by Dean r - PO with stamp of procurement committee's decision number - Copies of GRN received by store of requisitioning department. - Certified copy of suppliers invoice with supporting documents from concerned department. - Other supporting documents as specified by Finance Regulation
3.	Purchase through Tender	- Tender document(as required by financial regulation) - Price comparison chart - Technical evaluation (Where applicable) - PO with stamp of procurement committee's decision number - Agreement entered into with the supplier - Copies of GRN received by store of requisitioned department. - Certified copy of suppliers invoice with supporting documents from concerned department. - Other supporting documents as specified by Finance

		Regulation
4.	Construction related work	- <u>Construction work through direct estimate</u> - CED Estimates - Purchase Order(Job Order) - Work completion certification from CED (for final payment) - Other supporting documents as specified by Finance Regulation - <u>Construction work through quotation</u> - CED Estimates - Quotations (as required by financial regulation) - Price comparison chart - Technical evaluation (Where applicable) - Purchase Order(Job Order) - Work completion certification from CED (for final payment) - Other supporting documents as specified by Finance Regulation <u>Construction work through tender</u> - CED Estimates - Tender - Price comparison chart - Technical evaluation (Where applicable) - Review decision with stamp of Construction Committee - Approval from EC - Contract entered into with the supplier - Certified copies of WIP from CED (for payment of running bills) - Running bills from contractor for WIP payments - Work completion certification from CED (for final payment) - Final invoices and bills from contractor for work completed. - Other supporting documents as specified by Finance

		Regulation 4.Construction work through Force Account (amanat) - cdfgt_ - CED Estimates - Decision be CC - Approval by EC - Procurement of construction material will be done as per financial regulation - Purchase Order(Job Order) - Wage rate confirmation from CED - Wage sheet certified by CED for wage payment - Work completion certification from CED (for final payment) - Other supporting documents as specified by Finance Regulation 5.Purchase of Construction materials - Direct / Quotation/ tender as per financial regulation in the basis of CED Estimates - Price comparison chart - PO with stamp of procurement committee's decision number - Agreement entered into with the supplier - Copies of GRN received by store or requisitioning department. - Certified copy of suppliers invoice with supporting documents from concerned department. - CED approval - Gate Pass - Other supporting documents as specified by Finance Regulation
5.	Service related work	- Quotation or Tender along with Terms of Reference (ToR)(as required by Financial Regulation) - Price comparison chart

		- Service order with stamp of authorized committee's decision number - Agreement entered into with the service provider - Copies of service delivered (report) from concerned department. - Certified copy of service provider's invoice with supporting documents from concerned department. - Other supporting documents as specified by Finance Regulation
6.	Travel	- Travel order with clear purpose, destination and travel days (duly authorized by concern department) - Travel advance - Time extension permit from concerned authority if applicable - Tickets or invoices with boarding pass (Air, Bus, Car, Jeep or other mode of vehicles) duly acceptance from concerned department - Rate, Days and Amount for Daily Subsistence Allowance (DSA) as per Finance Regulation - Supporting bills for other expenses. - Travel Advance Settlement Form - Other supporting documents as specified by Finance Regulation

Note: These check list for payment identifies pre-requisite but are not intended to be limiting these check list. FD can ask for any other supporting document to substantiate the work done or service provided before approving the final payment.