

ROYAL UNIVERSITY OF BHUTAN

Financial Rules and Regulations

2022

RUBFRR 2022

PREFACE

ABBREVIATIONS

APA- Annual Performance Agreement

APRC - Academic Planning and Resource Committee

AASBB - Accounting and Auditing Standards Board of Bhutan

BAS for SMES - Bhutanese Accounting Standards for Small and Medium Enterprises

CFO - Chief Finance Officer

CMC - College Management Committee

DPA - Department of Public Accounts

DPR - Department of Planning and Resources

FO - Finance Officer

GNHC - Gross National Happiness Commission

IFRS - International Financial Reporting Standards

MoF - Ministry of Finance

MoH – Ministry of Health

OVC - Office of the Vice Chancellor

PPE - Property, plant and equipment

PPP - Public –private partnership

RAA - Royal Audit Authority

RGOB - Royal Government of Bhutan

RSTA - Road Safety and Transport Authority

SMEs - Small and Medium Enterprises

SMT- Senior Management Team

UC - University Council

Contents

PART - A 7

PRELIMINARY, GOVERNANCE AND FINANCIAL MANAGEMENT SYSTEM 7

CHAPTER 1 8

PRELIMINARY 8

CHAPTER 2 11

GOVERNANCE AND FINANCIAL MANAGEMENT SYSTEM 11

PART- B 19

FINANCE AND ACCOUNTS ORGANISATION 19

CHAPTER 3 20

ACCOUNTING SYSTEM AND CHART OF ACCOUNTS 20

CHAPTER 4 27

ACCOUNTING RECORDS AND MAINTENANCE OF RECORDS 27

CHAPTER 5 34

DELEGATION OF FINANCIAL POWER 34

PART- C 40

ACCOUNTING POLICIES & PROCEDURES 40

CHAPTER 6 41

CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING 41

CHAPTER 7 45

ACCOUNTING POLICY, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS 45

CHAPTER 8 48

ACCOUNTING AND REPORTING OF PROPERTY, PLANT AND EQUIPMENT 48

CHAPTER 9 55

ACCOUNTING AND REPORTING OF INVENTORY 55

CHAPTER 10 58

ACCOUNTING AND REPORTING OF INCOME 58

CHAPTER 11 63

ACCOUNTING AND REPORTING OF EXPENDITURE OTHER THAN EMPLOYEE BENEFITS 63

CHAPTER 12 66

ACCOUNTING AND REPORTING OF EMPLOYEE BENEFITS 66

CHAPTER 13 72

ACCOUNTING AND REPORTING OF FINANCIAL INSTRUMENTS 72
CHAPTER 14 76
ACCOUNTING AND REPORTING OF GOVERNMENT GRANTS 76
CHAPTER 15 78
ACCOUNTING AND REPORTING OF BIOLOGICAL ASSETS 78
CHAPTER 16 83
ACCOUNTING AND REPORTING OF INTANGIBLE ASSETS OTHER THAN GOODWILL 83
CHAPTER 17 86
ACCOUNTING AND REPORTING OF INVESTMENT PROPERTY 86
CHAPTER 18 89
ACCOUNTING AND REPORTING OF PROVISIONS AND CONTINGENCIES 89
CHAPTER 19 92
ACCOUNTING AND REPORTING OF LEASES 92
CHAPTER 20 99
ACCOUNTING AND REPORTING OF EXCHANGE DIFFERENCES 99
CHAPTER 21 101
IMPAIRMENT OF ASSETS 101
CHAPTER 22 104
ACCOUNTING AND REPORTING OF HERITAGE ASSETS 104
CHAPTER 23 108
EVENTS AFTER THE REPORTING DATE 108
CHAPTER 24 110
RELATED PARTY DISCLOSURES 110
PART-D 113
FINANCIAL CONTROLS & MANAGEMENT 113
CHAPTER 25 114
BUDGETING 114
CHAPTER 26 120
PROPERTY, PLANT AND EQUIPMENT 120
CHAPTER 27 125
INCOME AND EXPENDITURE 125
CHAPTER 28 140

CASH AND BANKING 140
CHAPTER 29 147
INVESTMENT AND BORROWING 147
CHAPTER 30 154
PROCUREMENT OF GOODS, SERVICES AND CONSTRUCTION WORKS 154
CHAPTER 31 176
LIABILITIES AND PROVISIONS 176
CHAPTER 32 182
INVENTORY MANAGEMENT 182
CHAPTER 33 188
FIXED ASSET MANAGEMENT 188
CHAPTER 34 194
ORGANISATIONAL REQUIREMENTS 194
CHAPTER 35 198
LOSSES AND DEFALCATION 198
CHAPTER 36 200
TRANSFER OF CHARGES AND CLEARANCE 200
CHAPTER 37 202
PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS 202
CHAPTER 38 210
ANNUAL REPORT 210
APPENDIX-I: BUDGET ALLOCATION FRAMEWORK **211**
APPENDIX-II: STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS **214**
APPENDIX-III: NO DUE CLEARANCE FORM OF THE UNIVERSITY **215**
APPENDIX-IV: MINIMUM REQUIREMENTS TO SUPPORT CERTAIN EXPENDITURE **216**
APPENDIX-V: BUSINESS CASE PROFORMA **222**
APPENDIX VI: MANAGEMENT AND INTERNAL REPORTING FORMS **225**
APPENDIX VII: EXTERNAL REPORTING FORMS **312**

PART – A

PRELIMINARY, GOVERNANCE AND FINANCIAL MANAGEMENT SYSTEM

CHAPTER 1

PRELIMINARY

1.0 General Aims and Objectives of Financial Rules and Regulations

1.1 General Aims

1.1.1 The Royal University of Bhutan, as a not-for-profit and public university, requires an effective financial management and a reporting system. It is incumbent upon all the University officials entrusted with responsibilities and the general employees to have understanding and maintain such financial practices that support University's corporate strategies and objectives. Therefore, the University shall adopt and apply such financial management and reporting system that promotes university academic, research and organisational objectives. To augment the government budgetary and a public expenditure management system, the University adopted Bhutanese Accounting Standards for Small and Medium Entities (BAS for SMEs), to enhance accountability and transparency of its financial matters to its stakeholders beyond the government. BAS for SMEs provides the conceptual framework and specific standards for assets, liabilities, equity, income and expenses that provide basis of the University's accounting policies and reporting system. These principles of financial management and reporting practices of the University comprising of the government fund management system and BAS for SMEs are laid down as the University Financial Rules and Regulations 2022.

1.2 Objectives

1.2.1 The Royal University of Bhutan Financial Rules and Regulations 2022 is intended to serve the following objectives:

(a) To provide a comprehensive operational guidelines to finance personnel while carrying out their financial management responsibilities;

(b) To enhance financial efficiency and good governance in the management and utilisation of resources;

(c) To bring about uniformity and standardisation amongst the OVC and constituent colleges in matters of recognition, measurement and reporting of financial transactions;

(d) To facilitate timely preparation and execution of budgets and budgeting under the government budgetary funds;

(e) To enhance procurement functions through proper coordination between financial and procurement functions;

(f) To enable the University to adapt to the changing needs and global practices of accounting principles and standards;

(g) To provide some flexibility in utilisation of financial resources in the University setting and foster future growth and diversification;

(h) To ensure adequacy of internal controls and transaction visibilities; and

(i) To ensure compliance with various statutory and regulatory requirements.

1.3 Title

1.3.1 This Rules and Regulations shall be known as Royal University of Bhutan Financial Rules and Regulations 2022 (RUBFRR-2022).

1.4 Scope

1.4.1 The 'RUBFRR-2022' shall apply to:

(a) Office of the Vice Chancellor (OVC);

(b) Member Colleges; and

(c) Entities other than those in serial no (i) and (ii) described in paragraph 3.1.2 of the University Charter.

1.5 Authority

1.5.1 The University Council (UC) shall be the supreme authority of RUBFRR-2022and the adoption and the amendment thereto shall be approved by the Council only.

1.6 Interpretation and Amendment of RUBFRR-2022

1.6.1 The Chief Finance Officer (CFO) at the OVC shall be responsible for interpretation and making clarification to any part of this RUBFRR-2022 and any other related policy documents which are read in cross reference with this regulation.

1.6.2 The CFO shall also initiate the timely review of the RUBFRR-2022 and any other related policy documents mentioned in paragraph 1.6.1.

1.6.3 The CFO shall propose any amendment in the RUBFRR-2022through consultation with finance officers of the constituent colleges, relevant authorities at the university, and the expertise (if required) to make the intended amendments to the regulation. The amendment may be made in the form of deletion, insertion, or modification of the existing provisions of the regulation, including accounting policies. The regulation shall be then named as 'Amended RUBFRR-2022'. The financial and non-financial impact of the amendment to the regulation shall be duly informed to members of the University through official notifications.

1.7 Companion Policy Documents

1.7.1 RUBFRR-2022 shall be used along with RUBPRR, RUBHRRR, RUB Governance Manual and any other relevant executive orders issued as part or appendix to this Regulations after its adoption.

1.8 Financial Year

1.8.1 The University shall follow 1 July to 30 June as its financial year or reporting period. It shall prepare and present all financial statements as stipulated in this Regulations as on 30 June. Along with the financial statements, the University shall prepare and present its Annual Report for the same financial year.

1.8.2 All financial transactions and events shall be recognized and measured with reference to this financial year. This shall set the opening and closing cutoff date while determining the income and expense for inclusion in the financial statements of the reporting period.

1.9 Coverage

1.9.1 RUBFRR-2022 comprises :

(a) Government budgetary and public expenditure management system; and

(b) BAS for SMEs – for internal financial accounting and external reporting other than Government.

1.9.2 The University shall continue to follow the Government budgetary and public expenditure management system as per the current practice.

1.10 Currency

1.10.1 All financial transactions and events shall be denominated in Ngultrum (Nu).

1.10.2 Financial statements shall be presented in Ngultrum for both Government reporting and general-purpose financial statements.

1.10.3 Currency other than Ngultrum shall be treated as foreign currency. Where such foreign currency is used, exchange differences shall be accounted in accordance with the Accounting Policy of the University.

1.11 Effective Date

1.11.1 RUBFRR-2022 shall become effective from 2022-2023 financial year.

CHAPTER 2

GOVERNANCE AND FINANCIAL MANAGEMENT SYSTEM

2.0 General Principles

2.0.1 The corporate governance of the University is defined as the system by which University and its member colleges are directed and controlled.

2.0.2 University Council shall be the supreme governing authority for financial matters of the University.

2.0.3 The Academic Planning and Resource Committee (APRC) shall oversee the management and administration of financial resources at the University level. The Senior Management Team (SMT) of the University shall support the APRC in reviewing budget allocation and expenditure. The SMT shall also look after the implementation of financial plans and utilization of resources at the OVC while the College Management Committee (CMC) shall look after the implementation of financial plans and utilization of resources at the College level. The detailed Terms of Reference (ToR) of the committees are as prescribed in the University Governance Manual.

2.0.4 The financial accountability and control system in the University shall mainly be focused on internal control and external reporting systems.

2.0.5 Internal control system shall be established to provide reasonable assurance in terms of reducing errors in areas of financial operation, reporting and compliance with the existing laws and regulations through internal checks and balances.

2.0.6 The external reporting system shall be carried out through effective oversight of the University Council and a regular external audit from the RAA including a statutory audit.

2.1 Organisational Structure

2.1.1 The organisational structure depicts line of control and communication of strategic goals and objectives of the University across its different functional units.

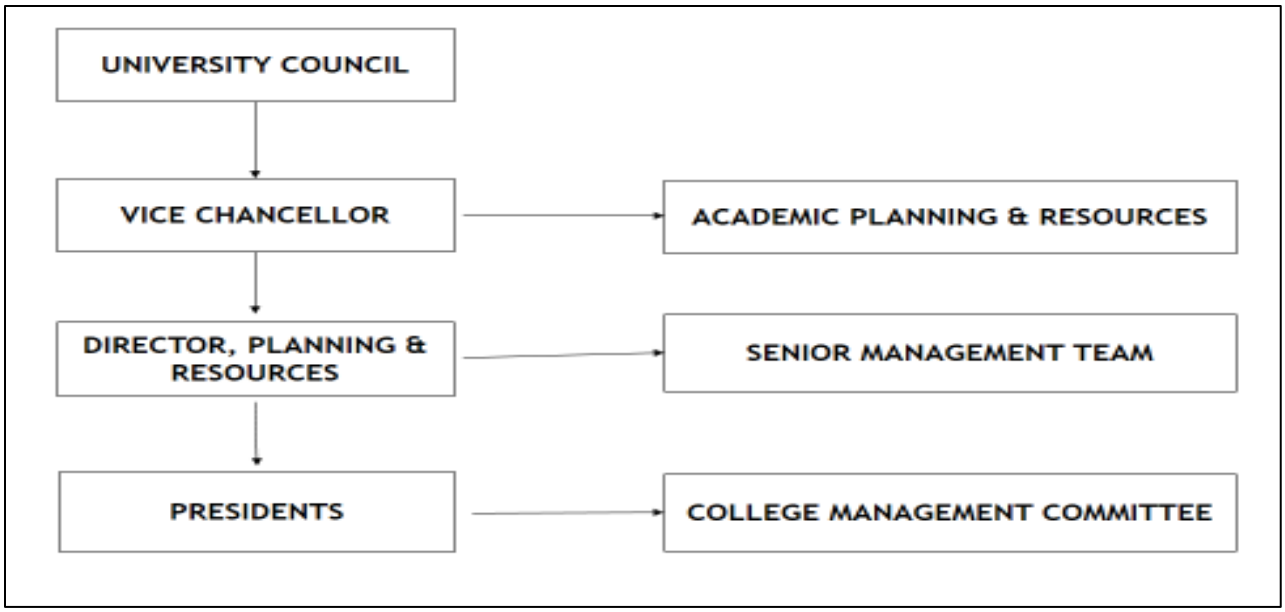


Diagram 1: RUB Organisational structure

2.2 Roles and Responsibilities of Executives

Vice Chancellor

2.2.1 According to the provisions of the Article 4 of the Statutes, the Vice Chancellor shall be responsible for the:

(a) annual presentation of the work plan, the budget estimates and the University accounts to the University Council for approval;

(b) annual presentation of budget estimates and the work plan to the Royal Government of Bhutan;

(c) management of budget and resources, within estimates approved by the University Council; and

(d) overall financial health of the University.

Director, Department of Planning and Resources (DPR)

2.2.2 The Director, as the financial advisor to the University, shall advise the Vice Chancellor on the financial and funding implications of the existing and future operations of the University. More specifically, the Director shall be responsible for:

(a) preparing plans, budget and developing estate for the University based on the overall developmental plans of the University;

(b) monitoring and evaluating resource utilisation by the Colleges as per the approved budget;

(c) preparing University's annual work plan and provide guidance to Colleges in preparing their annual financial plans;

(d) reviewing the implementation of approved budget by the Colleges and recommend re-appropriation wherever appropriate;

(e) exploring investment opportunities and coordinate the preparation of strategies for the colleges to implement;

(f) managing fund of OVC by assuming the role of drawing and disbursement officer to ensure that the funds are used for the intended purposes; and

(g) receiving the annual financial statements from the OVC/Colleges and present to APRC.

President

2.2.3 The President, as the head of the College, shall be accountable for overall financial health of the College. More specifically, the President shall be responsible for:

(a) planning, budgeting, and developing estate for the College in line with University's strategic plan;

(b) managing college resources by assuming the role of drawing and disbursement officer to ensure that the resources are used for the achievement of University objectives;

(c) monitoring the implementation of approved operating and capital budget within the College;

(d) submitting the budget and financial statements to the Director, Department of Planning and Resources for the presentation to the APRC; and

(e) ensuring effective and efficient financial management in the College.

Chief Finance Officer

2.2.4 The CFO of the University shall:

(a) facilitate governance of the University by providing information to the University Council and implement Council's decision through the establishment of financial policies, procedures and guidelines;

(b) promote the financial well-being of the University by providing budget management, monitoring appropriate investments, exercising executive control over University budgets and safeguarding all financial assets of the University;

(c) advise the senior management team and members of the University Council on issues relating to the financial status of the University by serving as a member of the University Council and providing financial information;

(d) ensure compliance with professional accounting standards, rules, regulations, and laws by directing, supervising, and facilitating the preparation and maintenance of required and appropriate financial records, monthly and annual financial reports;

(e) ensure development of effective business processes, incorporating appropriate technologies, designing reporting systems for effective controls and evaluating the same.

(f) ensure efficient and effective operation of the procurement function of the university by overseeing procurement services and increasing value for money;

(g) oversee the preparation and implementation of annual budgets of OVC and member colleges;

(h) serve as the treasurer of the University;

(i) provide recommendations concerning financial policies of the University;

(j) propose and lead review of RUBFRR in consultation with finance officers of member colleges and other relevant expertise as and when it is required; and

(k) propose review of the existing financial regulations or any policy related to the financial dealings at the university.

Finance Officer

2.2.5 The finance officer of the OVC/Colleges shall be responsible for:

(a) proper recording of financial transactions as per the University accounting policies and financial procedures;

(b) maintaining proper workings of accounting system, books of accounts, records and other related documentations of day-to-day operations for reviews by authorities and University auditors;

(c) operating an effective procedure for the evaluation of capital expenditure proposals and assisting in submitting them to the senior management;

(d) ensuring that all revenues due to the University are collected, and payments due by the University including employee benefits and official recoveries are paid/disbursed;

(e) preparation, presentation and interpretation of periodic financial reports including annual financial reports;

(f) preparing capital and operating budgets;

(g) ensuring that the management operate in accordance with the approved budgets;

(h) ensuring responsible stewardship and safe custody of cash and other assets of the University;

(i) providing effective financial control on all capital projects and liaising fully with other stakeholder including project managers, where there is execution of works;

(j) assisting in the development of computer based financial accounting and financial information systems; and

(k) supervising accounts/finance staff under his/her authority, entrusted with the receipt and expenditure of money through efficient and regular checks, against the occurrence of misappropriation or negligence.

2.3 General Employee Responsibilities

2.3.1 All University employees shall:

(a) safeguard University property and income for which they are responsible;

(b) use University resources economically, efficiently, effectively to secure value for money and promote the sustainability goal of the University; and

(c) comply with RUBFRR and other related policies.

2.4 Financial Management System

2.4.1 The financial management system of the University provides an integration of University's financial management processes including budget formulation, execution, financial, and accounting procedures, & reporting. The Financial Management System can significantly contribute to the achievement of University's objectives through effective and efficient allocation of resources, monitoring programmes and projects and improved coordination amongst budgetary units within the University.

2.4.2 The Financial Management System can enhance participation, transparency and accountability by defining the roles and responsibilities and reporting requirements for each participant in the system.

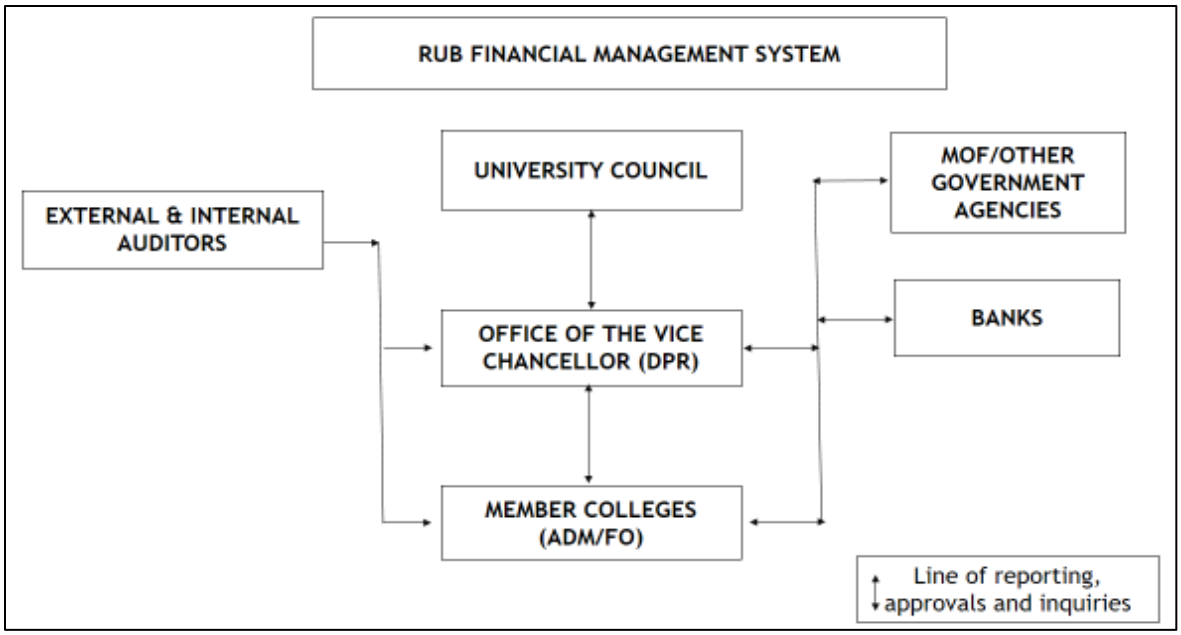


Diagram 2: RUB Financial Management System

2.5 Audit Functions

2.5.1 As a public University and the budgeted agency of the government, the operations of the OVC and the constituent colleges shall be subject to audit reviews from the Royal Audit Authority (RAA) with the frequency and scope of audit reviews determined by the RAA and the Auditing Standards issued by AASBB.

2.5.2 With the adoption of accrual accounting system (i.e. BAS for SMEs), the financial reports prepared by RUB consisting of Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash flows, Statement of Changes in Equity and accompanying notes shall be audited by the empaneled auditors annually.

2.5.3 The purpose of having a statutory audit by the empaneled auditor is to enhance credibility of the financial statements prepared by RUB by requiring the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with BAS for SMEs, legislations and regulations, applicable to the University.

2.5.4 The budgetary operations and the budget accounting system of RUB shall be audited by the RAA under the Audit Act of Bhutan with the frequency and the scope of the audit determined by RAA.

2.6 Statutory Audit

2.6.1 The statutory auditor shall be appointed from amongst the panel of auditors maintained with the Royal Audit Authority.

2.6.2 The statutory auditor shall be appointed by the University Council for a period of three years and shall be renewed for a second term subject to their performance. The same statutory auditor shall not be appointed for the third term.

2.6.3 An auditor appointed under section 2.6.1 shall be removed before expiry of the audit term only by the University Council and with the prior approval of the Royal Audit Authority.

2.6.4 The auditor proposed to be removed shall have the rights to receive notice of removal at least fifteen days before the meeting at which such resolution is expected to be made.

2.6.5 The remunerations and other expenses of the statutory auditor shall be determined by the Royal Audit Authority as per the statutory audit regulations.

2.6.6 The Royal Audit Authority shall issue Minimum Audit Examination Requirement wherever necessary, and it has to be complied by the auditors in addition to Auditing Standards prescribed by the AASBB.

2.7 Internal Audit

2.7.1 Internal control is the process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of the University's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

2.7.2 The University shall have an independent internal audit function to review its internal controls, operations and compliance from time to time. The frequency and the scope of internal audit shall be determined by the SMT at the OVC for all constituent colleges and the OVC.

2.7.3 The internal audit function shall be performed by an independent auditor from the RAA empaneled auditors, other than those auditors performing a statutory audit, if the University decides to have such internal audit reviews.

2.7.4 The objectives and scopes of internal audit functions shall include assurance and advisory activities designed to evaluate and improve the effectiveness of the University's governance processes, risk management and internal control.

2.8 Ethical Principles

2.8.1 "The Royal University of Bhutan in its pursuit for academic excellence in teaching, learning and research, pledge to foster a culture of trust, respect, integrity and fairness; co-operation and collegiality; and accountability for decisions and outcomes" [WAL-A3].

2.8.2 The Code of Conduct and Ethics of the University stipulates that all employees of the University adhere to the set of ethical principles when discharging their duties. The following ethical principles are particularly relevant when making financial decisions and reporting of the financial information to the stakeholders:

(a) Employees shall be honest and straightforward when making a financial decision including decisions related to accounting policies and financial reporting. The financial statements prepared and presented shall faithfully represent the University financial position, cash flows and income and expenses.

(b) Employees having access to financial data and related business information of the University shall not disclose any such information to third parties without specific authority or due permission from the relevant authorities. These pieces of information shall not be used for the personal advantage.

(c) Employees entrusted with financial responsibilities shall have a continuing duty to maintain professional knowledge and skill at a level required to ensure that the University and other stakeholders receive competent professional services based on current practice, legislation and techniques. Employees shall act diligently and in accordance with applicable technical standards, national laws and any in-house management policies and practices in the process of rendering the services.

(d) Employees when making financial decisions and reporting shall not allow bias, conflicts of interest, or undue influence of others to override their professional judgements.

2.8.3 Under the same ethical framework, the employees shall avoid the following:

(a) Inappropriate personal use of University assets;

(b) Obliging to commercial pressure from outside the University;

(c) Long term association with business contacts influencing business decisions of the University;

(d) Accepting gift(s) or preferential treatment, unless the value is trivial and inconsequential;

(e) Obliging to the threats of intimidation from head of the institutions or senior managers over a disagreement about the application of an accounting principle or the way in which financial information is to be reported;

(f) Obliging to the pressures from leaders and business contacts attempting to influence the decision making process, like awarding of contracts or the application of an accounting principle or budget re-appropriations, etc.;

(g) Reviewing financial data processed by self or the group where self was a member in generating that data or the report; and

(h) Making any financial or business decisions or making assertions without sufficient evidence or justification.

2.8.4 The finance personnel shall maintain at all the time that:

(a) financial transactions and events are treated as per the accounting policy and processed in a timely and proper manner as required by the RUBFRR-2022;

(b) financial information is not materially misstated in facts that mislead the information users; and

(c) take all necessary advice before entering into financial transaction.

PART- B

FINANCE AND ACCOUNTS ORGANISATION

CHAPTER 3

ACCOUNTING SYSTEM AND CHART OF ACCOUNTS

3.0 General Principles

3.0.1 The accounting system of the University is a part of the University information system that captures and retrieves financial information for internal and external decision making. Financial information are critical for improving business operations and effective functioning of corporate governance of the University by providing not only the historical accounting information, but also enabling the University to plan and execute operating and strategic activities.

3.0.2 The Chart of Accounts (CoA) is an organized and coded listing of all individual accounts that are used to record transactions and make up the ledger system in the University accounting system.

3.0.3 The University currently operates two systems of accounting- budgetary accounting of the government and the general financial accounting under BAS for SMEs issued by AASBB. Budgetary accounting records and reports receipts and expenditure operations of the government budget funds and uses government accounting system, ePEMs, for that. With the adoption of BAS for SMEs, the University uses accrual accounting system and reports under BAS for SMEs' framework. This requires the University to operate two systems in parallel. Until the time the two systems are integrated, or government accounting switches to accrual system, the University shall continue to operate dual accounting and reporting systems. While the budgetary accounting system has been taken care by the government ePEMs, the University needs to develop a comprehensive CoA to record and report financial transactions under accrual accounting system to meet the information requirement of the internal and external stakeholders other than the government.

3.0.4 Government budgetary accounting only tracks or reports expenditure and revenue transactions and does not track or report on liabilities and assets. Similarly, it does produce a budget execution report but does not produce a statement of financial position during the budget execution cycle. It is, therefore, a flow-based accounting system based on single entry. The coverage of budgetary accounting is limited to only those transactions that are strictly "budgetary," i.e., formally authorized by the Government budget rules.

3.0.5 Accrual accounting makes it possible to present financial information for a more reliable assessment of the University's assets and financial position. In particular, it enables reporting of assets such as property, plant and equipment, deferred grant incomes, intangible assets,

receivables and payables posted to the financial statements for the purpose of true and fair accounts.

3.0.6 The Chart of Accounts (CoA) is pivotal to effective functioning of the University's accounting and reporting system. It classifies and summarises all data related to assets, liabilities, income and expenses into coherent information which can be used by various stakeholders for making and evaluating decisions.

3.1 Objectives of CoA:

3.1.1 The CoA are set to achieve the following objectives.

(a) The CoA facilitates effective control over budget appropriation, fund and expenditure operations through tracking the fund and expenditure positions from time to time.

(b) The CoA helps to track transactions at the University which needs to be enforced through appropriate audit trails.

(c) The CoA enables proper financial planning and management through proper classifications of assets, liabilities and cash flows and monitoring of these resources.

(d) The management can track financial information through tracking individual accounts codes.

(e) The CoA helps University to prepare and present a set of financial statements which will be used by various stakeholders for making and evaluating decisions about the allocation of resources in the University.

3.2 Core Principles used in Designing CoA

3.2.1 The University shall apply the following principles when designing its CoA.

(a) The CoA should be comprehensive enough to capture all the required information of stakeholders and needs to reflect the accounting framework (i.e. BAS for SMEs).

(b) The CoA should have adequate details to facilitate many combinations of data elements necessary for control and reporting purposes.

(c) The CoA code and sub codes should be defined in such way that each one is mutually exclusive and avoid confusion in transaction recording and reporting.

(d) The CoA should avoid any duplications in classifications to avoid confusion and data error.

(e) The CoA should use a consistent numbering system and structure to make the chart user friendly and reduces the chance of coding errors.

(f) The CoA should be set in using a consistent hierarchy across the items of assets, liabilities, income and expenses. The CoA should be set at the most with three hierarchies of ledgers.

For example: General Ledger > Ledger > Sub-ledgers to avoid data clash and confusions in the classification of accounts.

(g) The CoA should allow flexibility for future additions and changes as far as possible. It should provide for capturing additional information in future, particularly when such information has been anticipated as a part of an ongoing University's accounting and reporting reform programmes and changes in the University business models. Providing room for growth, change and future reporting requirements can help ensure that the CoA remains relevant for a longer period of time with evolution of the business environment, regulatory requirements and reporting needs of the University.

(h) The CoA should have a well-designed but simplified structured numbering system of accounts which can be easy to use and maintain.

3.3 Year-end Closure and Reporting

3.3.1 Income and expense accounts are netted off at year-end and the surplus/deficit is transferred to SOCI. Asset and liability accounts balances are carried forward to next year.

3.4 Administrative Controls Over CoA

3.4.1 The CoA once designed shall not be changed through insertion of any new list of accounts or deletion or reclassification of the existing accounts without the prior approval of the Chief Finance Officer at the OVC.

3.4.2 In order to get the approval, the finance officer at the colleges and OVC shall submit a formal application that contains the following:

(a) The type of ledger/accounts intended to be included in the current CoA;

(b) Reasons why the new code or new class of ledger accounts needs to be added, or an old code needs to be deleted;

(c) Date of modification; and

(d) Impact of new accounts code or new ledger on the classification of items and how that is likely to affect key ratios and financial information to users.

3.4.3 When changes are warranted, this shall be made in consistent with the principles outlined in paragraph 3.2 and any current institutional norms.

3.4.4 Once the approval has been obtained, the finance officer concerned shall affect the necessary changes to the CoA.

3.4.5 The modifications made to the existing CoA during the reporting year shall be communicated to the statutory auditor as part of the management representation letter for financial statements audit.

CHART OF ACCOUNTS	
CODE	**Account Description**
1-000	**INCOME**
1-100	Revenue
1-110	Tuition fees
1-111	Tuition fees-RGOB funding
1-112	Tuition-self finance
1-113	Tuition-international students
1-114	Tuition-part time programmes
1-120	Income from grants
1-121	Government grants
1-122	Research grants
1-123	Other grants
1-130	Rental income
1-131	Rental income -hostels
1-132	Rental income-staff quarters
1-133	Rental income-guest house
1-134	Rental income-other properties
1-200	Other incomes
1-210	Interest and dividend income
1-211	Interest income from fixed deposits
1-212	Interest income from debt securities
1-213	Dividend income from equity shares
1-214	Other interest income
1-220	Gains from disposal of assets
1-230	Income from consultancy fees
1-240	Income from college development fund
1-250	Income from affiliation fees

1-260	Income from alumni fees
1-270	Income from donations
1-280	Income from farm products
1-281	Income from farm agriculture
1-282	Income from poultry farm
1-283	Income from dairy farm
1-284	Income from piggery
1-290	Fines and penalties
1-2100	Gains from exchange differences
1-2110	Gains from fair value changes
2-000	**EXPENSES**
2-100	General administrative expenses
2-110	Office supplies expenses
2-120	Repair and maintenance expenses
2-121	Repair and maintenance –buildings
2-122	Repair and maintenance-vehicles
2-123	Repair and maintenance-furniture
2-124	Repair and maintenance-computers
2-125	Repair and maintenance-equipment
2-126	Repair and maintenance-others
2-130	Travel expenses
2-131	Travel-in-country
2-132	Travel- ex-country
2-140	Utility expenses
2-141	Utility-electricity
2-142	Utility- telephone and internet
2-143	Utility-postage and courier services
2-144	Other utility expenses
2-150	Advertisement and promotional expenses
2-160	Hospitality and entertainment expenses
2-170	Uniform and extension kits
2-180	Bank charges, taxes and loyalties

2-190	Security service expenses
2-200	Project expenses
2-300	Depreciation & Amortisation expenses
2-310	Depreciation expenses
2-320	Amortisation expenses
2-400	Assets Impairment
2-500	Employee costs
2-510	Salaries and wages
2-511	Salaries
2-512	Wages
2-520	Leave travel concessions
2-530	Leave encashment expenses
2-540	Transfer and post service benefit expenses
2-550	Professional development expenses
2-551	Professional development-short term
2-550	Professional development-long term
2-560	Contribution to pension and provident fund
2-570	Other employee benefits
2-600	Research and Development Costs
2-610	General Research expenses
2-620	Development expenses
2-630	Publication expenses
2-700	Student service costs
2-710	Stipend expenses
2-720	Games and sports expenses
2-730	Other activities and events expenses
2-740	Dining expenses
2-800	Teaching and Learning Expenses
2-810	On the job training expenses
2-820	Student exchange programme
2-830	Subscription fees
2-840	Lease farm expenses

2-850	Other teaching and learning expenses
2-900	Programme Development and Review Expenses
2-910	Programme development expenses
2-920	Programme review expenses
2-930	External panel expenses
2-940	Other programme development and review expenses
2-950	Meeting and celebration
2-960	Audit remunerations
2-970	Animal feeds
3-000	**ASSETS**
3-100	Property, plant and equipment
3-110	PPE-Land
3-120	PPE-Buildings
3-121	PPE- Buildings accumulated depreciation
3-120	PPE-Computer Equipment
3-121	PPE-Computer accumulated depreciation
3-130	PPE-Vehicles
3-131	PPE-Vehicles accumulated depreciation
3-130	PPE-Lab Equipment
3-131	PPE-Lab Equipment accumulated depreciation
3-140	PPE-Furniture
3-141	PPE-Furniture accumulated depreciation
3-200	Heritage assets
3-210	Accumulated depreciation on heritage assets
3-300	Inventories
3-310	Inventories-consumables
3-320	Inventories-spare parts
3-330	Inventories-merchandise
3-400	Trade and other receivables
3-410	Trade receivables
3-420	Other receivables
3-430	Allowances for trade and other receivables

3-500	Financial assets
3-510	Financial assets-term deposits
3-511	Financial assets-term deposits allowances
3-520	Financial assets-investment in bonds
3-521	Financial assets-investment in bonds allowances
3-530	Financial assets-investments in equity shares
3-600	Advances and Prepaid expenses
3-700	Capital work in progress (CWIP)
3-800	Cash and cash equivalents
3-810	Cash in hand
3-820	Cash at bank
4-000	**LIABILITIES**
4-100	Deferred grants
4-110	Deferred government grants
4-120	Other deferred grants
4-200	Trade and other payables
4-210	Trade payables
4-220	Other payables
4-300	Financial liabilities
4-310	Financial liabilities- term loans
4-320	Financial liabilities- others
5-000	**EQUITY**
5-110	Equity-Retained earnings
5-120	Equity-Other comprehensive income
5-130	Equity-Reserves

CHAPTER 4

ACCOUNTING RECORDS AND MAINTENANCE OF RECORDS

4.0 General Principles

4.0.1 All financial transactions shall be recorded and maintained in accordance with the BAS for SMEs and comply with local laws and regulations applicable to the University.

4.0.2 Records shall include both hard copy records and records stored on electronic media or devices.

4.1 Books of Accounts

4.1.1 The books of accounts used by the University shall consist of the following:

(a) Records for transactions in chronological order, known as the journals or books of original entry; and

(b) Records for classifying and summarizing the effects of the transactions on individual accounts, known as ledgers or books of final entry.

4.2 Books of Original Entry

4.2.1 Books of original entry or journals shall be used to record all financial transactions and events in chronological order or time sequence with specific voucher reference to enable vouching when required.

4.2.2 The basis of recording in the journals shall be the journal entry voucher. The vouchers are prepared either in serial number for recurring and explicit transactions such as purchase orders, GRN, payables, GIN, invoices, etc. or without having such serial number for non-recurring and implicit transactions such as adjusting items.

4.2.3 The vouchers may also include those documents serving as evidence of transactions and events such as minutes, office orders, office memos etc. that may not have sequential order as GRN or invoices.

4.3 General Journal

4.3.1 This journal shall be used to record all transactions that cannot be entered in the special journals. It provides columns for the date, the JEV number, particulars which give explanation for the transactions recorded, the account code used, posting reference and the debit and credit amount.

4.4 Subsidiary Journals

4.4.1 The subsidiary journals are specifically designed to record transactions that are repetitive in nature.

4.4.2 Subsidiary journals shall be closed on a regular basis (daily/weekly/monthly) and the balances transferred to or posted in the general ledger.

4.5 Cash Journals/Cash Books

4.5.1 Cash Journals record collections, deposits, withdrawals, and disbursements of cash. The cash journals/records shall be maintained by the responsible staff and closely supervised by the head of finance.

4.6 Journal Entry Vouchers

4.6.1 The Journal Entry Voucher shall be used for all transactions of the University, whether cash receipts, cash/cheque disbursements, or noncash transactions. It shall be prepared by the finance staff based on transaction documents presented.

4.6.2 Accounting journal entries shall be reflected therein, and it shall serve as the basis for recording the transactions in the appropriate journals.

4.6.3 Some of the journal entry vouchers prepared and used in the day to day financial transactions include:

Disbursement voucher

4.6.4 The Disbursement voucher shall be used by the University for All Monetary Claims. The serial number shall be indicated on the disbursement vouchers to provide a clear audit trails.

Petty cash voucher

4.6.5 The petty cash voucher shall be used for disbursements out of the petty cash funds.

General payroll

4.6.6 The general payroll voucher shall be used for the payment of salaries, wages, and other employee benefits.

Purchase order/supply order

4.6.7 The Purchase order shall be used to support purchase of equipment, works, supplies and materials, etc.

Inventory requisition voucher

4.6.8 The purchase request voucher shall be used to request for the purchase of inventory/item not available in the store, and it shall be the basis of preparing the purchase order.

Certificate of completion and Inspection Report

4.6.9 Certificate of completion and Inspection Report shall be used to acknowledge the completion of works & receipt of supplies and equipment purchased and inspection made thereof.

Requisition and issue slip

4.6.10 The Requisition and issue slip shall be used to request supplies and materials that are carried in inventory by the end users.

Cheque Register

4.6.11 The Cheque Register shall be used to record all cheques issued and where claimants shall be required to acknowledge receipt of the cheque.

Report on the physical count of inventories

4.6.12 The report on the physical count of inventories [Form No.RUBFRR-24] shall be used to report the physical count of inventories by type of inventory as of a given date. It shows the balance of inventory items per count and shortage/excess, if any.

Report on the physical count of property, plant and equipment

4.6.13 The Report on the physical count of property, plant, and equipment [Form No.RUBFRR-25] shall be used to report the physical count of property, plant, and equipment by type as of a given date usually at the close of financial year.

Inventory and inspection report for unserviceable property

4.6.14 The inventory and inspection report for unserviceable property [Form No.RUBFRR-31] shall be used as basis to record dropping from the books the unserviceable properties carried in the property, plant and equipment and inventory accounts.

4.7 Ledger system

4.7.1 The ledger system consists of the following:

General Ledger (GL)

4.7.2 The General Ledger is a book of final entry containing accounts in the chart of accounts.

4.7.3 Totals of columns in the special journals and the individual entries in the General Journal are directly posted in the General Ledger.

4.7.4 At the end of each month or for each regular period whichever is effective, the accounts are balanced and at the end of the year, these are totaled, closed and the balance extracted to prepare trial balance.

Subsidiary Ledger

4.7.5 The Subsidiary Ledger is a book of final entry containing the details or breakdown of the balances of the controlling account appearing in the General ledger.

4.7.6 Postings to the subsidiary ledgers generally come from the journals with evidences of source documents.

4.7.7 The totals of the subsidiary ledger balances shall be reconciled to their respective control account at the end of every month or regular period whichever is effective.

4.7.8 The number of subsidiary ledgers depends on the number of accounts that are relevant and related to the University business transactions and events. A corresponding accounts list shall be set in the CoA of the University.

4.8 Registers

4.8.1 Registers are accounting records such as asset register and cheque register that are maintained to monitor items of assets or accounts not recorded in the books of accounts.

4.8.2 Registers are used as complimentary records to the books of accounts to maintain controls over the movement of assets or accounts.

4.9 Year-end Preparation of Financial Statements

4.9.1 At the end of the financial year, the Finance office shall prepare a set of financial statements as covered in Chapter 5, paragraph 6.5.1.

4.10 Procedures for Preparing Financial Statements

4.10.1 Prior to the preparation of financial statements, the finance office shall prepare the trail balance:

(a) to prove the mathematical accuracy of the totals of debits and credits after posting;

(b) to uncover errors in journalising and posting; and

(c) as basis for the preparation of the financial statements.

4.10.2 Preparation of Trial Balance

4.10.3 The preparation of the Trial Balance shall be carried out as follows:

(a) In the first step, all the general ledger balances after adjusting journal entries at the year-end are journalized and posted.

(b) In the second step, closing entries are journalized and posted in the general ledgers.

4.10.4 In closing the accounts, all nominal accounts are closed and real and personal accounts are totaled and balances are carried forward.

4.11 Preparation of Financial Statements

4.11.1 The financial statements shall be prepared by transferring the balances of assets, liabilities, income, and expenses from the trial balance to the statement of financial position, statement of comprehensive income, statement of cash flows, and statement of changes in equity.

4.11.2 The financial statements shall be prepared in line with the accounting policy and the reporting requirements as covered in Chapter 6.

4.12 Preservation of Records

4.12.1 The University shall ensure that measures are taken for the proper maintenance and safe custody of all financial records against loss, misplacement, mishandling, defacing, mutilation, etc.

4.12.2 The minimum preservation period shall be considered from the date of completion of audit by the Royal Audit Authority and Statutory Audit settlement of audit observations pertaining to the contents of the records, if any.

4.12.3 The minimum period for preservation of the specific financial records shall be as given hereunder:

Sl No	NATURE OF RECORDS	MINIMUM PERIOD
1	Forms and documents on preparation, proposal, discussion and approval of annual budget	24 months
2	Records on release of funds as Capital and Current Grants	24 months
3	Bank statements and bank reconciliation statements	24 months
4	Revenue receipt books and other revenue records for collection purposes	36 months
5	Dishonoured cheque	After settlement of audit
6	Cash, Bank and Journal vouchers	36 months
7	Ownership and other records on PPE, vehicles and equipment.	Till disposal and settlement of subsequent audit thereon
8	Records pertaining to Supplies and Materials.	Till disposal and settlement of subsequent audit thereon
9	Borrowing agreements and related documents	12 months after liquidation of the borrowing.
10	Grant Agreements and related documents	12 months after completion of the project
11	Cashbooks, Journal books	60 months
12	Other books of accounts, Ledger, Sub-ledger	36 months
13	Books on works accounts	36 months on completion of works or settlement of audit whichever is later
14	Records pertaining to award of contract	36 months after expiry of contract or audit settlement, whichever is later.
15	Annual Financial Statements	120months

Table 1: Number of years for preservation of accounting records

4.13 Destruction of Financial Records

4.13.1 The following procedures shall be followed with regard to the destruction of financial records:

(a) Upon completion of the specified preservation period as per paragraph 4.12.3, the Head of OVC/ Colleges shall prepare and submit a list of records requiring destruction to the Vice Chancellor who shall forward the same to the RAA for clearance. The destruction will be made only after obtaining the approval from RAA and the UC.

(b) The financial records shall be destroyed by burning or by other better means in the presence of the members of a committee constituted for this purpose consisting of the Head of the OVC/ Colleges or authorised representative, the heads of administration and finance offices.

(c) Carry out a physical verification of the financial records against the list cleared by the RAA.

(d) Witness the actual destruction of the said records and certify on the list cleared by RAA indicating the date, time, and place.

4.13.2 Upon destruction of the financial records, a certificate signed by all the members of the committee shall be submitted to the Head of the OVC/Colleges, and RAA.

4.13.3 The Head of the OVC/Colleges shall maintain a Register of Destructed Records.

4.14 Archiving Records in Soft Copies and Backup of Data

4.14.1 All financial and allied records in soft copies shall be preserved through proper archive and backup systems either using the external devices or inbuilt system.

CHAPTER 5

DELEGATION OF FINANCIAL POWER

5.0 General Principles

5.0.1 The delegation of financial power is crucial in the University to ensure the executives discharge their roles and responsibilities effectively, and within the expected turnaround time, besides enhancing accountability and effective governance practices.

5.0.2 The financial powers shall be classified as 'Ordinary' (O) and 'Extra Ordinary (EO) power.

5.0.3 Extra Ordinary powers cannot be delegated to a subordinate. .

5.0.4 The powers to be delegated to subordinate officers should be through written orders, which shall clearly mention the Nature of Power delegated, position of subordinate to whom the delegation is made including the ceiling of financial approvals the subordinate can be accorded.

5.0.5 Subordinate officers officiating in the vacant post of a higher rank may exercise the Extra-Ordinary powers prescribed for the higher post only under a specific order/approval issued by an authority competent to appoint persons in the higher post.

5.0.6 Powers delegated to subordinate officers shall not be delegated further by the subordinate officers without first obtaining the written approval from the original authority.

5.0.7 The Vice Chancellor shall be the self-controlling officer in respect of his official claims.

5.0.8 The Director, Planning and Resources, or the President shall be self-controlling officers for their personal emoluments only.

5.0.9 The official claims of the Registrar/Director/President shall be approved by the Vice Chancellor.

**Official Claims include:

- Traveling Allowances and Daily Allowances;
- Gratuity;
- Leave Encashment;
- Leave Travel Concession; and
- Expert claims.

Note:

- Powers beyond or not specified will be exercised in line with the decision of the University Council.
- All the powers delegated below are to be exercised within the budget allocation.

Sl. no	**Types of Power**	**Nature of Power**	**University Council**	**Vice Chancellor**	**President/DPR**	**Remarks**
1	Personnel & Other Personnel					
	Payment of Emolument	O	NA	YES	YES	
	Sanction of Cash Handling Allowance	O	NA	YES	YES	Nu.1,000 per month
	Encashment of Leave	O	NA	YES	YES	
	Sanction of Arrears Emoluments	O	NA	YES	YES	
	Payment of Salary Advance	O	NA	YES	YES	Maximum up to 50,000 or two months basic pay whichever is lower Maximum up to two months basic pay in case of death of an immediate family member.
2	Sanction of Expert Fee	EO	YES	YES	YES	As per existing practice approved by UC
3	Medical Benefits (Travel & Medical Expense)					
	Within Bhutan	O	NA	YES	YES	As per referral of District Medical Officer and rules of MoH

	Within India	E.O	NA	NA	NA	As per clearance of Medical Referral Committee and rules of MoH
4	Travel					
	a. Official Tours					
	Within Bhutan	O	NA	YES	YES	Only for the subordinate staffs
	Other Countries	E.O	YES	YES	*YES	* Subject to the approval of SMT/CMC
	b. Seminars/Conference					
	Within Bhutan	O	YES	YES	YES	
	Other Countries	E.O	YES	YES	*YES	* Subject to the approval of SMT/CMC
	c. Leave Travel Claims	O	NA	YES	YES	
	d. Transfer Benefits	O	NA	YES	YES	
	e. Travel by ineligible modes	E.O	NA	YES	NA	
5	Utilities	O	NA	YES	YES	
6	Rental of Properties					
	Hiring of Building	E.O	NA	YES	NA	
	Hiring of Machinery/Equipment/Furniture	O	NA	YES	YES	
	Hiring of Vehicle	O	NA	YES	YES	

7	Supplies & Materials	O	NA	YES	YES	
8	Maintenance of Property					
	Insurance	O	NA	YES	YES	
	Repairs	O	NA	YES	YES	
9	Maintenance of Vehicles					
	a. POL for Official Vehicle	O	NA	YES	YES	
	b. Repair of Vehicles/Equipment					
	Within Bhutan	O	NA	YES	YES	
	Within India	O	NA	YES	YES	
	c. Purchase of Spare parts	O	NA	YES	YES	
10	Operating Expenses	O	NA	YES	YES	
11	Entertainment of Official Guest	EO	NA	Up to Nu. 300,000	Up to Nu. 80,000*	*Also eligible to Registrar and Directors
12	Write Off					
	a. Write Off of Losses					
	Due to Theft/Natural Calamity	EO	YES	Up to Nu. 200,000	Up to Nu. 50,000	Per incidence
	In transit, Handling and Storage	EO	YES	Up to Nu. 200,000	Up to Nu. 50,000	Per incidence

	b. Unserviceable and Obsolete stores/Auctioning	EO	YES	YES	YES*	*Subject to endorsement by the property inspection committee
	c. Irrecoverable Advances	EO	YES	YES	NA	
13	Retirement Benefits					
	a. Sanction of Post Service Benefits	O	NA	YES	YES	Only for the subordinate staffs
	b. Recovery of Dues from retirement	O	NA	YES	YES	
14	Purchases					
	Land & Buildings-Within Bhutan	EO	YES	YES	NA	With prior approval of Lhengye Zhungtshog processed through National Land Commission.
	Tools/Plant/Equipment	O	NA	YES	YES	
	Vehicles	O	YES	YES	NA	Subject to Clearance from MoF
	Furniture/Office Equipment/Supplies	O	NA	YES	YES	
15	Leases and sublease in and out of Land and PPE	EO	YES	YES	NA	
16	Advances/Loan					
	Advance for approved purposes	O	NA	YES	YES	
	Loans & borrowings	O	NA	YES	YES	* Subject to the approval of SMT/CMC
17	Constructions					

	Administrative approval & Financial Sanction	O	NA	YES	YES	Technical Sanction shall be issued by a competent technical authority
	Award of Work	O	YES	YES	YES	
18	1. Time Barred Claims Adjustments	O	YES	2years	1 year	Except for court case, time limit shall be applied as specified here in the ordinary course of business.
	2. Time barred adjustment amount.	O	YES	Up to Nu. 200,000	Up to Nu. 100,000	Except for court case, threshold amount shall be applied as specified here in the ordinary course of business.
19	Re-appropriations					
	a. Re-appropriation from one existing object code to another within different activities within the College(s) or OVC.	EO	NA	YES	YES*	Based on the recommendation by SMT/CMC
	b. Fund transfer from one college to another or from OVC to the colleges and vice versa.	EO	YES	YES	NA	Based on the recommendation by SMT/CMC
20	Transfer of PPE	EO	NA	YES	*YES	Based on recommendation by SMT/CMC
21	Incorporation of external funds from other agencies not within the normal budget	EO	NA	YES	*YES	Based on recommendation by SMT/CMC
22	Donation Receivable	O	NA	YES	YES	

PART- C

ACCOUNTING POLICIES & PROCEDURES

CHAPTER 6

CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING

6.0 Rationale for Adoption of *BAS for SMEs*

6.0.1 IFRS is a set of international accounting standards issued by the International Accounting Standards Board (IASB). IFRS is now presumably the most widely used accounting standards around the world. Bhutan adopted IFRS, in phase, since 2013. The IFRS adopted by Accounting and Auditing Standards Board of Bhutan (AASBB) were issued as Bhutanese Accounting Standards (BASs) and Bhutanese Financial Reporting Standards (BFRS). Similarly, IFRS for SMEs adopted by AASBB is issued in Bhutan as BAS for SMEs.

6.0.2 BAS for SMEs is a simplified version of full IFRS which are applied by SMEs and not-for-profit entities without having accountability to capital markets or specific investor group. The Royal University of Bhutan adopted BAS for SMEs in 2017 with the intention to improve its internal financial management practices and external reporting. BAS for SMEs provide conceptual framework and series of accounting standards which define items of asset, liability, equity, income & expenses and recognition and measurement principles for those items. This renders the financial statements prepared by entities more reliable, relevant and comparable. BAS for SMEs also require entities to disclose accounting policies and other information that are significant to the understanding of the financial statements to the information users. Thus, the adoption of BAS for SMEs by the University is expected to bring in benefits including more financial transparency thereby, resulting in a more favourable impact on stakeholder relations, improved access to public funds, grants and other credit facilities in the financial market.

6.0.3 The adoption of BAS for SMEs is also expected to induce better controls over financial resources and improve the overall financial management system of the University.

6.1 Compliance with *BAS for SMEs*

6.1.1 The University shall prepare and present a complete set of financial statements as specified in paragraph 3.4.2 per BAS for SMEs. Any departure from the requirement of BAS for SMEs shall be disclosed indicating that:

(a) management has concluded that the financial statements present fairly the University's financial position, financial performance and cash flows;

(b) it has complied with the BAS for SMEs, except that it has departed from a particular requirement to achieve a fair presentation; and

(c) the nature of the departure, including the treatment that the BAS for SMEs would require, and the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of the financial statements.

6.2 Balance Between Benefit and Cost

6.2.1 The University shall select accounting policies for transactions and events considering the costs and benefits without compromising the effect of such policy choice on the transactions and financial information as permitted by BAS for SMEs standards.

6.3 Conceptual Framework for Financial Reporting

6.3.1 The financial statements of the University shall be prepared following BAS for SMEs 2015.

6.4 Objectives of Financial Statements

6.4.1 The University as a not-for-profit and public service entity has accountability to public stakeholders, donors, and the University staff. Therefore, the University shall prepare and present a set of financial statements that provide a complete and accurate financial information to help stakeholders understand its activities and utilization of funds and other assets. The emphasis of the University is not on generating a distributable profit from cash flows but on using its economic resources to achieve the overarching goals and objectives of the University.

6.5 Complete Set of Financial Statements

6.5.1 The University shall prepare and present a complete set of financial statements comprising :

(a) Statement of Financial Position;

(b) Statement of Comprehensive Income;

(c) Statement of Cash Flows;

(d) Statement of Changes in Equity; and

(e) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

6.6 Elements of Financial Statements

6.6.1 **Asset-** is defined as a resource controlled by the University as a result of past events from which economic benefits are expected to flow to the University.

6.6.2 **Liability-** defined as a present obligation of the University arising from past events, the settlement of which is expected to result in an outflow of economic resources from the University. The obligation of the University may arise as a result of the legal or contractual arrangement with or constructive obligations for any party including employees of the University.

6.6.3 **Equity-** is a residual interest in the assets of the University after deducting all of its liabilities. The equity represents the net worth or the capital investment of the University which also represents the government's claims.

6.6.4 **Income-** is an increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity claims. Income encompasses both revenue and gains:

(a) Revenue is income that arises from the ordinary course of the University. In other words, revenue is an income generated from the core activities of the University.

(b) Gains are other items that meet the definition of income but are not revenue.

6.6.5 **Expenses-** are decreases in assets, or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holders of equity claims. Expenses encompass losses as well as those expenses that arise in the ordinary course of the University:

(a) Expenses that arise in the ordinary course of the University include, for example, salary, wages, utility bills and depreciation. They usually take the form of an outflow of cash and cash equivalents, or depletion of assets such as inventory or property, plant and equipment.

(b) Losses are other items that meet the definition of expenses and may arise in the ordinary course of the University.

6.7 Recognition of Assets, Liabilities, Income, and Expenses

6.7.1 Assets shall be recognized when the:

(a) item is controlled by the University as a result of a past event;

(b) University expects economic benefits from the item; and

(c) cost or value of the item can be measured reliably.

6.7.2 Liabilities shall be recognized when:

(a) the University has an obligation as a result of a past event;

(b) it is probable that the University will be required to transfer economic resources in settlement; and

(c) the settlement amount can be measured reliably.

6.7.3 Income shall be recognized when an increase in future economic benefit is related to an increase in an asset or a decrease of a liability that has arisen can be measured reliably. In other words, income is recognized in the statement of comprehensive income when it is earned irrespective of when the benefit (cash and cash equivalents) is received.

6.7.4 Expense is recognized when a decrease in future economic benefit is related to a decrease in an asset or an increase of a liability that has arisen can be measured reliably. In other words, expense shall be recognised when it is incurred irrespective of whether cash is paid.

6.7.5 Further, individual items of asset, liability, equity, income, and expenses shall also be required to fulfill the additional recognition criteria specified in each section related to the item.

6.8 Measurement of Assets, Liabilities, Income, and Expenses

6.8.1 The University shall apply an appropriate measurement basis as part of its accounting policy of those items of assets, liabilities, income, and expenses in order to present those items at appropriate amounts in the financial statements. The following measurement shall be applied:

(a) The University shall initially measure all non-monetary assets using historical cost which consists of the acquisition price and all transaction costs directly attributable to acquiring the asset till the asset is made ready for its intended use or for sale.

(b) All financial assets shall be measured initially at fair value or consideration paid to acquire the asset which includes the transaction costs to acquire the asset.

(c) Liabilities shall be measured using the costs or fair value or present value whichever is appropriate at the time of measurement.

(d) Income from tuition fees, grants, and other sources of income shall be measured using fair value.

(e) Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

(f) The measurement basis of each type of asset, liability, income, and expense shall be followed as given in specific standard.

CHAPTER 7

ACCOUNTING POLICY, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

7.0 Accounting Policy

7.0.1 Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

7.0.2 The University shall apply BAS for SMEs whenever possible as its accounting policy for the item of asset, liability, income, and expense.

7.0.3 When choices or options with regard to recognition, classification and measurement of items of assets, liabilities, equity, income, and expenses are available, the university shall elect any option that will give fair representation of the item under consideration.

7.0.4 Where BAS for SMEs does not specifically address a transaction, event or condition, the University shall develop its own accounting policies which are relevant to such transactions or events. Where such guidelines are missing in the standards, the University shall refer to any related standards in BAS for SMEs, full BAS/IFRS and other standards in other standard setting bodies.

7.0.5 The University shall exercise reasonable judgement in developing and applying an accounting policy that results in information that is:

(a) relevant to the stakeholders or information users; and

(b) reliable presenting the economic reality of transactions or events of the University.

7.0.6 The accounting policies once elected or developed shall be applied consistently for similar transactions, events and conditions, over a period of time, unless the new or alternative accounting policies provide more reliable and relevant information to the information users.

7.1 Changes in Accounting Policies

7.1.1 Changes in accounting policy shall be made only if required by one of the followings:

(a) By statute;

(b) By an accounting standard setting body such as AASBB or IASB; and

(c) If the change will result in a more appropriate presentation of events or transactions in the financial statements of the University.

7.1.2 A change in accounting policy occurs when there is a change in recognition, measurement and presentation of asset, liability, income, and expenses in the financial statements.

7.1.3 A change in accounting policy for a new standard shall be done as per the implementation guide or a transition provision of the specific standard.

7.1.4 Other changes in accounting policies shall be applied retrospectively by adjusting the opening balances of each affected component of equity for the earliest prior periods and comparative amounts for each prior period as if the new accounting policy had always been in use.

7.1.5 If the effect of changes in accounting policy in the prior periods is not determinable, change in accounting policy shall be made prospectively.

7.2 Changes in Accounting Estimates

7.2.1 The University shall treat any adjustment of the carrying amount of its asset or a liability, or the amount of the periodic consumption of an asset as changes in accounting estimates.

7.2.2 Changes in accounting estimates shall be applied prospectively by recognizing the effect of change in estimates in the Statement of Comprehensive Income and the Statement of Financial Position by adjusting the carrying amount of the related asset, liability or equity item for the current year.

7.3 Correction of Prior Period Errors

7.3.1 Where there are errors due to effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts or fraud in one or more prior periods, this shall be treated as prior period errors.

7.3.2 Any prior period errors deemed material shall be corrected retrospectively in the first financial statements authorised for issue after its discovery by:

(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) If the error occurred before the earliest prior period presented, the university shall restate the opening balances of assets, liabilities and equity for the earliest prior period presented.

7.3.3 When it is impractical to determine the effects of an error on comparative information for one or more prior periods presented, the University shall restate the opening balances of assets, liabilities and equity for the current period.

7.4 Disclosures

7.4.1 The following information shall be disclosed when there is a change in accounting policy, changes in accounting estimates, and prior period error corrections in the financial statements.

(a) The nature of the change in accounting policy;

(b) The reasons why applying the new accounting policy provides reliable and more relevant information;

(c) To the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:

(i) for the current period;

(ii) for each prior period presented; and

(iii) in the aggregate for periods before those presented.

(d) An explanation if it is impracticable to determine the amounts to be disclosed.

(e) Nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income, and expenses for the current period;

(f) The nature of the prior period error; and

(g) For each prior period presented, to the extent practicable, the amount of correction for each financial statement line item affected.

CHAPTER 8

ACCOUNTING AND REPORTING OF PROPERTY, PLANT AND EQUIPMENT

8.0 Introduction

8.0.1 Property, plant and equipment (PPE) are the long-term physical assets that are essential for the operation of the University and achievement of its objectives. The appropriate accounting and reporting of PPE will help the stakeholders or information users to assess University's physical resource base and its capacity to support its current and future programmes.

8.1 Definition

(a) The University shall account and report those physical assets as Property, plant and equipment if the assets:

(i) are held for providing academic and other University services or for short term rental to others, or for administrative purposes; and

(ii) are expected to be used during more than one financial year.

(b) PPE shall include:

(i) Land;

(ii) Buildings;

(iii) Civil structures;

(iv) Plant and machinery;

(v) Vehicles;

(vi) Furniture and fixtures;

(vii) Computer equipment;

(viii) Electric equipment;

(ix) Lab equipment;

(x) Office equipment;

(xi) Cultural and ceremonial equipment;

(xii) Dining and kitchen equipment;

(xiii) General equipment;

(xiv) General tools; and

(xv) Books.

(c) PPE items shall be grouped or classified as provided in paragraph 8.1 (b) for recognition, measurement, and presentation.

(d) Where the above classification is not appropriate to include certain items with unique characteristics, the University shall create a separate classification.

(e) This classification shall form the basis for University's Charts of Accounts described in Chapter 3.

8.2 Acquisition and Recognition of PPE

(a) The University may acquire an item of PPE by any of the following ways:

(i) Purchase from the open market following an open tender or any permissible methods of procurement as per the RUBPRR ;

(ii) Government grants with specific grant conditions; and

(iii) Self-construction or development.

(b) The University shall recognize an asset as PPE when:

(i) it is probable that the University will receive future economic or service benefits associated with the item; and

(ii) the cost of the item can be measured reliably.

8.3 Measurement of PPE

8.3.1 Initial measurement

An item of PPE shall be initially measured at cost, which is the fair value of the consideration given. The cost of PPE shall include:

(i) the purchase price including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, if any.

(ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery and handling, installation and assembly and testing of functionality of the item of PPE.

(iii) the initial estimate of the cost of dismantling and removing the item of property, plant and equipment and restoring the site on which the item is located, and the entity has incurred the obligation to undertake that restoration as a result of the construction of the asset.

8.3.2 The cost of self-constructed assets such as buildings and any physical asset that meet the definition of PPE includes the cost of materials, direct labor and any other costs

directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

8.3.3 The cost of PPE shall exclude:

(a) administration and other general overhead costs; and

(b) borrowing cost of all types of borrowings.

8.3.4 If payment for acquisition of an item of PPE is deferred beyond normal credit terms, the cost is the present value of all future payments. The present value shall be calculated by applying the current borrowing rate on the future payments.

8.3.5 Any cost which is not directly related to bringing the item of PPE shall not be capitalized. All such costs shall be expensed when it occurs in the Statement of Comprehensive Income.

8.3.6 Cost of software that is integral to the functionality of the related equipment shall be capitalised as part of that equipment.

8.3.7 Bearer plants in chapter 12, paragraph 12.2.3 shall be accounted using the same policy of property, plant and equipment. All costs incurred on bringing up the bearer plants shall be capitalized same as Capital-Work-In-Progress (CWIP) in construction works, and once the bearer plant is matured, the bearer plant, like PPE, shall be recognized initially at cost accumulated so far.

8.3.8 In the subsequent period, the bearer plant shall be measured at cost less accumulated depreciation and accumulated impairment losses.

8.3.9 The useful life of the bearer plant shall be determined based on the type of bearer plant and the surrounding circumstances in which the plant is grown or located.

8.3.10 The bearer plant shall be assessed for impairment test, and the useful life of the bearer plant shall be reviewed regularly to ensure that the carrying amount of the asset shall not exceed the recoverable amount as per chapter 18, paragraph 18.3.

8.4 Costs which are excluded from the cost of PPE are:

(a) cost of opening a new facility;

(b) costs of introducing new products or services;

(c) borrowing costs; and

(d) administrative and general expenses.

8.5 Subsequent Measurement

8.5.1 All items of PPE shall be re-measured using the cost model EXCEPT leasehold land that shall be re-measured using the rate prescribed by Property Assessment and Valuation Agency (PAVA) of the Ministry of Finance.

8.5.2 Any increase or decrease in the re-measurement of leasehold land shall be recognized in Other Comprehensive Income.

8.5.3 The carrying amount of the asset shall be determined as cost minus accumulated depreciation and accumulated impairment losses.

8.5.4 Leasehold land shall not be depreciated.

8.6 Depreciation of PPE

8.6.1 Depreciation is a systematic allocation of depreciable cost of the asset over its useful life.

8.6.2 All items of PPE shall be depreciated using a straight-line method.

8.6.3 Depreciation shall be recognized as an expense in the Statement of Comprehensive Income.

8.6.4 The residual value of an asset is the estimated amount that the University would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, considering the age of the asset on the reporting date. This is a management estimate and thus shall be done with appropriate due diligence.

8.6.5 Depreciation of PPE shall commence when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

8.6.6 Depreciation of an asset ceases when the asset is derecognised.

8.6.7 Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

8.6.8 Useful life of an asset is the period over which the asset is expected to be available for use.

8.6.9 The University shall apply the following useful lives for its PPE items while re-measuring the PPE items in its financial statements. (NOTE: These useful lives were derived as average of the data points from various corporations and public sector entities for 2017-2018 BAS for SMEs conversion).

Asset Class	Useful Life (Years)
Land	N/A
Land Developments	N/A
Buildings:	
Permanent	50
Semi-permanent	15
Temporary	5
Compound walls and fencing	50
Vehicles	9
Furniture and Fixture	9
Electrical Equipment	6
Office Equipment	7
Computer and IT Equipment	6
Laptops	5
Lab Equipment	7
Cultural and Ceremonial Equipment	7
General Equipment	7
General Tools	7
Dining and Kitchen Equipment	7
Books (include both hard and soft covers)	10

8.6.10 In general, the University shall apply the following principles while determining the useful life of the asset for both initial recognition and subsequent review of the useful life of the PPE item.

(a) The expected usage of the asset is assessed by reference to the asset's expected capacity or physical output.

(b) Expected physical wear and tear, which depends on operational factors such as the extent of the asset, is to be used and the repair and maintenance programme, and the care and maintenance of the asset while idle.

(c) Technical or commercial obsolescence arising from changes or improvements in the market demand for the product or service output of the asset.

(d) Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

8.6.11 The University shall review the useful life and the residual value of the asset if it observes any indications that the useful life or a residual value has undergone a significant change due to changes in the way the asset is used, technological advancement and changes in the market prices after its initial measurement.

8.6.12 If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset shall be revised on a prospective basis.

8.6.13 A fully depreciated PPE shall be recognised at Nu. 1 to identify the asset and indicate that the asset still exists unless management has come up with a revaluation of the same asset or group of assets and from which economic or service benefits are expected to flow or this asset is disposed of. This shall not be applied to the vehicle due to restrictions imposed by RSTA on the service life of the vehicle.

8.7 Impairment of PPE

8.7.1 An item of PPE or a cash generating unit shall at each reporting date be tested for impairment in accordance with chapter 18, paragraph 18.3.

8.7.2 Compensation from third parties such as insurance for items of PPE that were impaired, lost, or given up shall be included in Statement of Comprehensive Income as income when the compensation becomes receivable.

8.8 Subsequent Cost Incurred on Item of PPE

8.8.1 The University shall capitalize the costs or expenses incurred on the PPE after its initial recognition if this cost contributes to the enhancement of service life, productivity and efficiency of the asset where such costs are incurred.

8.8.2 All subsequent costs or expenses incurred on the PPE shall be expensed of. This includes costs of repair and maintenance of the asset.

8.8.3 The cost of replacing component(s) of an item of PPE shall be recognized in the carrying amount of the item only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably.

8.8.4 The carrying amount of the component removed shall be written off and included in depreciation instead of being classified as a loss on disposal.

8.9 Capital Work in Progress (CWIP)

8.9.1 For the ongoing construction of assets such as buildings, expenditure on material, labour, contract expenses, and directly attributable costs such as employee/consulting, overhead, and project management expenses incurred during the construction period shall be included in CWIP and reported under non-current assets in the Statement of Financial Position.

8.9.2 The item of PPE shall be recognized on the date when the asset is ready for use.

8.9.3 Indirect expenditure and overhead costs incurred shall be expensed of in the Statement of Comprehensive Income when they are incurred.

8.10 De-recognition and Disposal of PPE

8.10.1 An item of PPE shall be derecognized either:

(a) on disposal; or

(b) when no future economic benefits are expected from its use or disposal.

8.10.2 Any gain or loss on disposal of an item of PPE shall be recognised in the Statement of Comprehensive Income when the item is disposed of.

8.10.3 The gain or loss arising from disposal of an item of PPE shall be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

8.10.4 The gain or loss arising from disposal of PPE item shall be classified and presented under 'other income'.

8.10.5 The disposal of PPE items shall follow the procedures provided in chapter 31, paragraph 31.7 Asset Management.

8.11 Disclosures

8.11.1 The following information shall be disclosed either in the financial statements or in the form of explanatory notes.

(a) The measurement bases used for determining the gross carrying amount;

(b) The depreciation methods used;

(c) The useful lives or the depreciation rates used;

(d) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and

(e) A reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:

(i) Additions; and

(ii) Disposals.

CHAPTER 9

ACCOUNTING AND REPORTING OF INVENTORY

9.0 Introduction

9.0.1 The University may hold inventories such as consumable items, materials, or merchandise and spare parts in the course of delivering its services. Proper accounting of inventories helps users of financial information to assess entity's investment plans in current assets that determine liquidity condition and the ability to provide its services. Investments in inventories help the University run its business without disruption.

9.1 Definition

9.1.1 The University shall account all physical assets which are held for sale or for consumption in the ordinary course of its operation. These include materials or supplies which are intended to be used for construction or repair and maintenance works.

9.1.2 Inventories shall also include agricultural produce harvested from the biological assets covered in Chapter 15.

9.2 Recognition and Measurement of Inventories

9.2.1 The University shall recognize inventories when the:

(a) University expects to receive economic benefits from the asset;

(b) cost of the inventory can be measured reliably; and

(c) item is controlled by the University.

9.2.2 Inventories shall be measured initially at cost and remeasured at lower of cost and net realisable value.

9.2.3 Inventories from agricultural produce shall be measured on initial recognition at their fair value less estimated costs to sell at the point of harvest.

9.2.4 Cost of inventories shall comprise :

(a) costs of purchase;

(b) costs of conversion (if any); and

(c) other costs incurred in bringing the inventories to their present location and condition.

9.2.5 The costs of bringing the inventories shall include import duties and other taxes (other than those subsequently recoverable by the University from the taxing authorities),

transportation charges, handling and other costs directly attributable to the acquisition of finished goods and materials.

9.2.6 Trade discounts, rebates and other similar items shall be deducted in determining the costs of purchase.

9.2.7 If an inventory is purchased at a deferred settlement term, the difference between the inventory purchase price under normal credit term and the purchased price under deferred settlement term shall be recognized as interest expense in the Statement of Comprehensive Income for the relevant financial year.

9.2.8 The following costs shall be excluded from the cost of inventories and are recognised as expense in the Statement of Comprehensive Income in the period in which they are incurred:

(a) administrative overheads that do not contribute to bringing inventories to their present location and condition;

(b) storage costs, unless those costs are necessary during the production process before a further production stage;

(c) abnormal amounts of wasted materials, labour, or other production costs; and

(d) selling costs of inventory.

9.3 Inventory Costing/Valuation

9.3.1 All inventories at the University shall be valued at cost using First-in first-out (FIFO) method when inventories are interchangeable in nature.

9.3.2 Inventories which are not interchangeable and are purchased and segregated for a specific project or service section shall be measured by using the specific cost method by identification of individual costs.

9.4 Determination of Net Realisable Value

9.4.1 The University shall not carry its inventories in excess of amounts expected to be realised from their sale or use.

9.4.2 The management shall for each reporting period remeasure its inventories by determining the most appropriate reliasable value for its inventories.

9.4.3 If the carrying amount of inventories exceed the net realizable value because of damage, obsolescence, or declining selling prices, inventories shall be impaired and written down to its net realizable value.

9.4.4 The difference shall be recognized as an impairment loss (expense) in the Statement of Comprehensive Income in the period in which the write down occurs. Debit: inventory write down/impairment, Credit: inventory account.

9.4.5 Impairment of inventory shall be assessed item by item. Only when items are similar, impairment test shall be done for group of items.

9.4.6 If in the subsequent year the write down is not required due to improvement in the economic circumstance, the amount of the write-down shall be reversed (the reversal is limited to the amount of the original write-down) in the period in which the reversal occurs, so that the new carrying amount is the lower of the cost or the revised net realisable value.

9.5 Expense Related to Inventories

9.5.1 When inventories are consumed, issued, or sold (in case of merchandise), the carrying amount of those inventories shall be recognized as an expense in the Statement of Comprehensive Income. Until this time, inventories shall be accounted as asset in the Statement of Financial Position.

9.5.2 Some inventories such as materials may be allocated to other asset accounts, for example, materials used as a component of self-constructed property, plant, or equipment. Such inventories shall be accounted as part of the cost of that asset for which the inventories are used.

9.6 Disclosures

9.6.1 The following information shall be disclosed either in the financial statements or in the explanatory notes:

(a) The measurement basis used in inventories including the cost formula used;

(b) The total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;

(c) The amount of inventories recognised as an expense during the period;

(d) Impairment losses recognised or reversed; and

(e) The total carrying amount of inventories pledged as security for liabilities.

CHAPTER 10

ACCOUNTING AND REPORTING OF INCOME

10.0 Introduction

10.0.1 The University generates various sources of income in the course of its operation. Tuition fees of students as a contribution towards the cost of academic courses form a major stream of income for the University. The University shall apply this policy to recognize and measure various sources of income generated in the course of its operation. Proper accounting and reporting of its income will help the University track its revenue streams and assist in the effective execution of its strategic plans.

10.1 Definition- Income

10.1.1 Income is defined as an increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

10.1.2 Revenue is an income arising in the ordinary course of the University. In other words, revenue is an income generated from the core activities of the University.

10.2 Sources of Revenue

10.2.1 The University shall classify all sources of income generated from the ordinary course of its operation as revenue. These include:

(a) tuition fees;
(b) research grants;
(c) capital grants received for acquiring assets under government grant scheme;
(d) rental income from properties rented out to staff or others;
(e) consultancy fees earned;
(f) donations and endowment funds;
(g) subscription fees;
(h) professional fees earned other than consultancy fees;
(i) fees and charges (examples: exam paper rechecking fees, withholding of security deposits);
(j) publications;
(k) sale of merchandise from University/College souvenir and bookshops; and

(l) any receivables that meet the definition of revenue.

10.3 Other Incomes

10.3.1 All incomes other than revenue are classified and reported in the Statement of Comprehensive Income as 'other income'. These may include:

(a) gain on disposal of PPE items;

(b) gain on exchange difference;

(c) gain arising from changes in fair value of assets and liabilities;

(d) interest and dividend income from investments in financial assets; and

(e) any other income which are not classified as revenue but meet the definition of income.

10.4 Recognition of Revenue and Other Income

10.4.1 The University shall recognize revenue only if:

(a) it is probable that the University will receive the income or economic benefits; and

(b) the amount or revenue receivable can be measured reliably.

10.4.2 In addition, following considerations shall be made for recognition of each source of revenue:

(a) Revenue from tuition fees (irrespective of the mode of tuition fee payment i.e., government and self-financed students) shall be recognized when the student list is updated and submitted to the OVC for the semester, which is done after two weeks of commencement of the semester.

(b) Revenue from an international student(s) shall be recognized when the international student has accepted the offer, and the student has deposited at least one semester's tuition fees.

(c) Revenue from research and consultancy services shall be recognized with reference to the stage of completion of transaction or percentage of deliverables achieved at the end of the financial period.

(d) Revenue from rented properties shall be recognized when such properties are rented out as per the institutional policies/TOR (such as housing policies) and when the tenant has received the service benefits from the rented property.

(e) Revenue from capital grants received from government is recognized when the grants is receivable and when the condition attached to the grants is satisfied.

(f) Income from interest and dividends shall be recognized when such incomes are earned and accrued as per the contractual arrangements that give rise to such income.

(g) Income from donations shall be recognized as follows:

(i) Donations that do not impose specified future performance conditions shall be recognised in Statement of Comprehensive Income when the donations are receivable. This shall include amount collected as institutional development fund from students which are non-refundable and do not carry any specific performance obligations for the University.

(ii) Donations that impose specified future performance conditions on the University are recognised as income only when the performance conditions are met.

(iii) Donation incomes where donations are received before the revenue recognition criteria are satisfied shall be recognized as a liability, i.e., deferred donation income.

(iv) Donation received in service if it can be reasonably quantified shall be recognized as income and an equivalent amount shall be recognized as an expense in the Statement of Comprehensive Income unless the service can be capitalised as part of the cost of an asset when such service is received.

(v) Donated services which cannot be quantified shall not be recognized.

(vi) Donations received in-kind shall be recognised only if it can be quantified or measured in monetary terms and when condition attached to the donation is satisfied, if there is any. Otherwise, it shall be disclosed in notes.

(h) Revenue from sale of merchandise or any other products for sale shall be recognized when risk and rewards associated with merchandise items are transferred to the buyer.

(i) Revenue from capital grants from government shall be recognized as follows:

(i) Grants that do not impose specified future performance conditions shall be recognised as income when the grants are receivable.

(ii) Grants that impose specified future performance conditions shall be recognised as income only when the performance conditions are met.

(iii) Grants received before the revenue recognition criteria are satisfied shall be recognized as a liability, i.e., deferred grant income.

(j) An increase in fair value of asset or a decrease in fair value of liability shall be recognized as income when the specific accounting policy of the item require or allow doing so.

10.5 Measurement of Revenue and Other Income

10.5.1 Revenue from tuition fee shall be measured at fair value of the consideration received or receivable net of any deductions.

10.5.2 A fair value is a price at which asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

10.5.3 The following measurement principles shall be applied in measuring each source of revenue:

(a) Revenue from tuition fees shall be determined by the University Council/Government as per the capitation fees. Revenue from tuition fees shall be measured at net amount receivable from the government or fee-paying students.

(b) Revenue from research and consultancy services shall be determined by agreement between the University/colleges and client entering into contract to buy the products or services.

(c) When the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. The difference between the fair value and the nominal amount of the consideration shall be recognised as interest revenue determined by using the current interest rate or any agreed rate in the contract.

(d) Donations of services that are recognised should be measured at the estimated value of the service received.

10.6 Disclosures

10.6.1 The following shall be disclosed either in the financial statements or in the explanatory notes:

(a) The accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services; and

(b) The amount of each category of revenue recognised during the financial year, showing separately, at a minimum, revenue arising from:

(i) tuition fees;

(ii) Government grants;

(iii) research and consultancy fees; and

(iv) any other significant source of revenue.

CHAPTER 11

ACCOUNTING AND REPORTING OF EXPENDITURE OTHER THAN EMPLOYEE BENEFITS

11.0 Introduction

11.0.1 Expenditures other than employee benefits shall be accounted as per the accounting policy covered in this chapter.

11.1 Definition

11.1.1 An expense is defined as decreases in assets, or increases in liabilities, that result in decreases in equity or retained earnings, other than those relating to distributions to holders of equity claims.

11.1.2 The University may incur expenses as a result of consuming service benefits from the suppliers of such services or to upkeep the properties that are used in its operations. Such expenditures may include:

(a) general administrative expenses;
(b) office supplies;
(c) repair and maintenance;
(d) utility expenses;
(e) travel;
(f) hospitality and entertainment;
(g) rental expenses;
(h) advertising and promotion;
(i) finance costs; and
(j) any other expense that meets the definition.

11.2 Recognition of Expenditures Other than Employee Costs

11.2.1 The expenditures other than employee costs shall be recognized when the

(a) expenditures are incurred i.e., when the University has consumed the goods or services provided by other parties; and
(b) amount of expenditure can be measured reliably.

11.2.2 The University shall consider the following when recognising each of the expenses identified below:

(a) Expense related to purchase of consumable items (inventories) shall be recognized when the item is issued for use in the service or when inventories are sold off. Debit: cost of inventory consumed, credit: inventory.

(b) Expense related to travel shall be recognized when the staff has completed the travel as per travel authorization.

(c) Expense related to repair and maintenance of non-current assets shall be recognized on completion of repair and maintenance jobs and on receiving of invoice from the service provider.

(d) Expenses related to hospitality and entertainment shall be recognized when the invoice is received from the official responsible for incurring such expenses.

(e) Rental expenses shall be recognized when service benefits have been consumed by the University.

(f) Expense related to advertising and promotion shall be recognized upon receipt of invoice from the advertising agency or media firm.

(g) Professional fees and charges shall be recognized when the University has received service benefits from the service provider.

(h) Expense related to provisions shall be recognized upon meeting the definition and the recognition criteria of provisions.

(i) Expense arising from the sale of an asset is recognised at the same time as the consideration for that sale is recognised as income.

(j) Interest on financial liabilities shall be recognized when it is accrued.

(k) A decrease in fair value of asset or an increase in fair value of liability shall be recognized as an expense when the specific accounting policy of the item require or allow doing so.

(l) Consumption of the economic benefits or service potential of an asset over its useful life shall be recognized as a depreciation or an amortization expense.

(m) Expense from the government grants shall be recognized at the same time as the grant is recognized as income for the reporting period.

(n) A change in the carrying amount of the asset due to change in the recoverable amount of the asset shall be recognized as an expense.

(o) Interest components on borrowed funds or financial liabilities shall be recognized as finance cost in the Statement of Comprehensive Income when such expense becomes payable or accrued.

11.3 Measurement of Expenditures Other than Employee Benefits

11.3.1 Expenses shall be measured at fair value that is required to settle the obligations.

11.3.2 The following principles shall be applied when measuring each type of expense:

(a) Expense related to provisions shall be measured as the best estimate of the future obligations.

(b) Expense arising from the change in fair value of assets or liabilities shall be measured as the difference between the carrying amount of the asset or a liability and its current fair value.

(c) Expense related to staff travel shall be measured at the rate applicable to the University travel and allowance.

(d) Expense arising from impairment of assets shall be measured as the difference between asset's carrying amount and the recoverable amount of the asset.

(e) Finance costs on financial liabilities are measured at amortised cost using effective interest rate.

(f) Where expense items have not been paid on the reporting date, the same shall also be recognized as present obligation and shall be presented as current liability in the Statement of Financial Position.

11.4 Disclosures

11.4.1 The following shall be disclosed either in the financial statements or as explanatory notes:

(a) the accounting policies adopted for the recognition of expense; and

(b) the amount of each category of expense recognised during the financial year, showing separately, at a minimum, expense incurred on:

(i) cost of inventories consumed;

(ii) depreciation and amortization expense;

(iii) repair and maintenance;

(iv) expense due to impairment losses and changes in Fair Values of an asset or liability; and

(v) any other material expense which would affect information users.

CHAPTER 12

ACCOUNTING AND REPORTING OF EMPLOYEE BENEFITS

12.0 Introduction

12.0.1 Employee benefits are all forms of considerations given by the University in exchange for service rendered by employees, including directors and college presidents who are employed on fixed term contracts.

12.1 Employee benefits shall include:

(a) short-term employee benefits such as salary, wages, allowances, and other benefits payable within twelve months after the end of the reporting period in which the employees render the related service;

(b) long-term or post-employment benefits such as gratuity, pension and provident fund which are payable on retirement or termination from service whichever is earlier;

(c) other long-term employee benefits, other than employee benefit covered in (b); and

(d) termination benefits which are payable as a result of either:

(i) University/college's decision to terminate an employee before the normal retirement age; or

(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

(e) employee benefits also include benefits paid in the form of kind or services to employees which may or may not be able to be measured in monetary terms.

12.2 Recognition of Employee Benefits

(a) Employee benefits shall be recognised when an employee has rendered the service for the benefits entitled to.

(b) the cost of all employee benefits to which the employee has become entitled as a result of service rendered during the reporting period. This shall be recognized as:

(a) an expense in the Statement of Comprehensive Income unless it requires the cost to be recognised as part of the cost of an asset such as inventories or property, plant, and equipment; and

(b) a liability, after deducting amounts that have been paid either directly to the employee or as a contribution to employee benefit fund. If the amount paid exceeds the obligation arising from service before the reporting date, the excess amount

paid shall be recognised as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(c) employee benefits which cannot be measured or quantified shall not be recognized in the financial statements. These benefits shall be disclosed in the explanatory notes;

(d) employee benefits of executives or key managerial personnel shall be disclosed under related party disclosures covered in Chapter 21, Paragraph 21.4 (d) in addition to this requirement; and

(e) vehicle quota for eligible employees shall be treated as per RUBHRRR. However, for accounting, only if RUB has policy of its own and mentions explicitly this as part of employee benefits, it shall not account and report such benefits in its financial statements.

12.3 Measurement of Short-Term Employee Benefits

12.3.1 Short-term employee benefit obligations shall be measured on an undiscounted basis and are expensed of as the related service is provided during the financial year.

12.3.2 These type of benefits shall include:

(a) monthly salary;

(b) wages;

(c) allowances; and

(d) all other benefits where employees are not eligible to carry forward to the next accounting years.

12.3.3 A liability (i.e., accrued expense) shall be recognized if unpaid at the date of reporting after deducting any amount already paid.

12.4 Recognition and Measurement of Post Employee Benefits

Earned Leave Encashment

12.4.1 The employees of the University shall be entitled to earned leave as per RUBHRRR.

12.4.2 The employees can carry forward a portion of the unutilized earned leave subject to the limit set in RUBHRRR and utilize it in future periods or compensated in cash during retirement or termination of employment for the unutilized accrued earned leave based on the basic salary at the time. The employees can accrue up to 90 days of earned leave, however, they can only cash out 30 days of leave in a financial year.

12.4.3 Any leave earned beyond 30 days (and less than 90) shall be recognized as accrued non-current liability.

12.4.4 Earned leave that is carried forward shall be measured at the present value of the future employee benefit obligation payable.

12.4.5 A provision shall be set for the obligation arising from the employee earned leave.

Defined Contribution Plan (Pension and Provident fund)

12.4.6 As per the current national pension plan, the University shall contribute 15% of an employee's basic salary to the employee's pension scheme maintained with NPPF on a monthly basis.

12.4.7 The University shall recognize the obligations for contributions to the plan as an employee benefit expense in the Statement of Comprehensive Income when the contributions become due and credit liability account.

12.4.8 Any unpaid contributions at the reporting date shall be recognized as a current liability.

Gratuity

12.4.9 The employees of the University shall be entitled to gratuity as per RUBHRRR.

12.4.10 Gratuity shall be paid as the number of years of service times the last basic salary drawn after meeting the minimum number of 10 years of service as per RUBHRRR.

12.4.11 Under the existing funding modality, gratuity for RUB employees is paid by the government though the University accounts for the service received from its employees. As such, the University does not set any provision related to employee benefit obligation. However, to facilitate gratuity payment of its employees, RUB raises gratuity receivables and corresponding gratuity payables when the employee tenders resignation or superannuation, and when employee separation is confirmed. Up on receiving the gratuity amount, the entry for gratuity is reversed. This practice shall be continued unless the University is required to manage its own defined benefit obligations.

12.5 Termination Benefits

12.5.1 Termination benefits shall become payable only when the University has such benefit plans.

12.5.2 Termination benefits shall be recognised as an expense in Statement of Comprehensive Income immediately when benefits are paid or payable.

12.5.3 The University shall measure termination benefits at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

12.6 Disclosures

12.6.1 The following shall be disclosed either in the financial statements or as explanatory note:

(a) For defined contribution plan, disclose the amount recognised in the Statement of Comprehensive Income as an expense for defined contribution plans.

(b) For other long-term employee benefits, disclose the nature of the benefit, the amount of its obligation, and the extent of funding at the reporting date.

(c) For termination benefits, disclose the nature of the benefit, the amount of its obligation, and the extent of funding at the reporting date.

(d) For defined benefit plan, a general description of the type of plan, including funding policy- gratuity.

(e) When simplifications approach is used to measure defined benefit plans, the reason why such approach has been used with respect to undue cost and efforts for the reporting period.

(f) The date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date.

(g) A reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes; (f) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, if applicable: (i) contributions; (ii) benefits paid; and (iii) other changes in plan assets.

(h) The disclosure requirements under paragraph (d), (f) and (g) shall be required only if there is defined benefit obligation such as gratuity in future. However, the University shall disclose the amount of gratuity paid during the year and disclose how it accounts its gratuity obligations under current funding mode.

CHAPTER 13

ACCOUNTING AND REPORTING OF FINANCIAL INSTRUMENTS

13.0 Introduction

13.0.1 Financial instruments cover contracts of the University with others that involve investments, advances, or borrowings. For example, the University may invest in corporate bonds or government treasury bills where the issuer promises to pay certain interest and the principal amount on the maturity date of the instrument. These are accounted and reported as financial assets. The information users will identify financial risk and opportunities of the University by reviewing financial items in the Statement of Financial Position and income or expenses related to such items.

13.1 Definition

13.1.1 A financial instrument is a contract of the University that may give rise to a financial asset or financial liability or equity instrument to the University and similar items to other entity where such contract has been made with.

13.2 Financial Assets

13.2.1 The University shall account and report the following items as financial assets.

(a) Cash;
(b) Demand and Term deposits;
(c) Investment in government treasury bills;
(d) Investment in equity shares;
(e) Investment in commercial papers;
(f) Account receivables;
(g) Investments in bonds and similar debt instruments; and
(h) Any other contractual rights to receive cash or another financial asset of another entity.

13.2.2 For presentation of financial assets in the financial statements, refer Chapter 22, paragraph 22.4.2.

13.3 Financial Liabilities

13.3.1 Financial liabilities shall include all contractual obligations of the University where it will deliver cash or another financial asset to another entity. This shall include:

(a) borrowings including overdraft facilities (if any);

(b) account payables; and

(c) security deposits.

13.4 Recognition of Financial Asset and Financial Liability

13.4.1 The University shall recognize financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument rather than when the contract is settled.

13.4.2 The rights and obligations shall be stipulated in the contract when parties agree to terms of the contract.

13.5 Measurement of Financial Asset and Financial Liabilities

13.5.1 Except for trade receivables, at initial recognition, a financial asset shall be measured at its fair value plus transaction costs that are directly attributable to the acquisition of financial asset.

13.5.2 Except for trade payables, at initial recognition, financial liability shall be measured at its fair value less transaction costs that are directly attributable to incurrence of financial liability.

13.5.3 For investment in equity instrument, financial asset shall be initially measured at fair value, and transaction cost shall be directly recognized in the Statement of Comprehensive Income.

13.5.4 All financial assets and financial liabilities which are debt instruments shall be classified and re-measured at 'amortised cost'.

13.5.5 Financial asset that is an equity instrument shall be classified and remeasured at 'fair value through P/L' if fair value of the equity instrument can be measured reliably. Changes in fair value shall be recognized in the Statement of Comprehensive Income.

13.5.6 Financial assets and financial liabilities (debt instruments) that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (net of impairment).

13.6 Amortised Cost of a Financial Asset or Financial Liability

13.6.1 The amortised cost shall be the amount at which the financial asset or financial liability is measured at initial recognition plus or minus the principal repayments, plus or minus the cumulative amortisation using the *effective interest method* of any difference

between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

13.6.2 The interest income on financial asset shall be recognized as an income in the Statement of Comprehensive Income, and interest expense on financial liability shall be recognized as an finance cost in the Statement of Comprehensive Income.

13.6.3 Effective interest rate shall be calculated as the internal rate of return (IRR) expected from the investment.

13.7 Impairment of Financial Assets Measured at Amortised Cost

13.7.1 At the end of each reporting period, the University shall assess all its financial assets measured at amortised cost for impairment by assessing whether there is objective evidence of impairment.

13.7.2 If there is objective evidence of impairment, the University shall recognise an impairment loss in the Statement of Comprehensive Income immediately.

13.7.3 Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the University on the reporting date as following:

(a) Significant financial difficulty of the issuer;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) Restructuring of interest and principal payments;

(d) It has become probable that the debtor will enter bankruptcy or other financial reorganisation; or

(e) Observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or adverse changes in industry conditions.

13.7.4 The impairment loss shall be the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

13.7.5 The impairment loss shall be accounted by setting an allowance for impairment loss and the carrying amount of the financial asset shall be adjusted for such allowance.

13.7.6 The following financial assets shall be assessed individually for impairment:

(a) All equity instruments regardless of significance; and

(b) Other financial assets that are individually significant.

13.7.7 Other financial assets shall be assessed either individually or grouped on the basis of similar credit risk characteristics.

13.8 Reversal of Impairment Loss

13.8.1 If, in subsequent measurement, the amount of impairment loss decreases as a result of improved economic condition of the issuer or obligor, the previously recognized impairment loss shall be reversed by adjusting an allowance account.

13.8.2 The amount of the reversal shall be recognized in the Statement of Comprehensive Income immediately as reversal of impairment loss.

13.9 Derecognition of Financial Assets and Financial Liabilities

13.9.1 The University shall derecognize the financial assets from the financial statements when either the:

(a) contractual rights to the cash flows from the financial asset expire or are settled; or

(b) University has transferred to another party substantially all of the risks and rewards of ownership of the financial asset.

13.9.2 The University shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished—i.e., when the obligation specified in the contract is discharged.

13.10 Disclosures

13.10.1 When preparing the financial statements for the reporting period, the disclosures shall include the :

(a) summary of significant accounting policies, the measurement basis used for financial instruments, and the other accounting policies used for financial instruments that are relevant to an understanding of the financial statements;

(b) carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date, in total, either in the Statement of Financial Position or in the notes:

(i) financial assets measured at fair value through profit or loss;

(ii) financial assets that are debt instruments measured at amortised cost;

(iii) financial assets that are equity instruments measured at cost less impairment (if any);

(iv) financial liabilities measured at fair value through profit or loss;

(v) financial liabilities measured at amortised cost; and

(vi) loan commitments measured at cost less impairment.

(c) When financial assets are pledged as collateral for liabilities or contingent liabilities, it shall disclose the :

(i) carrying amount of the financial assets pledged as collateral; and

(ii) terms and conditions relating to its pledge.

CHAPTER 14

ACCOUNTING AND REPORTING OF GOVERNMENT GRANTS

14.0 Introduction

14.0.1 The University receives significant government grants for each reporting year. The government grant is identified as one of the principal modes of acquiring long-term physical assets and, therefore, a major source of income of the University. The government grants of the University shall be accounted and reported as per this accounting policy.

14.1 Definitions

14.1.1 Government refers to government, government agencies and similar bodies whether local, national, or international.

14.1.2 Corporations which are profit making entities shall not be treated as government even if they are government controlled or owned entities.

14.1.3 Government grants are assistance received by the University from the government in the form of transfers of resources to the University in return for past or future compliance with conditions attached to the grants.

14.1.4 The following shall not be treated as government grants:

(a) Government assistance which cannot reasonably have a value placed upon them;

(b) Transactions with government which cannot be distinguished from the normal transactions of the University;

(c) General assistance received for creating or supporting University activities including external relations;

(d) Free technical or marketing advices; and

(e) The provision of guarantees and loans at nil or low interest rates.

14.2 Types of Government Grants

14.2.1 Grants received by the University shall be categorized as:

(a) capital grants received to acquire assets; or

(b) grants received as reimbursement for past or future expenses incurred by the University.

14.3 Recognition and Measurement of Government Grants

14.3.1 The University shall apply the following criteria to recognise government grants:

(a) A grant that does not impose specified future performance conditions on the University is recognised as grant income when the grant proceeds are receivable;

(b) A grant that imposes specified future performance conditions on the University is recognised as grant income only when the performance conditions are met; and

(c) Grants received before the revenue recognition criteria are satisfied and are recognised as a liability, i.e., a deferred government grant income.

14.3.2 Grants received from the government shall be measured at fair value of the asset received or receivable.

14.4 Disclosures

14.4.1 When preparing the financial statements, the following information shall be disclosed either in financial statements or as explanatory notes:

(a) The nature and amounts of government grants recognised in the financial statements;

(b) Unfulfilled conditions and other contingencies attaching to government grants that have not been recognised in income; and

(c) An indication of other forms of government assistance from which the entity has directly benefited.

CHAPTER 15

ACCOUNTING AND REPORTING OF BIOLOGICAL ASSETS

15.0 Introduction

15.0.1 The University engages in agricultural activities particularly in running programmes related to natural resources. Therefore, the University shall account and report those items of assets, liabilities, income, or expenses arising from agricultural activities as per this accounting policy for biological assets.

15.1 Definitions

15.1.1 A biological asset is a living animal or plant controlled by the University arising from the past events.

15.1.2 Biological transformation is the process of growth, degeneration, production, and procreation that causes qualitative or quantitative changes in a biological asset.

15.1.3 Biological assets shall include:

(a) dairy cattle;
(b) pigs;
(c) poultry;
(d) sheep;
(e) horses;
(f) agriculture produces (such as carcass, wool, eggs, picked fruits);
(g) trees in timber plantations; and
(h) annual crops and other plants that are held solely to be harvested as agricultural produce (such as wheat, maize, barley, all seasonal vegetables).

15.1.4 Biological assets shall also include agricultural produces at the point of harvest. This shall include:

(a) wool;
(b) picked fruits;
(c) carcass;
(d) eggs; and
(e) milk.

15.1.5 A group of biological assets is an aggregation of similar living animals or plants.

15.1.6 Biological assets shall exclude bearer plants. Bearer plant is defined as a living plant that:

(a) is used in the production or supply of agricultural produce;

(b) is expected to bear produce for more than one period; and

(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

15.1.7 Bearer plants shall include:

(a) fruit trees;

(b) sugar cane; and

(c) bamboo.

15.1.8 Bearer plant shall be classified and accounted as PPE. (Follow PPE policy).

15.1.9 Plants that have a dual use, that is, both bearing produce and the plant itself being sold as either a living plant or agricultural produce (beyond incidental scrap sales), shall not be classified as bearer plants. These types of living plants shall be classified as biological asset.

15.2 Costs to Sell

15.2.1 Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

15.3 Harvest

15.3.1 Harvest is the detachment of produce from a biological asset or the cessation of a biological asset's life processes.

15.4 Recognition and Measurement of Biological Assets

15.4.1 The University shall recognize biological asset or agriculture produce when, and only when:

(a) the University controls the asset as a result of past events;

(b) it is probable that future economic benefits associated with the asset will flow to the University; and

(c) the fair value or cost of the asset can be measured reliably.

15.4.2 Biological asset shall be measured as follows:

(a) A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell EXCEPT where the fair value cannot be measured reliably.

(b) Agricultural produce harvested from biological assets shall be measured at its fair value less cost to sell at the point of the harvest. This shall also be treated as deemed cost at that date when agriculture produce is classified and accounted as inventories.

(c) The difference arising from the initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at subsequent measurement shall be included in Statement of Comprehensive Income for the period in which it arises.

(d) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(e) The value of biological assets generally increases due to growth, procreation, and higher prices, but may decrease due to degeneration, sickness, and lower prices. This process of biological transformation shall be taken into account while measuring the biological assets in the subsequent period.

15.5 Expected Average Lifespan of Living Animals

Asset Class	Expected average lifespan
Dairy Cattle	15 years
Pig	1 year
Poultry	1.6 years

15.6 Determination of Fair Value

15.6.1 The fair value of biological assets or agricultural produce shall be taken in the following order:

(a) When there is an active market for the asset, the quoted or existing price of that market shall be the fair value of the asset; or

(b) In the absence of an active market, one of the following methods shall be applied to obtain the fair value of the asset:

(i) The most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period; or

(ii) Market prices for similar assets with adjustment to reflect differences; and

(iii) Industry price or sector benchmarks.

(c) In extreme case where a fair value is not reliably measurable, biological asset is measured at cost less accumulated depreciation and accumulated impairment losses until the time where a fair value less cost to sell is available.

(d) When a government grant without specific condition is received in relation to the biological asset measured at its fair value less cost to sell, this shall be recognized as income in the Statement of Comprehensive Income when the grant becomes receivable.

(e) Whereas, when government grant related to biological asset is received with specific condition, this shall be recognized as income only when the condition is satisfied. An equivalent amount is recognized as an expense in the Statement of Comprehensive Income.

15.7 Recognition of Income and Expenses Related to Biological Assets

15.7.1 The income and expense related to biological assets shall be recognized as follows:

(a) Proceeds or consideration received or receivables from sale of biological assets or agriculture produce net of sales taxes, rebates, or discounts shall be recognized as income in the Statement of Comprehensive Income.

(b) All expenses including feeding, veterinary services, planting, weeding, irrigation, fertilizer, and harvesting shall be treated as expense in the income and expenditure when such expenses are incurred during the reporting year.

(c) Generally, biological assets acquired through purchase shall result in a loss since cost of acquiring the biological asset is higher than the fair value less cost to sell (exit price) of the same asset. This loss on initial recognition of biological asset shall be recognized as expense. This shall be calculated as initial cost of acquiring the asset minus fair value less cost to sell.

(d) When biological assets are generated – for example, when a calf or a piglet is born, the fair value less cost to sell off the biological asset generally exceed the initial cost of recognition- this difference shall be recognized as a gain or income in the Statement of Comprehensive Income.

15.8 Writing down of the Biological Assets after Reaching its Optimum Productivity

15.8.1 The non-current biological assets once reaches to the optimum level of productivity- for example, the productivity of the cow decreases after seventh calf - the asset shall be written down to its fair value less cost to sell.

15.8.2 The difference between carrying amount and the fair value less cost to sell shall be recognized as expense in the Statement of Comprehensive Income.

15.9 Derecognition and Disposal of Biological Assets

15.9.1 Biological assets in the form of annual crops shall be derecognized on harvest of the produce. The difference between the carrying amount of the asset and the fair value less cost to sell shall be recognized as income or expenses in the Statement of Comprehensive Income.

15.9.2 Biological assets in the form of living animals shall be derecognized when the asset is disposed of as living asset or when the asset ceases to exist. The difference between the carrying amount and the sale proceeds less cost to sell shall be treated as gain or loss in the Statement of Comprehensive Income.

15.10 Disclosures

15.10.1 The following shall be disclosed either in the financial statements or as explanatory notes.

(a) A description of each class of its biological assets.

(b) The methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets.

(c) A reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:

(i) the gain or loss arising from changes in fair value less costs to sell;

(ii) increases resulting from purchases; and

(iii) decreases resulting from harvest.

(d) When fair value is not determinable reliably, an explanation of why fair value cannot be measured reliably without undue cost or effort; in that case, it shall also disclose the:

(i) depreciation method used;

(ii) useful lives or the depreciation rates used; and

(iii) gross carrying amount and the accumulated depreciation and accumulated impairment losses at the beginning and end of the period.

CHAPTER 16

ACCOUNTING AND REPORTING OF INTANGIBLE ASSETS OTHER THAN GOODWILL

16.0 Introduction

16.0.1 The University's investment in intangible assets such as software, database and other legal rights obtained to operate or use certain assets shall be accounted and reported in line with this policy.

16.1 Definition

16.1.1 An intangible asset is an identifiable non-monetary asset without physical substance.

16.1.2 Intangible assets are identifiable or separable from other asset or from the entity when it:

(a) is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, asset or liability; or

(b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity.

16.2 Type of Intangible Assets

16.2.1 The following items shall be accounted as intangible assets:

(a) Copyrights
(b) Patents
(c) Trademarks
(d) License
(e) Software
(f) Database
(g) Any other item that meets the definition of intangible asset

16.3 Recognition of Intangible Assets

16.3.1 The University shall recognize an intangible asset if, and only if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the University; and

(b) the cost or value of the asset can be measured reliably.

16.3.2 Internally generated intangible asset shall not be recognized.

16.4 Measurement of Intangible Assets

16.4.1 An intangible asset shall be initially measured at cost.

16.4.2 The cost of a separately acquired intangible asset comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

(b) any directly attributable cost of preparing the asset for its intended use.

16.4.3 If an intangible asset is acquired by way of a government grant, the cost of that intangible asset is its fair value at the date the grant is received or receivable.

16.4.4 All expenditure incurred on research and development activities shall be expensed in the Statement of Comprehensive Income unless it forms part of the cost of another asset.

16.4.5 Intangible assets shall be re-measured at subsequent period at cost less any accumulated amortisation and any accumulated impairment losses.

16.5 Amortisation of Intangible Assets

16.5.1 The University shall amortise its intangible assets as follows:

(a) Intangible assets shall be amortised over its useful life.

(b) All intangible assets shall be considered to have a finite useful life.

(c) Intangible assets in the form of software shall be amortised over seven years as determined earlier in the BAS for SMEs conversion.

(d) The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset.

(e) If the contractual or other legal rights are for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the entity without significant cost.

(f) Amortization shall be recognized as an expense in the Statement of Comprehensive Income unless it requires the cost to be recognised as part of the cost of an asset such as inventories or property, plant, and equipment.

(g) Amortisation shall commence when the intangible asset is available for use, i.e., when it is in the location and condition necessary for it to be usable in the manner intended by management.

(h) Intangible assets shall be amortized by using the straight-line method.

(i) Amortisation ceases when the asset is derecognised.

16.6 Derecognition of Intangible Asset

16.6.1 The University shall derecognize its intangible assets:

(a) on disposal; or

(b) when no future economic benefits are expected from its use or disposal.

16.6.2 Gain or loss on disposal shall be recognized as other income or other expense in the Statement of Comprehensive Income, which is the difference between the carrying amount and the consideration received from disposal of the asset.

16.7 Goodwill

16.7.1 The University shall not recognize any internally generated goodwill unless it is a purchased goodwill.

16.8 Disclosures

16.8.1 The following information shall be disclosed for each class of intangible asset in the financial statements:

(a) The useful lives or the amortisation rates used;

(b) The amortisation methods used;

(c) A reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:

(i) Additions;

(ii) Disposals;

(iii) Amortisation;

(iv) Impairment losses; and

(v) Other changes.

CHAPTER 17

ACCOUNTING AND REPORTING OF INVESTMENT PROPERTY

17.0 Introduction

17.0.1 Where the University generates income from rented properties, these assets shall be classified and reported as investment properties. The proper accounting of investment properties will assist information users to understand the revenue stream from such rentals and also assess impact of changes in fair value of properties on the financial performance and the financial position of the University.

17.1 Definition

17.1.1 The University shall account land or a building—or part of a building—or both if these properties are held to earn rentals or for capital appreciation or both, rather than for:

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business.

17.1.2 The University shall also account a finance leased properties such as building or land or part of these properties when these properties are used to earn rentals or for capital appreciations or both.

17.2 Basis of Classification of Investment Properties

17.2.1 The University shall apply the following conditions to classify its properties as investment properties:

(a) Properties, land or building or part of building or both shall be classified as investment properties if the property is used to earn long-term rental income, i.e., the property is put to earning rental income for more than twelve months on a regular basis.

(b) Properties, land or buildings or part of building or both rented out only occasionally shall be classified and accounted as property, plant, and equipment.

(c) Properties leased out under an operating lease shall be classified as investment property.

(d) Properties being constructed/developed for future use as investment property shall be classified as investment property.

(e) A vacant building held to be leased out under an operating lease shall be treated as investment property.

(f) Only the whole property which is rented out shall be treated as investment property. A partly rented property shall not be treated as investment property.

17.3 Properties that are not Investment Properties

17.3.1 The University shall not treat the following properties as investment properties:

(a) Properties that are used in providing academic and related services such as academic buildings, lecture theatres, auditorium, conference and meeting halls. These properties shall be accounted as PPE.

(b) Properties that are held for future use to provide academic services.

(c) Properties occupied by residential students (hostels) shall not be treated as investment property since these properties are occupied by students for nominal rents and the hostel facilities are provided for less than twelve months in a year. These buildings shall be accounted for as PPE.

(d) Properties which are leased out under finance lease shall not be classified as investment properties.

(e) The following properties shall not be treated as investment properties since these properties are not put to earn rentals at commercial rates or their rentals are subject to the availability of the properties during the reporting year.

(a) Properties occupied by RUB staff (e.g. staff quarter)

(b) Guest house

(c) Soccer fields

(d) Lawn tennis and other similar games and sporting facilities

(e) Health and club facilities

a. Recognition of Investment Properties

i. The University shall recognize investment property as an asset when:

(a) it is probable that University will receive economic benefits associated with the property; and

(b) the cost of the property can be reliably measured.

b. Measurement at Initial Recognition

i. The investment property shall be initially measured at cost.

ii. The cost of a purchased investment property shall comprise of its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes, and other transaction costs.

iii. In the event where University constructs its own investment property, all cost of construction including material, employee costs, and other directly attributable expenditure incurred on the construction till the asset is made ready for use shall be accumulated and recognized as cost of investment property. Any abnormal cost of materials or labour shall be deducted from the cost of investment property.

c. Subsequent Measurement

i. Investment properties shall be re-measured at cost less accumulated depreciation less impairment losses (if any).

ii. Investment property when subsequently measured at cost shall be accounted same as property, plant, and equipment.

d. Transfer of PPE to Investment Property

i. Where the University transferred PPE item to investment property, the property shall be reclassified as investment property on the date when such transfer is affected.

ii. The carrying amount of the item that is transferred to investment property shall become the cost of the investment property on the date when the property is reclassified.

iii. When the item is transferred to or reclassified as investment property, the item shall be first derecognized from the original classification and simultaneously recognize the same as an investment property. Debit: Investment property, credit PPE item transferred to investment property.

e. Disclosures

i. The following shall be disclosed in the financial statements or in explanatory notes:

(a) A reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately:

(i) Transfers to and from investment property carried at cost less accumulated depreciation and impairment.

(ii) Transfers to and from inventories and owner-occupied property; and

(iii) Other changes.

(b) For each class of investment property carried at cost less accumulated depreciation and impairment:

(i) the measurement bases used for determining the carrying amount;

(ii) the depreciation methods used;

(iii) the useful lives or the depreciation rates used;

(iv) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and

(v) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:

(A) Additions; and

(B) Disposals.

CHAPTER 18

ACCOUNTING AND REPORTING OF PROVISIONS AND CONTINGENCIES

18.0 Introduction

18.0.1 The University may be required to set provisions when there are events whose outcomes will be known in future and also on occasions where it has incurred liabilities of uncertain timing or amount. A proper accounting of provisions and contingencies will help the University manage its obligations and present a true financial position.

18.1 Definition

18.1.1 The University shall account a present obligation as a provision if the obligation or a liability is of uncertain timing or amount or both.

18.2 Recognition of Provision

18.2.1 The University shall recognize a provision when the following criteria are fulfilled:

(a) University has an obligation (legal or constructive) at the reporting date as a result of a past event;

(b) University will be required to transfer economic benefits in settlement; and

(c) The amount of the obligation can be estimated reliably.

18.2.2 The legal obligation may arise out of the existing law or regulations that are applicable to the operation of the University or out of a specific contract executed by it.

18.2.3 Besides the obligation set in paragraph 15.3.2, the University may also have a constructive obligation that arise out of the established pattern of past practice, published policies, or a sufficiently specific current statement of the University that has indicated to other parties that it will accept certain responsibilities; and as a result, it has created a valid expectation on the other parties that it will discharge those responsibilities.

18.2.4 In the event, that a present obligation is not clear, for example in a lawsuit, the University shall take account of all available evidence and, if it is more likely than not that a present obligation exists, the University shall recognize a provision and perform the best estimates of such obligation in its financial statements.

18.2.5 Where there are litigations or law-suits at the time of reporting, the University shall consult its legal office for expert opinion to reach the final decision on the most likely outcome of the case and accordingly require or do not require to set provisions.

18.2.6 The University shall not create any provision for the following:

(a) Future expenditures

(b) Future expected losses

(c) Doubtful debts or expected irrecoverable debts

(d) Depreciations

18.3 Items that Require Provisions

18.3.1 The University shall set provisions for the following items:

(a) Provision for employee defined benefit obligations such as earned leave encashment, gratuity (if gratuity is accounted as a defined benefit obligation).

(b) Provision for onerous contracts (loss making contract).

(c) Provision for restructuring if constructive obligations exist.

(d) The known cases of litigation that the University is most likely to compensate or pay the damages to the party in future.

(e) Any liability that meets the definition of provision as given in paragraph [18.1.1].

18.4 Initial Measurement of Provision

18.4.1 The University shall measure the provision at the best estimates of the amount required to settle the obligation at the reporting date.

18.4.2 The University shall apply the procedures that provide the best estimates of the provision based on the current market assessments of risk for the settlement of the obligation.

18.4.3 If time value of money is material, provision shall be estimated at its present value by discounting it which must be reflected either in the estimation and the time value of money in case when the time value of money is material i.e., when the provision is set for a period beyond one accounting period.

18.5 Subsequent Measurement

18.5.1 The University shall review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date.

18.5.2 The increase in the provision year after year due to the passage of time shall be recognized as an expense in the Statement of Comprehensive Income.

18.5.3 If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

18.5.4 If part or whole of the provision is to be reimbursed by any third party, the reimbursement receivable shall be treated as a separate asset in the statement of financial position and shall not be adjusted against the provision while the reimbursement shall offset the expenses in the statement of comprehensive income.

18.5.5 The University shall charge against a provision only those expenditures for which the provision was originally recognised.

18.6 Contingent Liabilities and Contingent Assets

18.6.1 At each reporting date, the University shall assess and disclose any contingent liabilities or contingent assets as follows:

(a) Disclose in notes contingent liabilities if there are possible obligations at the date of reporting arising from past event and if the probability of incurring the liability is less likely or if there is present obligation but the amount of obligation cannot be measured reliably.

(b) Disclose as contingent asset if there is a possible asset that arises from past events and if it is more likely that the event will occur.

18.7 Disclosures

18.7.1 The University shall, for each class of provision, disclose all of the following:

(a) A reconciliation showing:

(i) the carrying amount at the beginning and end of the period;

(ii) additions during the period, including adjustments that result from changes in measuring the discounted amount;

(iii) amounts charged against the provision during the period; and

(iv) unused amounts reversed during the period.

(b) A brief description of the nature of the obligation and the expected amount and timing of any resulting payments;

(c) An indication of the uncertainties about the amount or timing of those outflows; and

(d) The amount of any expected reimbursement.

CHAPTER 19

ACCOUNTING AND REPORTING OF LEASES

19.0 Introduction

19.0.1 The University may enter into a contract with other parties that may qualify a lease contract as defined in the next session. Under such case, it shall follow this requirement and report the lease transactions accordingly.

19.1 Definitions

(a) Lease

19.1.1 The University shall account a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration as a lease contract.

(b) Lessee

19.1.2 The University shall be treated as a lessee if it obtains the right to use an underlying asset for a period of time in exchange for consideration from another party.

(c) Lessor

19.1.3 The University shall be treated as a lessor if it provides the right to use an underlying asset for a period of time in exchange for consideration to other party.

(d) Lease term

19.1.4 The non-cancellable period for which a lessee has the right to use an underlying asset, together with both:

(i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

(e) Interest rate implicit in the lease

19.1.5 The rate of interest that causes the aggregate present value of:

(i) the lease payments; and

(ii) the unguaranteed residual value to equal the sum of:

A. the fair value of the underlying asset; and
B. any initial direct costs of the lessor.

(f) Lessee's incremental borrowing rate

19.1.6 The rate of interest that a lessee would pay to borrow over a similar term, and with a similar security.

(g) The inception date of the lease

19.1.7 The University shall consider lease inception date as earlier of the date of the lease agreement or the date of commitment by the parties to the principal provisions of the lease contract.

19.1.8 On the inception date, the University and the party to the lease contract shall classify the lease as finance or an operating lease.

(h) The commencement of the lease term

19.1.9 The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset.

19.1.10 It is the date of initial recognition of the lease (i.e., the recognition of the assets, liabilities, income, or expenses resulting from the lease, as appropriate).

(i) Useful life of the leased asset

19.1.11 Useful life of the leased asset is the estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits embodied in the asset are expected to be used

consumed by the entity.

(j) Finance lease

19.1.12 A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

(k) Operating lease

19.1.13 A lease that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

19.2 Classification of Lease

19.2.1 The University shall classify and report the lease contract as finance lease when the following situations exist:

(a) The lease transfers ownership of the asset to the lessee by the end of the lease term;

(b) The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;

(c) The lease term is for the major part of the economic life of the asset even if title is not transferred;

(d) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;

(e) The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

(f) If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;

(g) Gains or losses from the fluctuation in the residual value of the leased asset accrue to the lessee; and

(h) The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

19.2.2 The University shall classify and report other leases as operating lease.

19.2.3 Lease classification shall be made at the inception of the lease and is not changed during the term of the lease unless the lessee and the lessor agree to change the provisions of the lease (other than simply by renewing the lease), in which case the lease classification shall be re-evaluated.

19.3 Recognition and Measurement of Finance Lease by Lessee

19.3.1 The University when it enters into a finance lease contract as a lessee shall follow the following principles to recognize and measure the lease:

(a) At the commencement of the lease term, it shall recognise the rights of use and obligations as assets and liabilities in its Statement of Financial Position at amounts equal to lower of the fair value of the leased property or the present value of the minimum

lease payments, determined at the inception of the lease. Debit lease asset, credit finance lease liability.

(b) Any initial direct costs incurred in acquiring the lease asset (incremental costs that are directly attributable to negotiating and arranging a lease) are added to the amount recognised as an asset.

(c) The present value of the minimum lease payments shall be calculated using the interest rate implicit in the lease.

(d) After the commencement date, the University shall measure the lease liability by:

(i) splitting the minimum lease payments between the finance cost and the outstanding liability using the effective interest method.

(e) After the commencement date, the University shall measure the leased asset as initially recognized amount less depreciation expense and impairment of asset.

(f) Any contingent rents shall be recognized as expenses in the periods in which they are incurred.

(g) The leased asset shall be depreciated following the same policy as PPE of the University. When the University obtains ownership of the lease asset by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term or its useful life.

19.4 Determination of the Amount of Lease Payment

19.4.1 Lease payment shall include:

(a) fixed payments as per lease contract;

(b) payments related to renewal or termination options that the lessee is reasonably certain to exercise; and

(c) variable payments that are based on an index or rate.

19.4.2 Lease payment shall not include:

(a) amount allocated to non-lease components

(b) variable lease payments that are based on the usage or performance of the underlying asset.

19.5 Impairment of Leased Asset

19.5.1 The University shall assess at each reporting date whether a leased asset is impaired following the impairment test requirement under Chapter 18.

19.6 Disclosures

19.6.1 When preparing financial statements, the University shall make the following disclosures for finance leases:

(a) For each class of asset, the net carrying amount at the end of the reporting period;

(b) The total of future minimum lease payments at the end of the reporting period include the following:

(i) Not later than one year;

(ii) Later than one year; and

(iii) A general description of the significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases and restrictions imposed by lease arrangements.

19.7 Recognition and Measurement of Operating Lease by Lessee

19.7.1 When the University enters into an operating lease contract as a lessee, it shall recognise lease payments under operating leases (excluding costs for services such as insurance and maintenance) as an expense over the lease term on a straight-line basis.

19.8 Disclosures

19.8.1 The University as a lessee of the operating lease contract shall make the following disclosures:

(a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

(i) Not later than one year;

(ii) Later than one year; and

(iii) Lease payments recognised as an expense.

(b) General description of the significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.

19.9 Recognition and Measurement of Finance Lease by Lessor

19.9.1 When the University enters into a finance lease contract as a lessor, it shall recognise and measure the lease asset as follows:

(a) Assets held under a finance lease shall be recognized as 'lease receivables' at an amount equal to the net investment in the lease in the statements of financial position and credit 'lease asset'. Debit lease receivables, credit lease asset (e.g., PPE)

(b) Initial direct costs (costs that are directly attributable to negotiating and arranging a lease) are included in the initial measurement of the finance lease receivable.

(c) The net investment in a lease shall be the University's gross investment in the lease discounted at the interest rate implicit in the lease (IRR).

(d) The gross investment in the lease shall be the aggregate of:

(i) the minimum lease payments receivable; and

(ii) any unguaranteed residual value accruing to the University.

(e) Unguaranteed residual value is that portion of the residual value of the leased asset that is not assured by the lessee.

(f) Unearned finance income is the difference between:

(i) the gross investment in the lease, and

(ii) the net investment in the lease.

19.10Disclosures

19.10.1 The University shall disclose the following information when it has finance lease contract as a lessor:

(a) A reconciliation between the gross investment in the lease at the end of the reporting period and the present value of minimum lease payments receivable at the end of the reporting period.

(b) In addition, it shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:

(i) not later than one year; and

(ii) later than one year.

(c) A general description of the significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.

19.11Recognition and Measurement of Operating Lease by Lessor

19.11.1 The University shall follow the following principles when it has leased out properties under operating lease to other party:

(a) Present assets leased out as operating leases in the statements of financial position according to the nature of the asset.

(b) Lease income from operating leases shall be recognised in income on a straight-line basis over the lease term.

(c) The lease asset shall be depreciated same as other depreciable assets following the same depreciation policy.

(d) Add all initial direct costs relating to obtaining the lease contract including costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset.

(e) Test the lease asset for impairment on a regular basis as per the requirement given in Chapter 21.

19.12 Disclosures

19.12.1 The following information shall be disclosed under operating lease contract:

(a) The future minimum lease payments under non-cancellable operating leases for each of the following periods:

(i) Not later than one year; and

(ii) Later than one year

(iii)(b) A general description of the significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.

CHAPTER 20

ACCOUNTING AND REPORTING OF EXCHANGE DIFFERENCES

20.0 Introduction

20.0.1 Where the University engages in foreign currency transactions and on the reporting date hold any account balances in foreign currency denominations, this will affect the financial statements due to changes in foreign exchange rates over the period. These monetary assets and liabilities and differences in exchange rates shall be accounted and reported in line with this policy.

20.1 Definitions

20.1.1 The University shall apply the following definitions when accounting for foreign currency exchange differences.

(a) **Foreign currency** is a currency other than the home currency (ngultrum).

(b) **Exchange rate** is the ratio of exchange for two currencies. The exchange rate for Ngultrum (Nu) is the rate at which Ngultrum is exchanged with the foreign currency.

(c) **Spot exchange rate** is the exchange rate for immediate delivery.

(d) **Closing rate** is the spot exchange rate at the end of the reporting period.

(e) **Exchange difference** is the difference resulting from translating a given number of units of ngultrum into foreign currency at different exchange rates.

(f) A **foreign currency transaction** is a transaction that is denominated or requires settlement in a foreign currency, including transactions arising when the University:

(i) Buys or sells goods or services whose price is denominated in a foreign currency;

(ii) Borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency; or

(iii) Otherwise acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency.

(g) **Monetary items** are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

(h) **Presentation currency** is the currency in which the University presents its financial statements. Unless the University is required to present financial statements in other currency, ngultrum shall be used as the presentation currency.

(i) **Functional currency** is the currency in which the University conducts its operations. Unless the University has significant operations outside Bhutan where it receives and makes payments in foreign currency, ngultrum shall be its functional currency.

20.2 Initial Recognition of Foreign Currency Transaction

20.2.1 The University shall initially recognize its foreign currency transactions in ngultrum by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

20.2.2 The date of a transaction is the date on which the transaction first qualifies for recognition as per recognition criteria for each item of income, expense, assets, and liabilities covered in this accounting policy.

20.3 Subsequent Measurement of Foreign Currency Accounts

20.3.1 At the end of each reporting period, the foreign currency monetary items shall be translated using the closing rate.

20.3.2 The gain or loss on the settlement of monetary items at rates different from those at which they were translated on initial recognition during the period shall be recognized in the Statement of Comprehensive Income.

20.4 Disclosures

20.4.1 The following shall be disclosed in the financial statements:

(a) The amount of exchange differences recognised in the Statement of Comprehensive Income during the period; and

(b) The currency in which the financial statements are presented.

CHAPTER 21

IMPAIRMENT OF ASSETS

21.0 Introduction

21.0.1 The University shall not carry any asset on the Statement of Financial Position at more than its recoverable or net realizable value. This requires assets to be tested for impairment on a regular basis and recognize impairment losses in the statement of comprehensive income. The policy requires the University to undertake some valuations, particularly to value the assets when there are evidences that the asset's carrying amount has undergone a change due to some events.

21.1 Definitions

21.1.1 Impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

21.1.2 The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

21.1.3 Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

21.1.4 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

21.1.5 An asset's cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

21.2 Assets Required for Impairment Test

21.2.1 The following assets shall be tested for impairment as per the requirement of this policy at each reporting date:

(a) Property, plant and equipment.
(b) Intangible assets.
(c) Finance lease assets.
(d) Biological assets measured at costs.
(e) Investment property measured at cost.
(f) Financial assets measured at amortised cost.
(g) Inventories.

21.3 Recognition of Impairment Loss

21.3.1 The University shall recognize impairment losses if the carrying amount of the asset at the reporting date exceeds the recoverable amount of the asset. The difference shall be recognized as an impairment loss.

21.3.2 An impairment loss shall be recognized immediately in the Statement of Comprehensive Income.

21.3.3 The carrying amount of the asset shall be reduced by the amount of impairment loss.

21.4 Indicators of Asset Impairment

21.4.1 At each reporting date, the University shall review its assets for impairment by observing any of the following indicators or events:

(a) There is an evidence of obsolescence or physical damage of an asset.

(b) The asset is becoming idle, management has a plan to discontinue or restructure the operation to which an asset belongs and plans to dispose of.

(c) The economic performance or the operating result and cash flows of the asset is or will be worse than expected.

(d) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(e) There are significant changes in the technological, market, economic, or legal environment in which the University operates or in the market to which an asset is dedicated.

21.5 Impairment Test

21.5.1 The University shall apply the following procedures to test its assets for impairment:

(a) Where fair value of the asset can be measured reliably, recoverable amount of the asset shall be higher of fair value less cost to sell and asset's value in use.

(b) Where fair value of the asset cannot be measured reliably, value in use shall be taken as the recoverable amount of the asset.

(c) Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. For assets which are not directly generating cash flows, value in use shall be the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of the asset.

(d) If either of fair value less cost to sell or value in use of the asset exceeds the asset's carrying amount, the asset is not impaired.

(e) If there is no reason to believe that an asset's value in use materially exceeds its fair value less costs to sell, the asset's fair value less costs to sell may be used as its recoverable amount.

(f) For value in use calculation, all future cash inflows and outflows including expected cash inflows from disposal of an asset shall be discounted using a discount rate that reflects the current borrowing rate in the market. The Chief finance officer at the OVC shall inform colleges through official notification on what discount rate shall be applied for the valuation of asset for each reporting year if valuation is required.

(g) If there is an indication that an asset may be impaired, the remaining useful life, the depreciation (amortisation) method or the residual value of the asset shall be reviewed and adjusted accordingly.

21.6 Reversal of an Impairment Loss

21.6.1 At each reporting date, the University shall assess whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased due to improvement in the market conditions. If any such indication exists, it shall determine whether all or part of the prior impairment loss should be reversed.

21.6.2 When the new recoverable amount exceeds its carrying amount, carrying amount of the asset shall be increased to recoverable amount, subject to the limitation that the reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

21.6.3 The depreciation of the asset shall be calculated on the new depreciable amount after adjusting the reversal of impairment loss on a systematic basis over its remaining useful life.

21.7 Disclosures

21.7.1 The following shall be disclosed in the financial statements for each class of assets:

(a) The amount of impairment losses recognised in the Statement of Comprehensive Income during the period; and

(b) The amount of reversals of impairment losses recognised in the Statement of Comprehensive Income during the period.

CHAPTER 22

ACCOUNTING AND REPORTING OF HERITAGE ASSETS

22.0 Introduction

22.0.1 The University invests not only in assets which are used in the day-to-day operation of the University, but also invests in raising assets which are associated with knowledge and culture. These assets are held for their contribution to knowledge and culture and are not consumed by the University in the course of its operations. Omitting these assets and related income and expenses from the University's financial statements or misclassification of these assets will lead to material misstatements in its financial statements. Since these assets are associated with cultural, environmental and social values, these assets shall be classified and reported as heritage assets. Since BAS for SMEs does not provide a standard on this asset, the accounting policy has been developed from other international practices on heritage asset.

22.1 Definitions

22.1.1 A tangible heritage asset is a tangible asset with historical, cultural, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

22.1.2 An intangible heritage asset is an intangible asset with cultural, environmental or historical significance.

22.1.3 Tangible heritage assets shall include:

(a) historical buildings;
(b) arts and artifacts (including portraits, statues, scroll, script, e.g. Religious texts);
(c) archaeological sites, scientific equipment of historical importance;
(d) civic regalia;
(e) orders and decorations (medals); and
(f) museum and gallery collections and works of art including wall paintings.

22.1.4 Intangible heritage assets shall include recordings of significant historical events retrieved either physically or in electronic form.

22.1.5 For presentation, heritage assets shall not be classified as tangible and intangible heritage assets.

22.2 Recognition and Measurement of Heritage Assets

22.2.1 The University shall recognize heritage assets when the following criteria are fulfilled:

(a) The asset contributes to knowledge and culture of the University;

(b) The cost or value of the asset can be measured reliably; and

(c) The asset is controlled or owned by the University.

22.2.2 Where assets have previously been capitalised (e.g., reported as part of other assets such as PPE) or are recently purchased or self-constructed, heritage assets shall be initially measured at cost including transaction cost.

22.2.3 Where such costs information is unavailable, heritage asset shall be measured at valuation. Where this information is not available, and cannot be obtained at the affordable cost, the assets shall not be recognised in the Statement of Financial Position but disclosed as notes.

22.2.4 Heritage assets received as donation shall be initially measured at cost when cost information is available. Otherwise, the asset shall be measured at valuation at the time of the donation.

22.2.5 Heritage asset with finite useful life shall be depreciated over its useful life using straight line method.

22.2.6 Heritage assets with indefinite useful life shall not be depreciated. The asset shall continue to be presented at its initial cost less any impairment loss.

22.2.7 When valuation method is adopted, changes in valuation in the subsequent measurement shall be recognized in other comprehensive income (OCI).

22.2.8 Where heritage assets are reported at valuation, the carrying amount shall be reviewed with sufficient frequency to ensure the valuation remains current.

22.2.9 The following heritage assets shall be depreciated over its useful life:

(a) Portraits

(b) Scrolls

(c) Historical buildings or monuments

(d) Wall paintings done as separate artwork

Type of heritage asset	Useful life (Years)
Portraits –metal frame	20
Scrolls	15
Recordings of historical events	20
Wall paintings as separate artwork	20

22.2.10 Heritage assets whose life cannot be determined shall be remeasured at cost less impairment loss if any. These assets include:

(a) statues

(b) medals and shields.

22.2.11 If wall paintings are done as part of the building, it shall be treated as after acquisition cost and shall be capitalized.

22.2.12 Where wall paintings are done as a separate artwork and meets the recognition criteria as specified in paragraph 19.3.1, this shall be depreciated over its useful life.

22.3 Treatment of Subsequent Cost after Acquisition

22.3.1 All maintenance costs related to heritage assets after its initial recognition shall be treated as expense in the year when such costs are incurred.

22.4 Impairment of Heritage Asset

22.4.1 At each reporting date, heritage assets shall be reviewed for impairment as per Chapter 18 Impairment of Assets to determine whether a heritage asset is impaired. A heritage asset may be impaired, for example, where it has suffered physical deterioration, breakage or doubts arise as to its authenticity.

22.5 Valuation of Heritage Assets

22.5.1 The University shall follow the following approaches for valuation of those heritage assets whose cost information are not available.

(a) Use the quoted price for similar asset in the market if there is an active market; or

(b) Use any appropriate valuation applicable in the sector such as the Department of Culture and UNESCO.

22.6 Presentation and Disclosures

22.6.1 Heritage assets shall be presented as a separate line item under non-current assets in the Statement of Financial Position except those assets which cannot be measured reliably.

22.6.2 Where heritage assets are reported in the Statement of Financial Position the following disclosure shall be made:

(a) The carrying amount of heritage assets at the beginning of the reporting period and the reporting date, including classes or groups of heritage assets reported at cost and those reported at valuation; and

(b) Where assets are reported at valuation, sufficient information to assist in understanding the valuation being reported (date of valuation, method used, whether carried out by external valuer and if so their qualification and any significant limitations on the valuation).

22.6.3 Where a reliable measurement of the asset is not available either by cost or valuation method, the University shall disclose the following:

(a) A description of the heritage assets held that have not been recognised in the financial statements, including the significance and nature of such assets; and

(b) Where current information is available, an estimate of the value of those unrecognised assets, such as a recent insurance value.

(c) The reason why a value is not readily obtainable.

22.6.4 For heritage assets received as donations, the University shall disclose its value and the nature of such assets.

22.7 For Transition (first time adoption of this policy)

22.7.1 For transition, the University shall reclassify on the date of transition, i.e., 1 July 2021, all those assets that meet the definition of heritage assets but capitalized as PPE or other class of non-current assets in the previous years.

(a) Derecognize those items of PPE which now shall be classified as heritage assets by debiting accumulated depreciation and crediting PPE.

(b) Recognise heritage assets by debiting heritage assets and crediting PPE at the carrying amount of the asset on 1 July 2021.

(c) Any impact of reclassification of asset shall be done through retained earnings.

22.7.2 An opening Statement of Financial Position or Statement of Financial Position on the date of transition shall be prepared as a starting point for accounting the newly classified asset.

CHAPTER 23

EVENTS AFTER THE REPORTING DATE

23.0 Introduction

23.0.1 There may be events that occur between the date of reporting and the date when financial statements are authorized for issue. All events that occur after the date of reporting (i.e., 30 June) and the date of authorization for issue shall be treated as subsequent events or events after the reporting date and shall be treated in line with this policy.

23.1 Key Dates for Financial Statements

23.1.1 For each reporting year, the University shall prepare and present set of financial statements for the year ended 30 June. Thirtieth June shall be the reporting date. The University shall present its unaudited financial statements by 30 September including consolidated financial statements.

23.1.2 By 30 November, audited financial statements shall be made available for presentation to the University Council for Council's approval which shall be then deemed authorized for issue to the public.

23.2 Treatment for Events after the Reporting Date and before the Authorization Date

23.2.1 Events after the end of the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

23.2.2 The events after the reporting period shall be categorized into two:

(a) Those that provide evidence of conditions that existed at the end of the reporting period; and

(b) Those that are indicative of conditions that arose after the end of the reporting period.

23.2.3 Events that provide evidence of conditions that existed at the end of the reporting period shall be treated as adjusting events. As such, those events shall be recognized in the financial statement of the reporting year.

23.2.4 Events that are indicative of conditions that existed at the end of the reporting period shall be treated as non-adjusting events. As such, those events shall not be recognized in the financial statement of the reporting year. Information relating to those events shall be provided in the explanatory notes.

23.3 Some examples of events after the reporting period that need adjustment

(a) Litigations- such events may give rise to a liability or a possible obligation depending on the nature and the progress of legal proceedings at the time of financial reporting. The University legal office shall be consulted and accordingly reported in the financial statements.

(b) The receipt of information after the end of the reporting period indicating that an asset was impaired at the end of the reporting period or that the amount of a previously recognised impairment loss for that asset needs to be adjusted.

(c) The discovery of fraud or errors that show that the financial statements are incorrect.

(d) Any changes in the risk exposure of receivables and payables within the period described in paragraph 13.7.

23.4 Some examples of non-adjusting events after the reporting period

(a) A decline in market value of investments between the end of the reporting period and the date when the financial statements are authorised for issue.

(b) An amount that becomes receivable as a result of a favourable judgement or settlement of a court case after the reporting date but before the financial statements are authorised for issue.

23.5 Disclosures

23.5.1 The University shall disclose the date when the financial statements were authorised for issue and who gave that authorization.

23.5.2 The University shall disclose the following for each category of non-adjusting event after the end of the reporting period:

(a) The nature of the event; and

(b) An estimate of its financial effect or a statement that such an estimate cannot be made.

CHAPTER 24

RELATED PARTY DISCLOSURES

24.0 Introduction

24.0.1 The University as a public entity may enter into a contractual or non-contractual relationship with various other entities and individuals. This may also result into a transfer of resources, services or obligations, regardless of whether a price is charged. As such, the University shall include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and comprehensive income have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

24.1 Definitions

24.1.1 The University shall recognize a person or a close member of that person's family as related party, if that person:

(a) is a member of the key management personnel of the University; or

(b) has control or joint control over the University; or

(c) has significant influence over the University.

24.1.2 The University shall recognize an entity as related party, if:

(a) that entity and the University are members of the same group; or

(b) the entity is a post-employment benefit plan; or

(c) the entity, or any member of a group of which it is a part, provides key management personnel services to the University.

24.1.3 Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the University and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

24.1.4 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University, directly or indirectly, including any director (whether executive or otherwise) of the University.

24.1.5 A related party transaction is a transfer of resources, services, or obligations between the University and a related party, regardless of whether a price is charged.

24.2 Related Parties of the University

24.2.1 By definition, the University shall treat the following as its related parties:

(a) University Council Members.

(b) Key Management Personnel at OVC and Colleges.

(c) OVC and its Member Colleges.

(d) Other government entities.

24.3 Disclosures

24.3.1 The following information shall be disclosed by the University:

(a) Its related parties and nature of relationships with them.

(b) Key management personnel compensation in total. Compensation include all forms of benefits paid, payable, or provided by the University-including goods or services to the key management personnel in exchange for services rendered to the University.

(c) For this disclosure purpose, key managerial personnel shall include:

(i) Members of the University Council;

(ii) Vice-Chancellor;

(iii) Registrar;

(iv) Executive directors; and

(v) College Presidents.

(d) Disclosure for key managerial personnel compensation shall be made in aggregate amount (for both stand alone and consolidated reports) for the reporting period by segregating the compensation in to three different components as follows:

(i) Short-term benefits;

(ii) Post-employment benefits; and

(iii) Other long-term benefits.

(e) If the University has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements in Chapter 9, paragraph 9.2.3 (d). At a minimum, disclosures shall include:

(i) the amount of the transactions;

(ii) the amount of outstanding balances and:

(iii) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and

(iv) details of any guarantees given or received.

(f) In addition to the above disclosures, the University shall disclose any other significant transactions that warrant disclosures as related party transactions.

PART-D

FINANCIAL CONTROLS & MANAGEMENT

CHAPTER 25

BUDGETING

25.0 General Budgetary Principles

25.0.1 Budgeting essentially is determining for the future what is to be done and accomplished, the manner in which it is to be done, and the cost of doing it. It requires that the broad objectives of the University be broken down into detailed work plans for each programme/sub-programme/activity/project and for each unit of the University. Thus, the budget is a monetary definition of the future plan of the University.

25.0.2 The University shall not spend more than what has been authorized, and they shall use funds only for the purposes specified in the approved budget.

25.0.3 The budget preparation and prioritization shall be guided by APA targets.

25.1 Budget Cycle

25.1.1 Preparation and submission of budget proposal to APRC

Sl. No.	Activity	Persons/ Agencies Responsible	Time/ Period	Remarks
1	Budget Call Notification to Colleges	Director, Planning & Resources	1st Week of November	
2	Preparation for Government Grants (Capital & current budget based on per student cost) for new Financial Year	President(College) Director, DPR(OVC)	November	Budget prepared as per the student projections for new FY(RGoB and self-financed students)

3	Director, DPR to receive budget proposals for review and finalization	President(College)	20th December	
4	Endorsement of the proposed budget by APRC	Director, DPR	15th February	

25.1.2 Approval of the budget (budget proposal with a forecast of revenue and expenditure as per the [Form No.RUBFRR-67].

Sl.No.	**Activity**	**Persons/ Agencies Responsible**	**Period**	**Remarks**
1.	Final submission for the RGoB subsidy (current expenditure) based on the number of students to be financed by RGoB and per student costs, and the financing of the capital budget with Department of National Budget, MOF	DPR(OVC) President(College)	March	Budget discussion by President and Director, Planning and Resources and relevant personnel with MoF
2.	***Approval of the budget by the University Council for endorsement	DPR	April	

Note: The recommended budget by Ministry of Finance to parliament will be then submitted to UC for endorsement.

25.2 Budget Execution-Release of Fund

Sl.No.	Activity	Persons/ Agencies Responsible	Period	Remarks
1.	*Release of Government Grants	DPA, MoF	July	Subsequent releases made on monthly basis
2	Implementation of budgeted activities	OVC/Colleges	Year round	

Note- * The student number once collected during the budget proposal shall be final for whole year and the release shall be made on the same number throughout the financial year.

25.3 Budget Accountability

Sl. No.	Activity	Person/ Responsible	Period	Remarks
1.	Submission of Accounts for review of expenditure to SMT/CMC	Head of Finance	Quarterly (15th of Oct, Jan, April and July)	
2.	Mid-Year Review of the budget/expenditure and presentation to APRC	Planning Division	January	

3	Monitoring of Financial/Physical progress	Finance, Engineer & Planning Division	Year round	Finance(Colleges) Planning(OVC)
4	Auditing	RAA, Internal Audit and Statutory Audit	Yearly	

Note* *Mid-year budget review entails evaluation of budget progress and assess whether budget has been properly utilized.*

25.4 Interim Revisions

Activity	**Prime Agencies Responsible**	
	CD (Current Budget)	**Capital Grants (RGoB)**
Re-appropriation of Funds	As per the delegation of Financial Powers	In accordance with RGoB financial rules
Supplementary Budgets		
Incorporation of External Assistance		

25.4.1 Preparation and Submission of Budget Proposal to APRC

25.4.1.1 In order to provide a basis for the formulation of the budget for the next financial year, an estimate of the expected cost and revenue shall be worked out as per the Budget Form- I mentioned in [Form No.RUBFRR-69].

25.4.2 Budget Discussion

25.4.2.1 Once the entire budget proposal has been received, the APRC shall call meeting with all the Colleges to discuss the budget particularly on the capital budget.

25.4.2.2 Based on the budget discussions, APRC shall submit the budget to MoF.

25.5. Budget Approval

25.5.1 After the submission of final budget proposal to MoF, the MoF will approve the final budget.

25.5.2 The approved budget shall be communicated to the colleges by DPR.

25.6 Budget Execution

(a) Release of Fund

Once the budget has been approved by the MoF, the DPR will issue a budget notification of approved budget details

(b) Subsequent release of fund

25.6.1 The budget execution phase shall start with the release of funds directly to the OVC and from there to Colleges in the form of cost per student for current budget and for capital budget release, it will be as per the request. Other subsequent release will be made monthly/quarterly by Department of Public Accounts (DPA) in the same way.

25.6.2 The lapse of released funds at the close of a financial year shall be retained with individual agency and reflect as an opening balance for next financial year.

(c) The budgetary releases shall consist of the following types:

(i) **Current regular**:

25.6.3 Total current Approved Budget will be released by DPA monthly/quarterly.

(ii) **Capital**:

25.6.4 The release shall be asked as and when required as per the agreed amount/ approved budget in accordance DPA's Procedure.

(iii) **Gratuity**:

25.6.5 Gratuity including early retirement benefits will be released by DPA as and when supplementary fund is sanctioned by DNB.

25.7 Budget Accountability

25.7.1 The budget accountability phase shall involve the following activities:

(a) Submission of Accounts to APRC

All the colleges shall be required to prepare and submit quarterly accounts on receipts, utilization and deposition of funds in trial balance in respect of all bank accounts allotted to them. The Minimum period within which the accounts have to be submitted is within the 15th day of next month of the quarter.

(b) Submission of capital report

Reporting Agencies shall submit the progress of Capital Projects against the sanction of Capital Budget to the appropriate authority at the end of each quarter.

(c) Mid-Year Review of the Budget

The APRC shall hold a Mid- Year Review based on the reports submitted.

The Mid -Year Review shall result in revision of budget for capital expenditure and revision of rolling budgets for subsequent years.

(d) Monitoring

The APRC shall be responsible for monitoring the performance of Colleges during the financial year. The goal of the monitoring shall be to check if the physical progress of capital expenditure is in compliance with the reports received.

(e) Audit

Periodic audit of accounts by any empanelled auditing firm with Royal Audit Authority (RAA) and operation audit by the RAA shall be an important role in monitoring the performance in execution of the budget in financial year.

25.8 Interim Revisions

(a) Re-appropriations and Revision of Budget

25.8.1 Re-appropriation refers to the transfer of funds from one budget head to another. All cases of re-appropriation shall be approved by the authorities delegated with the suitable financial powers before incurring any expenditure against the re-appropriated provisions. Cases of Ex-Post-facto sanctions shall not be accepted.

25.8.2 For obtaining sanction of revision of Budget for current, all concerned shall use Budget Form- II as mentioned in [Form No.RUBFRR-68]. Re-appropriation of Capital Budget has to be according to Financial Rules and Regulations (FRR) of MoF.

(b) Supplementary Budget

25.8.3 For supplementary budgets required, the Colleges shall use Budget Form VIII of FRR of MoF.

25.8.4 For supplementary budgets, the Colleges shall use Budget Form VIII of FRR 2016, MoF and submit to DPR for further submission to MoF.

25.8.5 No commitments shall be made or expenditure incurred against supplementary budget proposals in anticipation of the approval.

CHAPTER 26

PROPERTY, PLANT AND EQUIPMENT

26.0 General Principles

26.0.1 The responsibility for proper accounting, safeguarding and utilisation of all the University properties shall primarily vest upon the Head of the OVC/Colleges or it may be delegated to any other officer.

26.0.2 The Head of the OVC/Colleges, without disowning accountability, may delegate the authority and responsibility for safe custody and utilisation of properties to subordinate officials, including Real Estate Manager.

26.0.3 All officials of the University whose functions or duties permit or require possession or custody of University property shall be accountable for the property and for the safe keeping of the property in conformity with laws, rules and procedures.

26.0.4 Any property received by a University official on behalf of the University shall be accounted for as University property and recorded in the relevant records of the University.

26.0.5 Properties of the University shall be recorded in the PPE Register at the respective cost of acquisitions or at revalued cost, as it would be assessed subsequently as per administrative decisions.

26.0.6 Every University official shall handle and use University property with the same degree of diligence and care, which would be exercised in handling and using own property.

26.0.7 Transfer of custody of the University properties shall be carried out through proper handing and taking over statement with the signatures of transferor and transferee as covered in Chapter 36.

26.0.8 All PPE shall be accounted and reported as per the University Accounting Policy on PPE.

26.1 Acquisition of PPE

26.1.1 Procedure for acquisition of land shall be as per the decision of the University Council from time to time; and

26.1.2 Procedures for acquisition of PPE other than land shall be followed according to the provisions of the RUBPRR.

26.2 Receipt, Inspection and Acceptance of PPE

26.2.1 A technically competent official nominated by the Head of OVC/Colleges shall inspect and examine the properties prior to acceptance to ensure that the quantity, quality and other specifications have been complied with. The supplier shall be given the opportunity to be present at the time of examination/verification.

26.2.2 In the case of complex machinery/equipment, inspection shall be carried out by technically competent officials either at the factory, manufacturing premises or at the place of delivery, to be decided by the OVC/Colleges depending on the case.

26.2.3 The property to be accepted shall be determined after inspection, verification and examination against the item specification by the officials responsible for inspection.

26.2.4 The property accepted shall be recorded in the PPE register on the basis of PPE Receipt Note. Items which are rejected due to variations from the specification shall be returned to the supplier immediately. If the property cannot be returned immediately, notice of rejected property shall be issued by technically competent official nominated to the supplier, indicating clearly that the property has been rejected and kept by the University at the risk and cost of the supplier.

26.3 Maintenance of PPE Register

26.3.1 The PPE Register shall record all PPE items including fully depreciated items. The PPE Register shall include the following details for each PPE:

(a) The nature of PPE

(b) Date of purchase

(c) Location

(d) Cost of acquisition

(e) Asset Code

(f) Invoice/Voucher reference Number of purchase

(g) Depreciation for the financial year

(h) Accumulated Depreciation

(i) Net carrying amount of the PPE

(j) Name/details of suppliers

(k) Custodian

26.3.2 This Register shall provide the required information for all the PPE items in use. The PPE register shall be updated regularly for additions, disposal, and impairment.

26.3.3 Receipts shall be obtained and files to be maintained by technically competent official nominated for PPE items issued to individual officials for use in their official capacities. All such receipts shall be updated at least once in a year or whenever properties are returned, exchanged, or reissued.

26.4 Identification of PPE

26.4.1 Land is to be identified by the Land Registration/Ownership document/lagthram.

26.4.2 Buildings are classified into permanent, semi-permanent, and temporary as per allocated Asset Code Number.

(a) Permanent buildings

26.4.3 Permanent buildings are structures with more than 15 years of useful economic life. Permanent buildings may include residential and non-residential buildings with Reinforced Cement Concrete (RCC) frame structures involving single or multiple storey buildings or load bearing structures constructed of brick, hollow block or stone masonry walls in cement mortar or structure built entirely with steel.

(b) Semi-permanent buildings

26.4.4 Semi-permanent buildings are structures with less than 15 years of economic life. Semi-permanent buildings may include residential or non-residential building of wooden frame structures with walls made of cement or mud mortar or load bearing structure of rammed earth walls.

(c) Temporary buildings

26.4.5 Temporary buildings are structures with less than 5 years of economic life. Such structures may include labour camps, store and office facilities around major construction sites. The structures can be of wooden frame with bamboo or timber wall, or earth bricks.

26.4.6 Furniture, fittings, office equipment, appliances, air conditioners, water coolers, refrigerators, computers etc., which can function on a stand-alone basis, shall be identified as per allocated Asset Code Number.

26.4.7 Plant and machinery shall be identified by the specific model and or serial/make number and as per allocated Asset Code number.

26.4.8 Vehicles shall be identified by its registration number, engine and chassis number and as per allocated Asset Code number

26.5 Transfer of PPE

26.5.1 The PPE items may be transferred from one department to another or from one operating unit to another. The transfer of PPE items shall be properly documented through issue of Transfer Note and a supporting statement containing Assets Code Number, Description and Quantity. However, if the transfer is within inter college, acquisition reference, original cost and accumulated depreciation up to the last financial year shall be recorded.

26.5.2 PPE Transfer Note in [Form No.RUBFRR-14] shall be used to record transfer of property.

26.5.3 Entries in the PPE records shall be made based on PPE Transfer Note to record the details of transfer of PPE.

26.5.4 The transfer shall be recorded in the PPE Register [Form No.RUBFRR-4].

26.6 Procurement, Registration & Use of Vehicles

26.6.1 The Vice Chancellor shall take the decision of purchasing the vehicle subject to clearance from the Ministry of Finance.

26.6.2 All vehicles and items of road plying equipment shall be registered and insured as per the requirement of the Road Safety and Transport Authority (RSTA).

26.6.3 A vehicle History Book in [Form No.RUBFRR-8] shall be opened and maintained for every vehicle. The following permanent details of the vehicle shall be recorded in the first page of the Vehicle History Book:

(a) Registration No. of the RSTA

(b) Engine No.

(c) Model Name

(d) Date of acquisition

(e) Chassis No.

(f) Insurance Policy Number and type of Insurance

(g) Extra fittings

(h) Manufacturer's Name

(i) Spare Tools

(j) Costs including taxes, duties and handling charges

(k) Any other costs involved in acquisition.

26.6.4 A Vehicle Logbook in [Form No.RUBFRR-9] shall be maintained in respect of every University vehicle. The following procedures shall be observed in the maintenance of the Vehicle Logbook:

(a) An entry shall be made in the Logbook every time when fuel is issued to the vehicle;

(b) Starting and ending kilometre reading as well as name of stations and the purpose of utilisation shall be entered in the Logbook and movement order for use of the vehicle; and

(c) The officials using the vehicle shall sign on the entry of utilisation in the Logbook on each occasion.

26.6.5 The Head of OVC/Colleges may nominate a person from the administration section to look after the management of pool vehicles. They shall be responsible for proper maintenance, safe custody and judicious use of pool vehicles.

26.6.6 When vehicle is not in use, the pool vehicle shall be kept in the office compound during and after office hours, weekends, and holidays. Pool vehicles shall not be kept in the residential compounds.

26.6.7 Light pool vehicles shall be used for official purposes such as official travel, making field visits, carriage of all stores, and transportation of cash/mail, hospitality, seminars and workshops/- meetings.

26.6.8 Heavy pool vehicles shall be used for meeting official needs of transportation in connection with construction, maintenance, delivery of heavy or bulky articles, supplies, stores and equipment, etc.

26.6.9 Use of pool vehicles for urgent and emergency needs of officials shall be permitted only with the prior approval of the Heads of Offices subject to the condition that the employee shall pay for the fuel and compensate for any damage/s.

26.6.10 The movement of all pool vehicles shall be authorised by the respective transport officers by issue of movement orders in [Form No.RUBFRR-10]. The movement order shall be kept in the vehicle during its movements.

26.6.11 All official vehicles shall be driven only by drivers appointed for the purpose.

26.7 Disposal of PPE

26.7.1 PPE of the University that are required to be disposed off from time to time shall be done so only with the prior approval of a competent authority as per the delegation of financial power.

26.7.2 The disposal of PPE shall be done as per the procedures given in Chapter 33, Paragraph 33.6 Fixed Asset Management.

CHAPTER 27

INCOME AND EXPENDITURE

A. INCOME

27.0 General Principles

27.0.1 The Head of the University or any designated officer receiving such money for the University shall be accountable for all such monies received. The designated officers shall be responsible to ensure all sums due to the University are promptly collected.

27.0.2 The finance office shall ensure that all monies received by the University shall be deposited without delay in the designated bank account on a daily basis or as soon as practicable within the next five working days of receipt.

27.0.3 All monies received by the University in the form of cheque, drafts, cash warrants, e-transfer and cash shall be issued an official money receipt by the receiving officer as an evidence. The same shall be recorded in the appropriate books of accounts or register where such records are maintained.

27.0.4 The accounting policy on income shall guide the recognition and measurement of each income stream. EXCEPT for cash transactions, all income shall be accounted and reported under accrual method.

27.1 Tuition Fees

27.1.1 The University shall collect tuition fees in cash or through other means of banking transaction. The transaction evidence on fund transfer shall be produced to the recording officer.

27.1.2 Tuition fees shall become payable within two weeks of the commencement of the semester. The programme management shall work out students' enrollment for the semester including those students sitting for the reassessment examination in the first two weeks of the semester. On the last day of the second week, programme leaders shall confirm enrollment on different programmes and the name list submitted to the DPR, at the OVC. This date will become the cutoff date for the recognition of revenue from tuition.

27.1.3 Tuition fees received after cutoff date (i.e., two weeks after commencement of semester) shall be subject to penalty of 24% p.a.

27.1.4 Tuition fees of the self-financed students shall not be refunded after the cutoff date (revenue recognition date) if the student withdraws from the programme. However, withdrawal before that date may be accepted after deducting 20 percent, administrative cost.

27.1.5 The officer collecting the fees shall maintain record of fees collection as per [Form No.RUBFRR-1].

27.1.6 Other collections from students such as semester repeat fees and examination recheck/reevaluation fees shall follow the same procedure except that no late fee charges of 24% shall be imposed.

27.2 Rental Income

27.2.1 The income from rentals shall be recognized as per the accounting policy on rental income covered in Chapter 10, paragraph 10.4.2 (d).

27.2.2 Income earned from the staff quarters/Hostels of University shall be directly deducted from the salary/stipend at the source.

27.2.3 The minimum rental rate for staff quarters shall be equivalent to the rate fixed by the National Housing Development Corporation Limited (NHDCL) which may be updated from time to time.

27.2.4 The rate for other facilities shall be determined by OVC/College management except for guest house rooms that shall be charged at par with other colleges and updated from time to time.

27.3 Grant

27.3.1 Grant income shall be recognized and accounted as per the accounting policy on income from grant covered in Chapter 14, paragraph 14.3.1.

27.3.2 The grant received in cash/kind shall be recorded in the book of account before it is used or issued to the grant receiver(s).

27.3.3 Grant received shall be counter signed by the verification officer (who may be grant applicant or an officer appointed by the management).

27.3.4 If grant received is PPE, the same shall be codified before issuing to the user.

27.3.5 The details of grant received shall be intimated to the finance office for recording and subsequent measurements.

27.4 Fees from Research & Consultancy

27.4.1 Grant income shall be recognized and accounted as per the accounting policy on income from grant covered in Chapter 14, paragraph 14.3.1.

27.4.2 The amount transferred to the University for Research & Consultancy shall be recorded as liability at the initial recognition.

27.4.3 A separate ledger may be created to account and manage the fund effectively.

27.4.4 The grant received shall be released when the research and consultancy activities commence. Any expenditure made from such fund shall be verified and duly signed by the DRIL. The corresponding amount shall be recognized as income from grants. Debit deferred grant account and credit income from grant.

27.4.5 In case of recovery made from payment or any refund received of monies out of un-used advances, a signed statement showing recovered amount or net amount shall be issued by the receiving officer.

27.4.6 Money receipts issued shall bear a clause to indicate that those issued against receipt of payment shall be valid only when the proceeds against such instruments are realised and credited to the University account. Receipt in the form of cheque/other means of banking transfer shall be subject to de-recognition through a reverse entry in case of such being dishonored by bank. The payer shall be informed by issuing a debit or credit note.

27.4.7 Receipts shall be recorded on gross basis, that is, at the full amount received from the payer. Receipts shall not record net of any related costs such as refunds, commissions, or fees.

27.4.8 Collection of the University monies shall not be mixed with private monies.

27.4.9 The University monies shall not be collected anywhere except at the designated office such as finance office, unless otherwise specifically authorized by the University. An authorized person who collects monies on behalf of finance personnel shall be responsible to transfer the amount collected to finance office without delay.

27.4.10 Monies transferred into the University account shall be supported by transaction evidence and shall be communicated to finance office within five working days from the transaction date.

27.4.11 The revenue account shall be closed once in every month to prevent making entries of back dated transactions and to have better control over sub-ledgers.

27.4.12 A penalty of twenty-four percent (24%) per annum shall be imposed on any financial dues relating to outstanding advances, non-refund of excess payment, inadmissible payment, embezzlement, misuse of fund and other irregularities after three (3) months from the date of issue of audit report.

27.4.13 Any amount collected from hiring of University facilities shall be supported by the official letter/evidence such as requisition form signed by user and approval by the competent authority.

27.4.14 A letter of approval shall be processed by the competent authority and the same officer also shall raise an invoice to receive the payment from the customer/users.

27.4.15 All University income shall be raised through issue of an invoice for the service rendered by the University. Invoices shall be properly dated and shall contain the following information for recording:

(a) Invoice number (serial no)
(b) Date of invoice
(c) Details/particular of transactions (e.g., property rentals, consultancy services, etc.)
(d) Gross amount charged/collected (break up cost to be shown on the face of invoice including discounts/rebates etc.)
(e) Any relevant information
(f) Prepared by

27.5 Responsibility and Use of Money Receipt

27.5.1 All offices under the University shall use the money receipt issued by the OVC. The OVC shall facilitate printing and supply of money receipt.

27.5.2 Duplicate money Receipt or Hand Receipts shall not be issued under any circumstances.

27.5.3 The receiving officer shall maintain copy of money receipts as per the requirement under maintenance of financial records in Chapter 4.

B. EXPENDITURE

27.6 General Policies and Procedures for Incurring Expenses

27.6.1 All the expenses shall be sanctioned by the competent authority before incurring it.

27.6.2 A competent authority shall mean an official with adequate financial powers as delegated in the RUBFRR. The purpose of such approval is to indicate the acceptance by the appropriate authorities to start incurring expenses or making commitments against an allocated budget.

27.6.3 The accounting policies on expenses shall guide the recognition and measurement of each category of expenses or claims against the University.

27.6.4 The University may incur expenses as a result of consumption of economic resources or services in the process of rendering its academic and other organisational services. These may include:

(a) consumption of materials and office supplies;
(b) expenses on specific activities or programs;
(c) remuneration and benefits of employees;
(d) utility charges;
(e) travel allowance and daily allowance payments;
(f) maintenance of properties;
(g) advertisement and promotional expenses;
(h) payment to students; and
(i) any other expenses that meet the definition of expense.

27.7 Procedures for Obtaining Sanctions and Incurring Expenses

27.7.1 The following procedures shall be followed in order to get sanctions of various types of expenses under different budget headlines:

(a) Materials and office supplies

27.7.2 These expenses are incurred on purchases of:

(a) office supplies which are consumed in the process of delivering the services; and

(b) materials required for maintenance of properties and new petty works.

27.7.3 The purchases of office supplies and materials shall be further categorized into two:

(a) Items that are consumed regularly i.e., on a day to day basis; and

(b) Items that are not consumed regularly (e.g., electrical and plumbing fittings).

27.8 Regular Items of Office Supplies and Materials

27.8.1 The items of office supplies and materials which are required on a day to day basis shall be procured in a quantity that is sufficient to meet the need of the users without the risk of inventory 'run outs'.

27.8.2 The Procurement Officer shall plan the quantity and types of inventory supplies required to be purchased in each order considering the recorder cost and inventory holding costs. The recorder cost and inventory holding costs may differ across the University and therefore shall be left to the individual colleges.

27.8.3 The following procedures shall be followed to obtain administrative and financial sanctions for incurring expenses on purchases of supplies and materials which are consumed regularly:

(a) The Procurement Officer shall prepare a sanction note given in along with 'itemized costing' for items to be purchased and submit it to the Head of Finance for verification. The verification process shall assess:

(i) availability of budget appropriations;

(ii) admissibility as per applicable rules and regulations;

(iii) requirements of items; and

(iv) the correctness of the amount proposed.

(b) In case of unavailability or insufficiency of fund, the fact shall be indicated accordingly on the Sanction Note.

(c) The inadmissibility of expenses in the proposal shall be indicated on the Sanction Note and return to the proponent. If the inadmissibility is only partial, the proponent may revise the Sanction Note and resubmit it.

27.8.4 After the verification by the Head of Finance, the Sanction Note shall be submitted to the Head of Office or to the competent authority who is delegated with the authority of administrative and financial sanctions.

27.8.5 The Head of Office or the competent authority shall examine the Sanction Note for the following aspects:

(a) The existence of verification by the Head of Finance.

(b) Whether the sanction note is supported by a business case.

(c) Availability of sufficient budget appropriations.

27.8.6 In case of unavailability or insufficiency of fund, the Head of Finance may be consulted for possibility of re-appropriation of budget. The re-appropriation shall be made only if the proposed expenses are necessity or unavoidable. The re-appropriation may also be done if the budget appropriation of the budget head from which the re-appropriation is to be done is confirmed to have unutilized fund.

27.8.7 The details of Itemized Costing of material amount shall be reviewed against a business case (justification for incurring costs on such items).

27.8.8 If justifiable with the business case for incurring the expenses, an approval shall be accorded on the Sanction Note. In case, the Sanction Note is not approved, the reasons for disapproving shall be clearly mentioned on the Sanction Note and returned to the proponent.

27.9 Office supplies and materials which are not used regularly

27.9.1 The purchases of materials and office supplies which are not required on a day to day basis shall be made as and when needed.

27.9.2 The following procedures shall be followed for the procurement of materials and office supplies which are not used regularly:

(a) The requirement of the materials and office supplies shall be submitted in the Sanction Note by the relevant employees to the Procurement Officer.

(b) The Procurement Officer shall examine the requirement with due care and diligence. S/he shall assess the requirements based on the following:

(i) In case of requirement for replacement of fittings or spare parts, the procurement officer shall require the relevant employees who have submitted

the requisition to produce the particular damaged fittings or spare part along with the specification requirements.

(ii) In some cases, where such purchases is expected to incur substantial costs, the procurement officer shall ask the proponent to submit a detailed costs and benefits analysis report to be submitted to the finance office and later on to the Head of Office or any competent authority with administrative and financial sanction power.

(iii) Any applicable rules or internal standing policies and its requirements.

27.9.3 After establishing the requisition as genuine and reasonable, the Procurement Officer shall submit the Sanction Note along with the Itemized Costing to Head of Finance for verification.

27.9.4 The Head of Finance shall verify the Sanction Note in accordance with paragraph 27.8.3 (a).

27.9.5 The Sanction Note shall be submitted to the Head of Office or to the competent authority who is delegated with the authority of administrative and financial sanctions.

27.9.6 The Head of Office or the competent authority shall take necessary actions in accordance with Paragraph 27.8.5.

27.10 Specific Activities and Events

27.10.1 Expenses on specific activities or programmes shall mean an expense incurred for conducting activities or organizing events.

27.10.2 The activities and events include meetings, workshops, seminars, trainings, sporting events, religious activities, celebrations, and any other similar nature of activities or events.

27.10.3 The following procedures shall be followed to incur expenses on specific activities or events:

(a) The Sanction Note and Itemized Costing shall be submitted by the relevant employees to the Head of Office or the competent authority as defined in Paragraph 27.8.5 and verified by Head of Finance in accordance with paragraph 27.8.3 (a).

(b) The purpose of conducting or organizing the activities or events shall be sufficiently provided in the Sanction Note.

27.10.4 The Head of Office or the competent authority shall assess the need of the activity and the related expenses to be incurred and accordingly shall take necessary actions in accordance with Paragraph 27.8.5.

27.11 Employee Benefits

27.11.1 The employee benefits (or staff costs) shall include all considerations payable to employees whether it is short term benefits such as monthly salaries, allowances, arrears, leave encashment, leave travel concession or post-employment benefits such as gratuity and transfer grants.

27.11.2 However, these benefits do not cover benefits which are paid on certain occasions and circumstances as covered in RUBHRRR.

27.11.3 The training benefits shall be covered in the expenses on specific activities and events.

27.11.4 Attendance register as prescribed in the RUBHRRR maintained by the HR Office shall be the basis for incurring employee benefits including benefits for elementary service personnel.

27.11.5 For any periodical changes in the remuneration like annual increment or promotions, sanction orders thereto shall be submitted to the finance office not later than 20th day of the month from which the changes become effective.

27.12 Preparation of Monthly Pay Bills

27.12.1 Except for salaries charged directly to the work activity, separate pay bills in or in a similar computerised sheet shall be prepared monthly for the OVC/Colleges employees.

27.12.2 Separate pay bills shall be prepared for establishments, which are chargeable to different budget lines (Activities or Projects).

27.12.3 All modifications in the establishment including leave, absence, new appointment, etc., communicated to the finance office up to the 20th of the month shall be incorporated in the payroll for the same month; modifications

communicated after the 20th of the month shall be incorporated in the succeeding month's payroll.

27.12.4 When pay is drawn for a portion of a month only, the actual period of the month for which the pay is drawn shall be mentioned against the concerned employee's name.

27.12.5 Every change in the amounts drawn in respect of each employee over those drawn in the previous month's payroll shall be supported by a copy of the relevant order(Periodical Increment Certificate, Order of Pay fixation, etc.). This order shall be attached with the monthly payroll in which the changed emolument is drawn for the first time. A brief explanation on the cause of change in the amount/s shall be recorded on the body of the pay bill below the name of the employee.

27.12.6 When the name of an employee appears for the first time in a monthly pay bill, a copy of the Last Pay Certificate or the Appointment letter, as the case may be, and the joining order shall be attached with the bill. A short explanation like "Joined on transfer or new appointment" shall be recorded on the body of the bill below the name of the employee.

27.12.7 A pay slip giving the details of the amounts drawn and deductions made shall be given to each of the employees for whom the pay is drawn and disbursed.

27.12.8 Any arrear salary or any un-disbursed salary, upon recognition, quantification, calculation, assessment and identification, if not paid within the month, shall be accounted as salary payable in the books of account and the said account shall be debited in the next month when the payment is actually made.

27.12.9 The amounts of entitlement and the arrears drawn shall be clearly mentioned and attached with the voucher.

27.12.10 Deductions on account of taxes, health contribution, house rent, provident fund, GIS, etc., shall be made from the pay bills at the rates prescribed under rules and orders issued by the Government from time to time. These deductions shall be accounted under separate heads as specified in the chart of accounts.

27.12.11 Pay shall be drawn and disbursed fully on or after 25th of every month till the last working day of the month except for the last month of the financial year. In the last month of the financial year, the Head of Office and the DDO shall decide on a day not more than 15 days in advance of the close of the month for disbursement of salaries.

27.12.12 Employees shall normally be paid by direct credit into their bank accounts. However, employees under General Service Category (GSC) and Daily Wage Workers may be paid in cash.

27.12.13 Recoveries made in the payrolls on behalf of other agencies shall be remitted by not later than 10 days of the succeeding month. In the last month of the financial year, such remittances shall be made on or before the last working day of the month.

27.12.14 Schedules or such other details as may be prescribed under the relevant rules or orders of recoveries shall be sent with the remittances.

27.12.15 The University contributions to the employees' provident funds shall be remitted along with the P.F. recoveries.

27.12.16 When an employee in the OVC/Colleges gets relieved from an office on transfer, secondment, superannuation, resignation, or retirement, the Head of the OVC/Colleges or the DDO shall issue a Last Pay Certificate (LPC) in [Form No.RUBFRR-38]. All the advances and outstanding shall be settled before the LPC is issued.

27.12.17 In the case of transfer of an employee, the office receiving the employee shall pay whatever entitlements as specified under RUBHRRR.

27.13 Utility Charges

27.13.1 The University incurs these expenses as a result of receiving utility services from the service providers. These include- electricity supply, water, telephone, internet, etc.

27.13.2 The utility charges shall also include payments made to security services other than those employed by OVC/Colleges.

27.13.3 For these types of expenses, the utility bills received periodically from the service providers shall be used in lieu of sanction note to process payments.

27.13.4 The utility bills shall be verified by relevant officials who are in-charge of those services.

27.13.5 The contract agreement or any other official supporting documents shall be submitted to the finance office in case of new services availed for which periodic payments are required.

27.13.6 This expenditure shall be booked in relevant ledger account for which the expenditure has incurred.

27.14 Travel Allowance and Daily Allowance

27.14.1 The Head of the OVC/Colleges may generally delegate power for approving Travel Authorisations and travel claims to the designated controlling officers of the Department or the OVC/Colleges.

27.14.2 An employee shall obtain an approval before the commencement of the tour i.e., Travel Authorisation from the controlling officer by submitting a travel plan in [Form No.RUBFRR-27], in duplicate.

27.14.3 A claim for payment of Travelling Allowance and Daily Allowance (TA/DA) shall be made by an employee in a Travelling Allowance Bill in [Form No.RUBFRR-28]

27.14.4 The bill shall be submitted with the necessary supporting documents, especially the following:

(a) The travel authorisation approved by a competent authority;

(b) Used air tickets, boarding pass when a journey is undertaken by air;

(c) Receipted bills and/or cash memoranda in support of actual expenses, if such items are permitted and included in the claim; and

(d) A tour report when desired by the controlling officer.

27.14.5 TA/DA bills shall generally be submitted to the controlling officer immediately but not later than by 15 days on completion of the tour.

27.14.6 A controlling officer shall examine the tour report in applicable cases and on acceptance of the same, forward the TA/DA bills to the finance office duly certified and recommended for payment.

27.14.7 The finance office shall examine each item of the TA/DA bill with reference to the relevant rules or orders governing the entitlement of such items and admit, restrict, or disallow them accordingly.

27.14.8 Payment/settlement of a TA/DA bill shall be made through the process of authorisation of a disbursement/journal voucher.

27.14.9 A Travel register in [Form No.RUBFRR-39] shall be maintained by the finance office in the computerised system:

(a) Relevant details of travel bills settled in respect of employees shall be recorded in the system;

(b) If required separate account may be assigned for each employee; and

(c) The finance office shall use these records in the computerised system to ensure that travel bill for the same period has not been paid earlier to the employee.

27.14.10 Travelling expenses incurred for specific activity or event shall be charged to that particular activity or event expenses.

27.15 Medical Benefits

27.15.1 The University employee medical benefits shall be accounted as per RUBHRRR. The benefits entitled for the employee shall not be accumulated or carried forward for accounting purpose.

27.16 Rental of Property

27.16.1 The University may incur rental expenses as a result of hiring rental properties such as land, buildings, equipment, vehicles, furniture, etc.

27.16.2 The OVC/Colleges or a particular department within the OVC/Colleges requiring such rental properties for hire shall submit a sanction note to the finance office for verification prior to the submission to the Head of Office.

(a) Type of rental property.

(b) Dates and duration when rental property is required.

(c) How rental property will be used.

(d) The user of the property.

(e) Any estimates of rental costs.

27.16.3 The sanction note shall be then forwarded to the Head of Office who shall take necessary actions in accordance with Paragraph 24.9.5.

27.17 Advertisement and Promotional Expenses

27.17.1 Expenses on advertisement of matters of public education or interest, policy notifications, suspension or introduction of particular service facilities, etc. shall be charged to the expense head for which they were incurred. Records of such advertisements shall be maintained in the office.

27.17.2 A copy of the publication in which the advertisement was inserted shall be attached with every bill on advertising expenses. The copy of the advertisement and the order for insertion of such advertisement shall be the basis for verification of the bills on advertising expenses.

27.17.3 To provide advertisement to the print media in an equitable manner, the OVC/Colleges shall procure advertising services depending on the budget availability, type of advertisement and reach the circulation to people in general.

27.17.4 Expenses on advertisement of tender notices for procurement of materials for works or for construction activities shall be charged to the activity.

27.17.5 The promotional expenses shall be approved by the Head of Office.

27.18 Hospitality & Entertainment

27.18.1 A standard budget allocation shall be made to the heads of the OVC/Colleges for meeting entertainment expenses. Re-appropriation shall not be allowed. Any expenses incurred on gifts will be met from this budget. Such expenses shall be supported by verified bills and approval sanctions.

27.19 Maintenance of Properties –MOP

27.19.1 The University may incur these expenses as a result of receiving maintenance services from the service providers if maintenance services are provided by external vendors. The University may also carry out maintenance of properties by its own staff.

27.19.2 All expenses incurred on MOPs shall require proper Sanction Note from the proponent officer/Estate Manager to undertake maintenance services and expected to incur expenses. The Sanction Note shall provide the details of maintenance service required and the work estimations.

27.19.3 The procurement of maintenance works shall be done as per RUBPM 2021.

27.19.4 Expenses on running a routine maintenance services of its properties shall be booked under the following head of accounts:

???

27.20 MOP- Vehicles/Machinery

27.20.1 Officers in charge of vehicles shall log the use, POL purchases and repair/maintenance works for such vehicles in Vehicle Log Book in [Form No.RUBFRR-9] and Vehicle History sheets in [Form No.RUBFRR-8] maintained for each of the items. The Heads of OVC/Colleges shall prescribe suitable Logbooks for other fuel run machinery. Officers in charge of the machinery shall log the use, POL purchases which shall be recorded in the Logbooks and repair maintenance works in the History sheets.

27.20.2 Bills for supply of POL or repair/maintenance works shall be verified from these Logbooks/ History sheets and recorded therein.

27.20.3 The vehicle/machinery In-charge shall append a performance summary of the vehicle/machinery at the end of each month in the Logbook. Any substantial deviation from the rated fuel consumption rate shall be brought to the notice of the Head of Office.

27.21 MOP- Furniture, Equipment in Office, Laboratories, Others

27.21.1 The officer in charge of the property shall record the details of works undertaken in the inventory register against the item. The officer shall verify the bills for the maintenance works on the basis of the entries in the register and enter the proof of the bill verification therein.

27.22 MOP- Buildings, Roads, Plantations

27.22.1 Except for minor and routine works on maintenance which are possible to be efficiently and economically executed under the supervision of a non-technical person, all works of maintenance of buildings, roads, plantations or other installations shall be entrusted to the appropriate engineering departments or sections.

27.22.2 In respect of such minor or routine maintenance works, the officer in charge of the property or supervising the works shall keep proper records of works undertaken against each item. The officer shall verify the bills for the maintenance works on the basis of the entries in these records and enter the proof of bill verification therein.

27.23 Auditors Remuneration

27.23.1 Audit remuneration is a professional fee or charges payable to the external auditor for rendering the audit and assurance service to the University. The audit remuneration is determined by the RAA based on the nature and the audit risk profile of the current audit engagement.

27.23.2 The statutory audit fees for OVC and all constituent colleges shall be paid by the OVC. However, member colleges shall meet all logistics and other associated expenses related to audit visits.

27.23.3 The OVC/Colleges shall recognize statutory audit fees and any legitimate incidental expenses as an expense in the Statement of Comprehensive Income for the year. A corresponding liability (provision) shall be recognized in the Statement of Financial Position of the reporting year which shall be offset upon payment.

27.24 Financing Costs

27.24.1 The financing costs incurred on any financing arrangements and financial liabilities shall be accounted and processed as per the University accounting policy on financial instruments and other related policies. Not all financing costs may involve cash transactions but require a proper financial procedures for its recognition and measurements which include:

(a) use of appropriate discount/interest rates;
(b) proper contractual agreements; and
(c) sound measurement basis.

27.25 Professional Services

27.25.1 The contract agreements and the terms of reference shall be the supporting documents for making payments. In relevant cases, disbursement information from the donors shall be attached.

27.26 Programme Quality and Monitoring

27.26.1 These expenses are incurred as a result of programme quality and monitoring activities. These include external examiners' fees, programme review and programme development expenses.

27.26.2 The expenses shall be supported by the appointment order of external examiners and programme development and programme review notification from the Department of Academic Affairs at the OVC.

27.26.3 The expenses shall be charged to Programme Development and Review activity.

27.27 Approval of Disbursement Voucher

27.27.1 Approval of disbursement voucher shall be obtained for all the expenditures.

27.28 Capital Expenditure - Acquisition of Long-Term Assets

27.28.1 The OVC/Colleges may incur these expenditures to purchase or construct assets which are expected to provide economic or service benefits over the years of time. The following procedures shall be applied for purchase of long term assets:

(a) RUBPRR shall guide the OVC/Colleges to procure all types of long term assets such as PPE, intangible assets, investment property, heritage assets, etc.
(b) The basis for incurring capital expenditure is provided in Chapter 29 Investment and Borrowing.
(c) An appropriate financial sanction shall be obtained from a competent authority or management to procure such assets.

(d) The Head of Finance shall confirm the availability of funds irrespective of whether it is a budgeted activity or not prior to incurring the capital expenditure.

(e) The payment procedures and exercising of management controls shall be guided by RUBPRR including acquisition of works.

(f) Other administrative procedures such as transfer of ownership and approvals from the government shall be completed before acquisition of the asset.

(g) Once the assets are acquired, the Estate Manager/Procurement Officer and the Head of Department shall be responsible for managing the assets as per Chapter 31 Asset Management.

CHAPTER 28

CASH AND BANKING

28.0 Bank Accounts- General Principles

28.0.1 The University shall operate and channel the funds through the accounts maintained with the agent bank identified by the RGoB.

28.0.2 All money received by finance officer or other receiving officials of the University shall be deposited into a bank account.

28.0.3 Money received by or on behalf of the University must be banked daily, or as soon as practicable within the next five working days of receipt.

28.0.4 In cases where there are unavoidable delays, all banking money shall be kept in adequately strong cash chest in a secured room with lock and key.

28.0.5 The use of bank accounts for other than official transactions shall be prohibited.

28.0.6 In no circumstances University money shall be kept in a private bank account, nor shall private money be kept in a University bank account.

28.0.7 The OVC as the central administrative body of all its constituent colleges shall reserve the right to freeze operation of any bank account of member colleges.

28.0.8 The finance office shall maintain an up-to-date cash and bank records in a cash book operated in physical book or on the computerized system. For each month, the balance of cash book shall be reconciled for any difference using [Form No.RUBFRR-36].

28.1 Operation of Bank Accounts

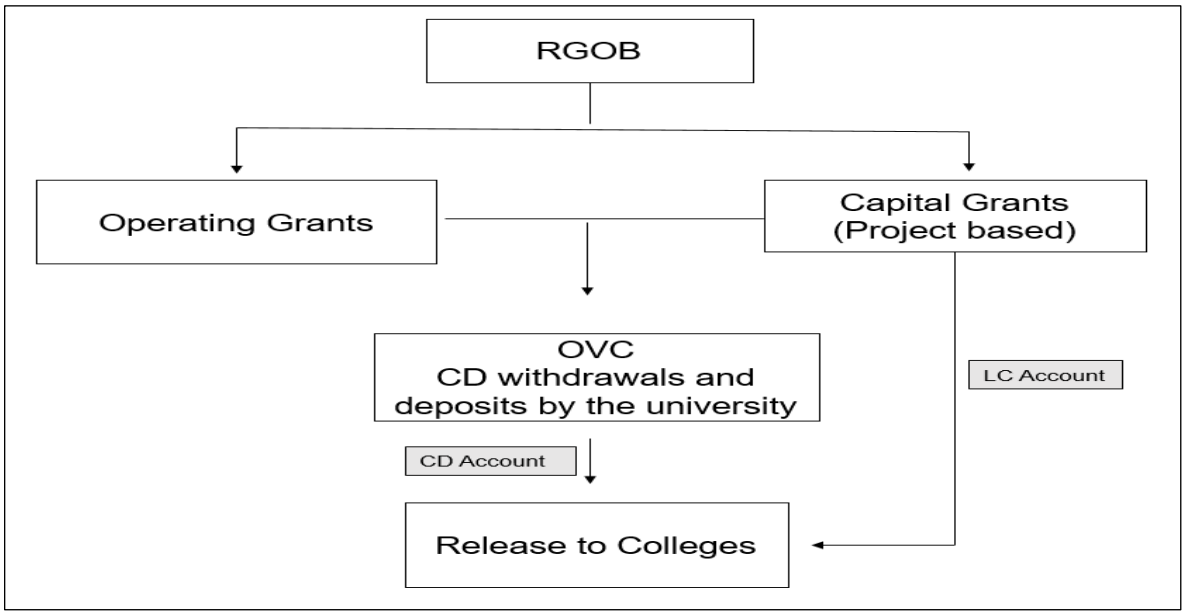


Diagram 3: RUB banking system

28.1.1 The OVC/College shall operate all receipts and payments through either CD or LC account depending on the sources of fund.

28.1.2 The responsibility for proper utilization of funds and accountability shall rest upon the officials nominated for operations of these accounts.

28.1.3 The accounts shall be jointly operated by the DDO and the head of finance office.

28.1.4 The head of the finance is responsible to collect the bank statements and reconcile the accounts using the [Form No.RUBFRR-36] at the end of each month.

28.2 Cheque Books: Supply and Nomination

28.2.1 First supply of cheque books or cheque forms shall be made by the Bank to the authorised DDO on the opening of a bank account and on receipt of a request from the DDO.

28.2.2 For subsequent supplies, the DDO shall fill or authorise appropriate officer to fill in the special requisition slip inserted in the cheque book or cheque forms and submit the same to the bank.

28.2.3 The cheque shall be jointly signed by the DDO and the head of finance office.

28.2.4 The DDO or the head of finance office shall authorize the signing authority to the officiating officials when he/she is out of station for more than three working days.

28.2.5 When an authorized cheque signing officer vacates position, the head of office or in own case, the controlling officer, shall withdraw the cheque signing authority of the officer and shall authorize a new officer under intimation to the bank.

28.2.6 Cheque book shall be kept under lock and key.

28.2.7 Before bringing a cheque book into use, the head of finance shall examine the cheque book by counting the number of cheque forms contained in the book and the series of the cheque numbers printed in the forms. He/she shall then record a certificate of count on the inside of one of the cover pages of the cheque book under signature and seal.

28.2.8 The head of finance shall alert the bank promptly in writing, in case a loss of a cheque book or a blank cheque form is noticed at any point of time.

28.2.9 The head of finance shall maintain a cheque book Register and a Cheque Issued Register in [Form No.RUBFRR-51] respectively. The Cheque Issued Register shall be reviewed from time to time to ensure that every cheque form has been accounted for.

28.2.10 When a bank account is closed or issue of cheque on a bank account is no longer necessary, a cheque drawing officer shall notify the bank of the fact. The unused blank cheque forms or a totally unused cheque book shall be returned to the bank. A note to this effect shall be kept in the cheque book and the Cheque Issued Registers.

28.3 Procedure for Preparation of Cheque

28.3.1 The DDOs shall ensure that the procedure for preparation of cheque as prescribed under this rule are followed:

(a) Except for a cheque drawn on “Self”, all cheques shall be drawn only on the basis of approved disbursement vouchers and valid supporting documents;

(b) Cheque shall be drawn on a bank account in cheque forms provided specifically for that account by the bank;

(c) Amount shall be mentioned clearly and legibly both in numbers and words in every cheque, leaving no blank space on the left hand side of both;

(d) Cheque shall be signed in indelible ink only;

(e) An official seal indicating the designation of the cheque drawing officer shall be put below the signature on every cheque issued;

(f) The bank account number on which the cheques are drawn shall be inscribed on every cheque issued;

(g) Corrections and alterations in a cheque shall be made only by striking through the incorrect entries and rewriting the correct entries above or below the incorrect entries. The cheque drawing officer shall attest such corrections and alterations over full signature;

(h) Cheque drawn in favour of firm shall be crossed account payee only;

(i) For withdrawal of cash for office chest, a cheque drawn on 'Self' shall be issued supported by cash withdrawal contra voucher;

(j) The DDO or an authorised officer shall also ensure that the cash is brought from the bank within the banking hours on the same day and kept in the office chest;

(k) Self cheque shall not be signed beyond the banking hours;

(l) A signed Self cheque shall not be allowed to be kept outside the chest beyond banking hours or overnight if it cannot be cashed on the same day due to any reason;

(m) Cheque drawn for the purchase of Demand drafts or Cash Warrants shall be drawn on Yourself and endorsed at the back with the following words:

(n) "Please issue Demand Draft/Cash Warrant as per application".

(o) Cheque for payment shall generally be sent by registered post. This may also be handed over to a payee or an authorised representative who will come personally to collect the same with the letter of authority; and

(p) Cheque payments made by the registered post shall have cheque envelopes bearing a direction to return the unclaimed cheque to the issuing office.

28.3.2 Abbreviations in the use of words, like “Fifteen hundred only” in place of “One thousand five hundred only”, shall not be permitted.

28.4 Period of Validity, Stale or Time-Barred Cheque

28.4.1 A cheque issued against a CD account shall remain valid for six months from the date of issue. The cheque shall become “stale” or “time barred” on expiry of this period and shall not be negotiated.

28.4.2 A stale or time barred cheque shall not be revalidated under any circumstances. Such a cheque may be replaced by issue of a fresh cheque in accordance with the following procedures:

(a) After obtaining satisfactory explanations from the payee on the reasons of not presenting it in time, a stale cheque pertaining to the same financial year, shall be marked “CANCELLED” diagonally and prominently across, and a fresh cheque may be issued in its place;

(b) A note of cancellation of the stale cheque shall be recorded in the Cheque Issued Register; and

(c) A stale cheque pertaining to a previous year presented for revalidation shall be sent to the head of the OVC/Colleges along with the explanation from the payee, for approval.

(d) A fresh cheque shall be issued only on availability of funds in the CD accounts.

28.5 Stop Payment of Cheque

28.5.1 When the payment needs to be stopped against a cheque already issued, the head of finance shall promptly send a stop payment order to the bank. A written confirmation on having noted the stop payment order against the cheque shall be obtained.

28.5.2 When the payment of a cheque is stopped, a note of stopping the cheque shall be kept in the Cheque Issued Register.

28.5.3 If a cheque payment is stopped, the head of finance shall reverse the original entry in the cashbook and other accounting records.

28.5.4 The stop payment charges on receipt of advice from the bank shall be accounted in the books as expense under bank charges.

28.6 Replacement of Lost Cheque

28.6.1 The Head of Office may decide to consider a request for issue of a fresh cheque in lieu of a cheque alleged to have been lost or not received by the payee. Such cases may be processed in the following manners:

28.6.1.1 The bank statements and bank reconciliation statements shall be referred in order to ascertain that the cheque has not been paid for.

28.6.1.2 If the cheque pertains to the current financial year:

(i) The alleged loss of the cheque shall be intimated to the bank with the advice to stop payment of the cheque.

(ii) A certificate of non-payment and a written confirmation of noting the stop payment order on the cheque shall be obtained from the bank and recorded in the Cheque Issued Register.

(iii) The party requesting for the issue of a fresh cheque shall execute an indemnity bond in [Form No.RUBFRR-53] exonerating the University from any risk or loss that may arise in future, as a result of use of the cheque alleged to have been lost.

(iv) In the case of a government office, or a bank, such an indemnity shall not be required. A certificate shall be obtained to the effect that the cheque was not received or was lost after having received and that it will be returned to the drawer if found later; and

(v) A fresh cheque may be issued in lieu of the lost cheque only on completion of the requirements mentioned above.

28.6.2 If the cheque pertains to a previous financial year; Actions as per rule 15.2 shall be completed. A case requesting for an equivalent payment approval shall be sent to the Head of the OVC/Colleges giving the details of meeting the requirements mentioned at said rules ibid. A fresh cheque may be issued only on availability of the equivalent amount in the CD account.

28.6.3 A cross reference of the cheque getting lost and issue of the fresh cheque shall be recorded in the Cheque Issued Register.

28.7 Cash Related Issues

28.7.1 A separate cashbook shall be maintained for all cash transactions.

28.7.2 The cashbooks shall be closed after accounting all transactions of receipt and payment on day-to-day basis.

28.7.3 The head of the finance shall verify the physical cash at the end of each day. The finance head is also authorised to do surprise checks on the actual physical cash balance and the book balance at any time.

28.7.4 Print outs of the cashbooks from the computerised system will be kept every month and recertified with the vouchers issued for the month.

28.7.5 All payments shall be made by cheque except the Petty expenses not exceeding Nu.1,000/-per payment.

28.8 Responsibility of Cashier

28.8.1 The responsibilities of a cashier are as follows:

(a) Receipts of cash, cheque, bank drafts, cash warrants and bank transfer;

(b) Disbursement by cash, cheque, bank drafts, cash warrant and bank transfer;

(c) Handling of deposits forms and custody of cash;

(d) Maintenance of cashbooks and any other records related with cash;

(e) The cash held each day shall be the minimum for meeting the petty expenses;

(f) Cash collection of a particular day shall be deposited to the bank account on the same day unless there is an unavoidable circumstances in which case the money shall be deposited within the next five working days of receipts; and

(g) There shall not be unauthorised handling of cash.

28.9 Custody of Cash

28.9.1 An official required for handling cash or other valuables in the day-to-day operations of the activities assigned shall maintain a cash chest for the safe custody.

28.9.2 Cash, cheque book or loose cheque forms in use, receipt book in use and other valuables held in custody shall be kept in an adequately strong cash chest.

28.9.3 No private cash will be kept in the cash chest.

28.9.4 One key of the cash chest shall be kept with the cashier and the other one with the head of finance.

28.9.5 Duplicate keys shall be placed in separate sealed covers, super-scribing the identity of the chest, the office to which it belongs and the numbers of the keys. The sealed covers shall be lodged with the DDO or any other authorised officer.

28.9.6 The amount of cash or other valuables available in the chest shall match with the balance of cash/ valuables in the cashbook/valuables register at any point of time. A physical verification of the balance available in the chest shall be carried out at the end of each working day.

28.9.7 A loss of the key/s of the chest shall be reported immediately to the head of office who shall take such necessary action as to prevent the risk of loss. Such action may include, but not limited to, sending information to the Head of the OVC/Colleges, as the case may be, and the police authorities.

28.10 Use of Electronic/Digital System

28.10.1 The University shall aspire to digitize all routine business processes including financial transactions involving receipts and payments in accord with the national goals.

28.10.2 Wherever possible, receipts and payments of money including tuition fees from self-fee paying students shall be made through e-transfers, and complete the transaction cycle with proper authorization and issue of money receipts.

28.10.3 All e-receipts and payments shall cause an audit trails for post transaction verifications.

CHAPTER 29

INVESTMENT AND BORROWING

29.0 General Principles

29.0.1 While the Government may continue to support the University through its capital and operating grants, the University shall strive to promote a sustainable investment culture through effective governance and management of its resources.

29.0.2 The University shall primarily invest in those infrastructural facilities (PPE) and technologies that drive academic quality and research capacity of the University. As such, the University shall explore innovative ideas and designs for investments and develop a network of the tertiary education hub across the country.

29.0.3 The investment and business development unit at the OVC shall advise OVC/Colleges on investments in sustainable development projects.

29.0.4 All capital expenditures shall be guided by the University's strategic plans and the overall University objectives enshrined in its charter.

29.0.5 No investments shall be made without having an appropriate investment appraisals and business case at the University. The investment appraisals and business case shall be developed as a part of the budget proposals for such capital expenditure. The investment appraisals and business case shall provide a detailed analysis of benefits, organisational impact, financial sustainability, and budgetary accessibility of the investment proposals.

29.0.6 Investments in financial assets such as certificates of deposits, corporate shares and debt instruments shall be made only when there is a surplus fund (free cash resources) that is not committed to settle any present obligations or a possible

obligation in near future. A proper investment appraisal shall be followed considering risks and returns of such investments.

29.0.7 The University shall avoid investments in speculative investment vehicles and unregulated markets where the returns may depend on speculations of the market participants.

29.0.8 Investment in capital projects shall be executed with sufficient project management techniques. Effective project management requires a combination of systems, people and, resources along with proper control and monitor of the activities undertaken within the project to ensure that the project remains on track and the identified benefits are realised.

29.1 Investments in Real and Intangible Assets

29.1.1 These are capital expenditures or investments in assets having potential to generate long term service or economic benefits for the University.

29.1.2 Investment in PPE shall provide a critical mass of infrastructural facilities for the University that defines the physical space and the architectural designs that are distinct and essential for the existence of the University.

29.1.3 The University shall strive to invest in those properties and equipment that aid academic, research, and organisational performance of the University.

29.1.4 These shall include investments in:

(a) property, plant, and equipment;

(b) intangible assets such as software, database, product or service development(IPR);

(c) investment properties; and

(d) heritage assets.

29.2 Investment Proposal for New Academic Programmes

29.2.1 Investments in PPE may be considered along with the development or review of the academic programmes that require the minimum facilities to start the proposed programme.

29.2.2 Colleges planning to start a new academic programme may develop a business case as a part of the programme document to justify investment in those assets or resources necessary to start the programme. The business case approved by APRC along with the programme proposal then shall be revisited and revised during the life of the programme to ensure that the investments in those assets associated with the proposed programmes are in condition and the identified benefits are realised.

29.2.3 The APRC may like to consider the proposed programme not only for academic prospects, but also judge the investment potential of the proposed programme so that the programme when rolled out contributes to the overall strategic goal of the University. However, APRC may not use such commercial returns on investment as the sole parameter to judge the merit of the proposal.

29.2.4 Once the investment decisions are made, acquisition of assets shall be made as per the University procurement regulations, and other financial procedures laid out in this regulations.

29.3 Approvals and Other Procedures

29.3.1 All capital expenditures or investments in non-current assets shall require a business case irrespective of the sources of funding.

29.3.2 The SMT/CMC shall make the decision to approve or not to approve the investment proposal based on the business case and the investment appraisal prepared by the department or a proponent of the investment. The college management may be the proponent of the investment for submission to the OVC/any funding agencies.

29.3.3 Wherever possible, investments in capital projects shall follow an investment appraisal, incorporated within the business case, using discounted cash flow methods such as IRR and NPV to justify project returns.

29.3.4 Investments supported by government funding or any external sources of funding shall require approval as per the current budgetary proposals covered in Chapter 25.

29.3.5 Investment from OVC/College surplus/saving shall be approved by SMT/CMC with appropriate investment appraisal and business case [Appendix V]. However, the same shall be informed to the OVC/UC when the investment project is of high risk profile.

29.3.6 Investments involving foreign acquisition or foreign currency shall be dealt with in accordance with the prevailing regulations of the government.

29.4 Investments in Financial Assets

29.4.1 The University may invest in other investment vehicles or financial assets that are traded in the money and capital market.

29.4.2 The University shall invest in those financial assets only after making an investment appraisal in relation to the risk and returns. These investment vehicles may include:

(a) certificates of deposits;
(b) investment in Government Treasury bills;
(c) investment in corporate shares;
(d) investment in corporate bonds and commercial papers; and
(e) investment in other financial assets (e.g., insurance policies).

29.5 Procedures and Appraisal Requirements

29.5.1 Investments in financial assets shall be accounted and reported as per the University accounting policy on financial instruments.

29.5.2 To reduce investment risk exposure, the University shall diversify its investment and manage its portfolio as per the risk exposures.

29.5.3 Investment shall be made to achieve at least a return that exceeds cost of capital or an internal rate of return taking into account of the time value of money.

29.5.4 The approval for investment shall be made by the SMT/CMC after reviewing the investment appraisals made by the finance officer or any relevant officer making the same appraisals for investment.

29.5.5 Once investment has been approved, the finance officer shall prepare all contractual documents and submit them to the heads of the office for contract

signing or counter signing for the investment contract. The finance officer shall thereafter follow up and review credit risk exposure of the investment regularly and advise management on any observable risk that may affect return on the investment and recovery of the investment amount.

29.5.6 At each reporting date, the finance officer shall review the credit risk by applying expected credit loss model and adjust the value of investment for all investments classified at amortised cost.

29.5.7 For investment in equity instruments, the finance officer shall re-measure the value of those equity instruments and recognize any changes in fair value in the Statement of Comprehensive Income on each reporting date.

29.6 Recording and Documentation

29.6.1 All investments shall be recorded in the investment register with proper documentary evidences that give the following information:

(a) Investment entity details including domicile of the entity;
(b) Fair value/cost of investment amount;
(c) Date of contract inception or investment date;
(d) Maturity date;
(e) Interest or any return payable (including effective interest rate and coupon interest rate if applicable);
(f) Receipt No/any Ref. No of the instrument;
(g) Amount receivable on maturity date (including any premium receivable on redemption); and
(h) Contact details of the officer in charge of the investment at the entity.

29.6.2 The finance officer shall, on the date of contract inception, record financial assets at its fair value plus cost of transaction in the general ledger. In the subsequent period, the carrying amount of the financial assets shall be re-measured as per the accounting policy of the University.

29.6.3 Financial assets as per the accounting policy shall be tested for impairment at each reporting date and the effect shall be recorded in the investment ledger accordingly.

29.6.4 The finance officer shall, on the date of maturity of the investment, inform other party about the same and require other party to credit the investment amount in the designated bank account along with any premium amount receivable.

29.6.5 On redemption of the investment, the financial asset shall be derecognized by crediting the investment against the amount received or any another asset received. The same effect shall be made in the investment register.

29.7 Investment Appraisals and Project Management

29.7.1 Investments in assets that require substantial budgetary fund and having high risk incidence shall require appropriate investment appraisals as a part of management's investment decisions irrespective of the sources of funding. The investments in capital projects such as construction works and acquisition of scientific equipment generally carry high risks and require appropriate investment appraisals.

29.7.2 Investment appraisals involve evaluation of potential value addition to the University arising from a specified capital investment project or portfolio using the business case [Appendix-V].

29.7.3 Where DCF methods for financial appraisals are not practical, University shall apply alternative appraisal methods to ensure that the investment project is sustainable especially in terms of its whole life costs.

29.7.4 As a part of investment appraisal, the University shall consider financing options such as:

(a) leasing the property;
(b) public-private partnership;
(c) soft loans; and
(d) any other sustainable financing options.

29.8 Capital Project and Risk Management

29.8.1 A project is a budgetary undertaking of the University mostly in the form of acquiring property, plant and equipment that has a starting and end dates and

is carried out to meet established goals within cost, schedule and quality objective.

29.8.2 The University shall be aware of the investment risk exposure and have the necessary risk assessment and monitoring efforts to reduce incidence of risks on its investment.

29.8.3 For investments in capital projects such as construction and procurement of machinery or scientific equipment, the University shall identify and manage potential risks such as:

(a) contractor overruns on time or amounts spent;
(b) poor project management;
(c) lack of supervision and technical knowledge;
(d) breakdown of the supply chain;
(e) poor technical specification; and
(f) lack of competent suppliers.

29.8.4 Project managers shall identify and document these risks within project risk register with mitigating actions in place to manage project risks.

29.8.5 Any escalation of project risks shall be brought to the notice of the SMT/CMC who shall further review the nature of risk and advise the project manager.

29.9 Borrowing and Guarantees

29.9.1 Considering the need to finance infrastructural development of the University, particularly where there is a need to construct and acquire properties such as academic and hostel buildings, technical equipment critically required to deliver programmes, OVC/Colleges shall be allowed to borrow funds from the financial institutions or other registered capital financing companies in the country.

29.9.2 OVC/Colleges shall be guided by the sound investment principles and adopt a sustainable borrowing culture.

29.9.3 OVC/Colleges shall be allowed to borrow a sum of money from any registered financing company on the condition provided in Paragraph 29.11.

29.9.4 All borrowings shall be denominated in currency of the primary economic environment, that is, Ngultrum.

29.9.5 Borrowing shall be allowed only to finance acquisition of a non-current asset which can be justified through a sound business case.

29.9.6 At any point of time, the total of proposed external borrowing and other financial obligations (total of current and non-current financial liabilities) shall not exceed the total non-current asset of the borrowing entity. The financial institutions may determine the borrowing capacity of the OVC/Colleges even without this threshold for any specific borrowing.

29.10 Internal Procedures for Borrowing Fund

29.10.1 The borrowing shall be supported by a business case which will provide justification for borrowing including appropriate financial appraisal for investment of the borrowed fund.

29.10.2 Borrowing should be approved by the SMT/CMC based on the business case. The business case shall include debt service plan and how associated risk will be mitigated through reasonable contingency plans and reserves.

29.10.3 Borrowing shall not exceed the estimated cost of the asset to be acquired excluding the administrative costs such as preliminary planning and contract cost subject to Paragraph 29.9.6.

29.10.4 Borrowing exceeding Nu. 25 million shall require approval from the OVC for colleges and UC for the OVC for a portfolio of investment projects.

29.11 **Restrictions on Borrowing Funds**

29.11.1 The OVC/Colleges shall not borrow from foreign institutions.

29.11.2 Borrowing shall not be made to meet the operating expenses of the OVC/Colleges.

29.11.3 OVC/Colleges shall not raise any debt finance through issue of any type of debt securities in the market.

29.11.4 OVC/Colleges shall not borrow from any private money lenders or debt finance providers which are not registered financing companies in the country.

29.11.5 Borrowing shall not be made by mortgage or hypothecation of any type of asset of the OVC/Colleges.

29.11.6 OVC/Colleges shall not borrow any sum of money, if as a result of changes in the surrounding circumstance that may cast doubt on the possibility of continuing its operations in future.

29.11.7 OVC/Colleges shall not raise overdraft facilities against any future receipts or deposits of money to its CD accounts.

29.11.8 The Council shall advise the University on any austerity measures in case of extreme market conditions or a financial distress of the university affecting its operations.

29.11.9 The University shall not undertake any form of guarantee for any individual or any organisations within and outside the University.

CHAPTER 30

PROCUREMENT OF GOODS, SERVICES AND CONSTRUCTION WORKS

30.0 General Principles

30.0.1 Procurement involves substantial spending of University's budgetary fund. The effective and sustainable procurement management is critical for achieving the University's objectives. The University shall strive to achieve best value for money (VFM) for all purchases of goods, services and construction works. Best value for money is defined as the most advantageous combination of cost, quality and sustainability to meet user's requirements.

30.0.2 The procurement of goods, services, or construction works shall follow the procurement cycle. At each stage of procurement cycle management shall exercise sufficient control to reduce whole life cost of item under procurement and to achieve a sustainable procurement.

30.0.3 Goods and services shall be procured using the most appropriate method that promotes best value for money.

30.0.4 The University shall procure goods and services from the external sources only if:

(a) they are required for the achievement of financial, academic, or budgetary plans;

(b) they are not available elsewhere within the University/College; and

(c) the source, sufficiency and terms of the funding have been confirmed.

30.0.5 There shall be an effective coordination between finance, procurement/Estate and the end users for all types of procurement to ensure best value for money.

30.0.6 The financial controls and project visibility shall be maintained throughout the procurement cycle with proper recognition, measurement, and recording of transactions and events during the acquisition of goods, services, and works.

30.0.7 All goods, services, and works shall be procured in line with the University's budgetary plans and needs of the department or end users of the University.

30.0.8 RUBPRR sets the principles and procedures for procurement of all types of goods, services, and construction works of the University.

30.0.9 Until the issue of RUBPRR, the University shall continue to follow the RUBFM2017 (Chapter 10) and supplementary rules such as RGOB Procurement Rules and Regulations 2019 for procurement of goods, services and works at the University.

30.1 Procedures and Execution of Works

30.1.1 All works shall be primarily divided into two categories, "original works" and "maintenance works".

30.1.2 Original works shall comprise:

(a) all new constructions;

(b) additions, alterations, renovations, remodeling of an existing property forming a part of a new project/work or resulting in an increase in the value of the existing properties;

(c) experimental application of new, alternative or improved construction materials or techniques on existing properties;

(d) restoration of previously abandoned or destroyed properties for bringing them into use; and

(e) repairs and maintenance of properties during their construction.

30.1.3 Maintenance works shall comprise :

(a) routine repairs and maintenance works; and

(b) remodeling, improvements, replacements, or re-constructions which do not result in an increase in the useful life of existing properties or do not enhance productivity or efficiency of properties.

30.1.4 Original and maintenance works shall be classified as capital and current appropriations respectively for budgetary operations.

30.1.5 All works, whether original or maintenance, shall be initiated only against an approved budget appropriation.

30.1.6 Unless otherwise specifically mentioned, all works shall be initiated only after obtaining Administrative Approval, Financial Sanctions and proper Technical Sanctions.

30.1.7 The OVC/Colleges shall ensure that the works are executed and completed within the stipulated time and within the approved appropriations in accordance with the prevailing laws, rules, and procedures.

30.1.8 For works to be financed from external grants or borrowingthrough RGoB, the rules and procedures prescribed by the RGoB shall be followed, unless otherwise agreed.

30.1.9 Preparation of estimates, technical sanction and execution of works shall be carried out by a competent technical person working in the OVC/Colleges or by employing the services of consultants possessing the required technical expertise.

30.2 Responsibilities

30.2.1 The Heads of the OVC/Colleges shall, amongst others, be responsible for ensuring that:

(a) all works are executed in accordance with the prescribed rules and procedures;

(b) the works are executed as per the specification of requirements and the business case as approved earlier;

(c) the progress of the works is commensurate with the time and expenditure incurred and the project manager shall continuously monitor the progress and advise management for any deviations;

(d) in case of deposit works, the works are executed in accordance with the prescribed rules and procedures, and according to the requirements of the Client Agency;

(e) the prescribed books of accounts are maintained; and

(f) the Head of Office shall be responsible to take all such reasonable actions, for timely completion of the work as well as to avoid cost overruns.

30.3 Approvals and Sanctions

30.3.1 An appropriate authority of the OVC/Colleges requisitioning a work shall issue an Administrative Approval and Financial Sanction (AA&FS). Such an approval shall

be based on preliminary estimate along with preliminary/architectural drawings, where applicable.

30.3.2 Except for maintenance works costing up to Nu. 50,000/- (this threshold amount shall be updated in the RUBPRR.) which can be taken up on the strength of an AA&FS and a detailed estimate, a competent technical authority shall issue Technical Sanctions (TS) for all works.

30.3.3 The TS shall be based on the following conditions:

(a) Drawings, designs, and specifications including detailed estimates;

(b) The drawings, designs, and detailed estimates shall be site specific and based on site conditions;

(c) Estimates of all works shall be in accordance with the current Bhutan Schedule of Rates (BSR). In the absence of any specific item of work in the BSR, a fresh analysis of rates shall be prepared and submitted for the approval of the technical authority competent to issue and revise the BSR;

(d) Before according a TS, the sanctioning authority shall be satisfied that no material deviations from the whole project as prepared for the purposes of the AA&FS are anticipated;

(e) Technical Sanctions (TSs) may be accorded to components of a whole work provided that a specific amount corresponding to the component is mentioned clearly in the AA&FS;

(f) The amount of TS shall be within the amount specified in the AA&FS;

(g) A fresh estimate shall be prepared and a Revised Technical Sanction issued when, during the course of executing a work, it transpires that the actual expenditure on a work is likely to be in excess of 10% over the amount in the previous TS. The Revised TS shall exhibit the quantities of items or work and amounts sanctioned in the original estimate and those estimated to be required;

(h) While executing a sanctioned work, if some extra or additional work beyond the scope of the sanctioned work is considered necessary, and if the technical quality of the sanctioned work is not contingent upon undertaking such

additional work, a Supplementary Technical Sanction shall be issued provided that the conditions at (i) are fulfilled; and

(i) The issue of a Revised or Supplementary TS shall be subject to the availability of Budget appropriation and issue of a Revised AA&FS.

30.3.4 In all cases, the Head of Office shall issue an order for commencement of work on receipt of which, a contractor, Supervising and Site Engineers shall start actual execution of a work.

30.3.5 Unless otherwise specified, the AA&FS for a work shall be deemed to have lapsed in case the work is not commenced within twelve months from its issue.

30.4 Mode of Execution

30.4.1 Generally, works shall be carried out through contracts based on the categorisation and classification of the contractors by the Construction Development Board (CDB) or such other authorities as may be established by the Government.

30.4.2 The selection of contractors/suppliers and award of supply or work contracts shall be undertaken in accordance with the procedures prescribed in RUBPRR. .

30.4.3 When there is an execution of work of a specialised nature and the required level of skills and /or technical know-how is not available with the contractors, the OVC/College shall use its in-house capacity or entrust it to another specialised agency as deposit work to execute the work.

30.5 Terms of Payment on Award of Contract

30.5.1 In the case of a work estimated to cost less than Nu.100,000/-, no amount shall be payable to the contractor till the whole work has been completed and a certificate of completion given.

30.5.2 In case of works costing more than Nu.100,000/-, the terms and conditions of the contract shall generally specify that payments shall be based on the physical progress of the work. The physical progress of the work may be calculated in

terms of various components or items of work or percentage of the total contracted amount depending upon the nature of the contract.

30.5.3 Generally, all materials required for the construction shall be supplied by the contractor and the cost included in the respective item rates. When some of the materials for construction are supplied by the OVC/Colleges for the sake of ensuring quality, the following procedures shall be followed:

(a) When the work is tendered out, the tender document shall specify the items that shall be supplied by the OVC/Colleges and the bidders shall be instructed to exclude the cost of those materials from the rates to be quoted; and

(b) The value of materials issued by the OVC/Colleges shall be booked to the work, and the contractor shall not include the cost of such materials in the bills.

30.5.4 Subject to the conditions relating to the adjustments due to deficiencies in qualities, the rates and prices in the contract shall be on a fixed basis as far as practicable. Where the rates and prices in the contract are subject to adjustment due to rise or fall in the cost of labour or materials, the price adjustment shall be as per rate prescribed in RUBPRR. .

30.5.5 Should price variations occur during the period of time extension, it shall be applicable only under force majeure conditions or where such time extension has been granted in the interest of the OVC/ Colleges.

30.5.6 Except for cases of advances, contractors/suppliers shall be advised to show quantities and amounts distinctly against each item of work/supply in the bills.

30.6 Execution of Works – Record Keeping

30.6.1 In addition to the financial and accounting records to be maintained for recording the financial and accounting transactions prescribed under various chapters/sections, the following records/books on works accounts shall be maintained, depending on the mode of execution:

(a) If the work is executed departmentally, the following books/records shall be maintained:

Sl. No.	Books & Records to be maintained	Form No
1	Muster Roll Register	[Form No.RUBFM-56]
2	Muster Roll	[Form No.RUBFM-59]
3	Measurement Book	[Form No.RUBFM-38]
4	Measurement Book Register	[Form No.RUBFM-60]
5	Material at Site Account Register	[Form No.RUBFM-65]
6	Tools and Plants Account Register(T&P)	[Form No.RUBFM-65]
7	Empty Container Account Register	[Form No.RUBFM-65]
8	Site Order Book	[Form No.RUBFM-62]
9	Hindrance Register	[Form No.RUBFM-63]
10	Dismantled/Extracted Materials Account Register	[Form No.RUBFM-65]
11	Works Sub-Ledger	[Form No.RUBFM-24]

(b) If the work is executed through contract, maintenance of the Muster Roll Register and the Muster Roll shall not be required. Instead, a Contractors' Ledger in [Form No.RUBFRR-48] shall be maintained. The Materials at Site Account Register shall be maintained for the materials supplied by the OVC/Colleges, if any. A Materials Control Register shall be maintained for the items supplied by the contractor.

30.7 Muster Roll (MR)

30.7.1 MR in [Form No.RUBFRR-41 shall be maintained to record daily attendance of work-persons engaged for works executed departmentally.

30.7.2 The following shall be the guidelines on the preparation and maintenance of MR:

(a) On receipt of an order for the commencement of a work, the Site Engineer shall submit to the Head of office through the Supervising Engineer, a requisition for issue of MR specifying therein the number of each category of work-persons (like mason , carpenter, labour etc.) required and the period for which they are required;

(b) On examination of the budget provision, existence of AA&FS, TS etc., the Head of Office shall issue the required MR to the Supervising Engineer approving therein the strength of each category of work-persons, period of their engagement and the rates for each category. The MR shall be registered in the Muster Roll Register [Form No.RUBFRR-40] and assigned a number and date before issue. The issue of the MR shall take place before the commencement of the work;

(c) The rates of payment to different categories of work-persons shall be fixed in accordance with the wage rates prescribed by the RGoB from time to time;

(d) The Supervising Engineer shall further re-issue the MR to the Site Engineer;

(e) Separate MRs shall be issued for each work. The Head of Office and the Supervising Engineer may however allow the use of a single MR for several small works of short duration;

(f) All columns of the MR, including those for the Citizenship Identity/Immigration Card No. shall be filled in by the Site Engineer;

(g) Attendance of the work-persons engaged in a work shall be marked daily in the MR before the start of work by the Site Engineer and signed;

(h) MRs shall not be prepared in duplicate;

(i) No over writing shall be permitted in the MR;

(j) Surprise checks on the attendance of the MR shall be conducted by the Supervising Engineer/ the Head of Office or nominated officer. The checking officer shall initial the day column in the MR in token of the attendance having been checked;

(k) MR shall be closed on the last day of the period for which it was sanctioned or on completion of the work, whichever is earlier; and

(l) Generally, all the three parts of the MR shall be filled in before submission to the Supervising Engineer.

30.8 Measurement Book (MB)

30.8.1 MB in [Form No.RUBFRR-33] shall be maintained by the Site Engineer to record detailed actual measurement of quantities of works done as well as supplies

received. MBs shall be the basis of all accounts of quantities of works done by contractors or work-persons engaged departmentally or supplies received.

30.8.2 MBs shall be considered as very important accounts records and maintained very carefully and accurately as these may have to be produced as evidence in a court of law, as and when required.

30.8.3 MB shall be printed, securely bound and page numbered.

30.8.4 All MBs belonging to a disbursing unit shall be serially numbered with a prefix to identify them with the office.

30.8.5 The Head of Office shall maintain a MB Register in [Form No.RUBFRR-44] in which the details of MBs issued to a sub-unit or Supervising Engineer, their return, review and maintaining on record shall be entered. A similar register shall be maintained in the office of the Supervising Engineer in which the details of their issue to specific Site Engineers and their ultimate return to the Head of Office shall be recorded.

30.8.6 MBs no longer in use by Supervising Engineers or Site Engineers shall be withdrawn promptly even though they are not completely written up. They may be re-issued later.

30.8.7 A Site or Supervising Officer getting transferred or relieved on any account shall hand over all the MBs issued to a successor. The transfer shall be recorded in the respective MBs after the last entries under the dated signatures of both the relieved and relieving officials. Such MBs shall be recorded in the MB Register as received and re-issued to the new official.

30.8.8 Any corrections in MBs made by the finance office in the offices of the Supervising Engineer or the Head of Office shall be entered in red ink, initialled and dated.

30.8.9 The following shall be the guidelines on the maintenance of MB:

(a) MBs shall generally be written by the Site Engineer;

(b) Recording of measurements shall be done neatly and directly in the MB in indelible ink at the work site only. The MB shall be so written that the transactions pertaining to a work are traceable easily;

(c) No entry in a MB shall be erased. Corrections shall be made by crossing out the incorrect entries neatly and inserting the correct details. Each such

corrections shall be initialled and dated by the official making the corrections. Cancellations of measurements shall be supported by dated initials of the officer ordering the cancellation, stating the reasons for cancellation or by the number, date and name of the issuing authority of the order for cancellation;

(d) Each set of measurements shall commence with the following entries as may be applicable in each case:

i. In the case of works –

(i) Full name of the work
(ii) Location of the work
(iii) Name of the contractor
(iv) Number and date of contract agreement
(v) Number and Date of written order to commence the work
(vi) Date of completion vii Date of measurement
(vii) Page and MB No. and reference of previous measurement

ii. In the case of Supplies –

(i) Name of supplier
(ii) Number and date of supply order
(iii) Name of work
(iv) Date of measurement
(v) Page and MB No. and reference of previous measurement, if any
(vi) Date of receipt of materials, delivery notes etc.

(e) Entries in the MB shall be continuous from one page to another. Pages in a MB shall not be left blank, pasted or torn out. Blank page left inadvertently, if any, shall be cancelled under attestation;

(f) In the cases of works or supplies awarded on contract, the measurements shall be taken jointly with the contractors/suppliers or their authorised representatives. The measurements recorded shall be signed with date at the end by the official taking the measurement and the other party in token of the latter's acceptance of the measurements. If the contractor/supplier or authorised representatives do not present themselves during the

measurements despite being notified, the measurements taken by the University officials shall be considered as final and binding on the contractor/supplier;

(g) In the cases of works executed departmentally, if the works are susceptible to measurement, detailed measurement of the works under execution shall be taken and recorded in the MB on the closure of each MR;

(h) An abstract of measurements giving the totals of measurements by individual items of work as indicated in the sanctioned detailed estimate shall be appended;

(i) In the case of departmentally executed works that are susceptible (capable of) to measurement, an additional record entry on cost efficiency of the work shall be apprehended below the abstract in MB form in the following format;

Estimated value of work done up to this MR

Less Estimated value of works done up to previous MR

Estimated value of works done in this MR form = (A)

Cost of materials used during this MR period

Add amount of this MR

Actual cost of work done in this MR = (B)

Cost efficiency on work done in this MR = [(A~B)/A]*100

(j) The Supervising Engineer shall be responsible for conducting 100% check of the measurements of all such works, which cannot be subsequently measured, such as works relating to foundations. For other items, the Supervising Engineer shall test check a minimum of 40% of the total value of the works. The Supervising Engineer shall record the results of test checks in the MB and shall affix signature; and

(k) The Senior-most Engineer of the disbursing unit shall be responsible for test-checking a minimum of 20% of the total value of the works.

30.9 Material at Site Account Register (MAS A/C)

30.9.1 Material at Site Account Register in [Form No.RUBFRR-49] (Stock Ledger) shall be maintained for all works for the materials issued to the works/contractors by the

agencies. The MAS account shall cover day to day receipt and consumption of materials, and hence shall be maintained according to the following rules:

(a) The Site engineer shall maintain a separate MAS account for each work; charge; and

(b) The account shall be cleared as and when the work is completed. Surplus materials, if any, shall be transferred to other works with the approval of the next higher authority. The value of such transferred materials shall be booked against the new work and equivalent amount shall be deducted from the cost of the completed work.

30.9.2 The materials for issue to the contractor shall be held in the MAS account under the custody of the department and shall be issued to the contractor from time to time strictly in accordance with the requirements. Care shall be taken to prevent diversion of materials issued to the contractor.

30.9.3 All materials at site shall be physically verified from time to time and positively at the end of each financial year in respect of all works-in-progress and/or on completion of work. Shortages, if any, shall be investigated and responsibility is required to be fixed. If the loss is due to natural calamity or it is not possible to fix responsibility, the value thereof shall be considered for accounting as a charge to the same work.

30.9.4 Where the works contract includes supply of materials by the contractor, the Site Engineer shall maintain a suitably designed Materials Control Register and record therein the details of important materials like cement, steel, CGI sheets etc., those are brought by the contractor. Such details shall include name of the item, date brought in, quantities, purchased from, Cash Memo/Bill No. and rates. These items of information shall be utilised for exercising quality control and paying secured advances.

30.9.5 Diversion of materials brought by the contractor in the work-sites shall not be permitted if secured advances have been paid against such materials.

30.10 Tools and Plants Account Register

30.10.1 Tools and Plant Account Register shall be maintained in (Stock Ledger) for all general and special tools and plants of consumable nature. The cost of small Tools and Plants shall generally be charged directly to the work concerned as and when acquired. When tools and plants are transferred for a specific work or purpose, the value of such tools and plants shall be transferred and charged to the work. Losses of tools and plants shall be reported to the Supervising engineer/Head of Office for investigation. Tools and plant shall be physically verified annually and the annual report thereof prepared indicating the opening balance, receipt, transfers and losses during the years as well as the balance at the end of the year.

30.10.2 On completion of the work, the balance stock of tools and plant shall be kept in the Store.

30.11 Empty Container Register

30.11.1 Empty Container Register in (Stock Ledger) shall be maintained by the Site engineer for empty cement bags, empty bitumen drums etc. Disposal of empty containers shall be conducted in accordance with the provisions in chapter 4 of this manual, when sufficient quantity is available. Utilisation of such items shall be noted in this register under attestation of the officer concerned.

30.12 Site Order Book

30.12.1 Site Order Book shall be maintained by the Site Engineer for all works in [Form No.RUBFRR-46] for the purpose of recording instructions issued at site pertaining to work. The site order book shall be maintained as follows:

(a) The Supervising/Senior most Engineer or authorised representative of the Head of Office shall record in the Site Order Book any defects/instructions for the compliance of the contractor and Site Engineer;

(b) In case the Site Engineer feels the necessity of any modification or correction in the design, specification or scope of work during the construction, shall immediately bring the issue to the notice of the Supervising Engineer for obtaining written authorisation;

(c) Instructions involving additional or extra works shall be processed in accordance with the scope of work, budget appropriation, and terms of contract in applicable cases and ordered in writing separately. Before making any extra financial commitment, the OVC/Colleges shall take into consideration and sought for necessary additional budget if it is not within the approved appropriations for the works;

(d) The signature of the official giving the instruction and the signatures of the contractor's representative and the Site Engineer shall be recorded in the Site Order Book;

(e) The Site Order Book shall be reviewed regularly and compliance with the instruction recorded therein by the contractor and Site Engineer shall be ensured; and

(f) The Site Order Book shall invariably be referred to at the time of making final payments.

30.13 Hindrance Register

30.13.1 Hindrance Register in [Form No.RUBFRR-47] for each work shall be maintained by the Site Engineer for all works. Whenever any hindrance affects the progress of work, the Site and/ or Supervising Engineer shall make a note of such hindrance in the Hindrance Register. Signatures of the Site Engineer, Supervising Engineer and the contractor's representative at site shall be recorded clearly in the Hindrance Register. Any request for extension of time for the completion of the work shall be based, among others, on the facts recorded in the Hindrance Register.

30.14 Dismantled/Extracted Materials Account Register

30.14.1 Materials obtained through dismantling or which are retrieved or extracted during the course of execution of the works, such as trees felled or stones, rocks extracted shall be considered as properties of the University. Such materials shall be accounted for in the Dismantled/ Extracted Materials Account Register (Stock

Ledger), which shall be maintained by the Site Engineer for all works. Such material if cannot be reused should be disposed of.

30.15 Works Sub-ledger

30.15.1 The cost of works shall be accumulated in sub-ledger maintained for individual works reflecting the transactions undertaken in connection with execution of works or materials supplied shall be maintained for all work to:

(a) Have up to date data on status of any work in progress or completed; and

(b) Enable the controlling Officer or other officers concerned to review, appraise and to exercise control over the works. Upon completion of the work, the expenditure recorded shall be transferred to respective asset account.

30.16 Payments and Accounting of Works Expenditure

30.16.1 Expenditure on works shall generally be made through the following three channels:

(a) Payments to work-persons;

(b) Payments to suppliers and contractors; and

(c) Advances to officials, agencies, suppliers and contractors and their adjustments.

30.17 Payments to Work-Persons and Accounting thereof

30.17.1 Wages for all work-persons engaged for the execution of works on a daily rate basis shall be drawn on MR, in [Form No.RUBFRR-41-43]

30.17.2 The Site Engineer shall total all the columns of daily attendance, fill in the rates against each work-person, work out the total number of payable days, indicate the fines and deductions, if any, put the net payable amounts in respect of each and total payable amount. The amount of unpaid wages up to the previous MR shall be brought forward in Part II.

30.17.3 The progress of works done by the work-persons shall be recorded in part III of the MR as per the abstract of measurements. If the work is not susceptible to measurements, a remark shall accordingly be given in Part III.

30.17.4 An entry of the closed MR shall be made in the MB indicating the name of the work, MR number, period covered in the MR and the total amount of the payment. The closed MR along with the MB shall be submitted to the Supervising Engineer. In the case of variations in the cost efficiency exceeding 5% as recorded in the MB, a proper justification of the cause and the proposed measures to be adopted to bring down the variation shall be explained in a separate paper.

30.17.5 On receipt of a completed MR, all the calculations, entries and totals shall be thoroughly checked in the office of the Supervising Engineer. The Supervising Engineer shall also conduct appropriate amount of check of the measurements, ensure correctness of the entries in the MR and MB, the amount of unpaid wages in Part II, and countersign it. The Supervising Engineer shall verify the stated causes of variation in the cost efficiency factor, examine the merit of the proposed remedial measures, recommend, or give suggestions and submit the MR and MB to the Head of Office for advice and payment.

30.17.6 The following checks shall be conducted by the finance office in the Head of Office to ensure that:

(a) the MR has been filled in correctly;

(b) the wage rates of different categories of work-persons are correctly applied;

(c) daily totals of different categories of work-persons have not exceeded the sanctioned strength on any day;

(d) paid holidays have been marked in accordance with the rules;

(e) total payable days of each work-person, amount payable to each and the total amount of payment have been calculated correctly;

(f) unpaid wages of previous MRs have been claimed correctly;

(g) the Supervising Engineer or other designated officers have checked the MR attendance from time to time or for the prescribed minimum number of days, in case there is a departmental order to the effect;

(h) the calculations in the MB, both in the detailed measurements and the abstract, are correct; and

(i) in the case of a last MR of a work, the prescribed amounts of test checks on works have been carried out.

30.17.7 While passing the MR for payment, the Head of Office shall issue suitable instructions to the Supervising Engineer and the Site Engineer to adopt specific measures for correction of deficiencies as well as to control variations in the cost efficiency.

30.17.8 Calculation checks and required corrections in a closed MR shall be completed within one week of its receipt by the Head of Office.

30.17.9 The payable amount of the closed MR shall be paid to the Supervising Engineer as Temporary Advance under the work against the officer for making disbursements.

30.17.10 A pass order indicating the MR Number, disbursement voucher number and the amount of MR shall be recorded in the MB in red ink and signed by the Disbursing Officer. A red ink line shall be drawn diagonally across the pages of the MB where the related measurements have been recorded to indicate that the measurements have been accounted for.

30.17.11 On receipt of the Temporary Advance, the Supervising Engineer shall arrange disbursement of wages, preferably on the same day immediately after the working hours of the work-persons if the work is carried out in the same station. In the cases of works at outstations, disbursements shall be made at the earliest taking the reasonable journey time into consideration.

30.17.12 While making disbursements, stamped acknowledgement of the payment shall be obtained from each payee on the MR. The disbursements shall be witnessed by another official who shall record a certificate of having witnessed the payments at the foot of the MR. The details of unpaid items shall be recorded in Part II of the MR. Similarly, if any of the unpaid items of previous MRs are paid out of the advance against the present MR, entries of the same shall also be made in Part II of the MR.

30.17.13 The completed MR and the unpaid wages, if any, shall be submitted, without delay to the Head of Office for adjustment of the advance and booking of expenditure against the work.

30.17.14 The total amount of Part I of the MR shall be charged to the work against the budget line. The unpaid wages relating to Part I shall be credited in “Wages

Payable" under the work. The disbursement of previously unpaid wages recorded in Part II of the MR shall be debited against "Wages Payable" under the work.

30.17.15 A Register of Unpaid Wages in [Form No.RUBFRR-43] shall be maintained in the office of the Supervising Engineer to keep a record of the unpaid items of the MRs and their subsequent payments. This register shall be produced to the finance office on every occasion of MR transactions.

30.17.16 Subsequent payment of unpaid wages shall be made through a payment voucher on the strength of a note of request from the Site Engineer recommended by the controlling officer. A note of such payment shall be kept in the Register of Unpaid Wages and in the relevant Muster Roll. These payments shall be charged to "Wages Payable," under the work.

30.17.17 Wages remaining unpaid for more than 3 years shall be cleared through a journal entry debiting the "Wages Payable" and crediting the work concerned by passing the following entry: debit- wages payable a/c, credit-work activity a/c.

30.18 Payments to Suppliers/Contractors and Accounting thereof

30.18.1 Payments for works or supplies shall be based on the quantities recorded in the MB.

30.18.2 Subject to the terms of agreements, the payments against works shall generally be made at monthly intervals against running account bills and the payments against supplies shall be made in proportion with the actual supplies within 30 days of receipt of claims. Successive claims against a work or supply contract for payments against progress of work or supply are referred to as "Running Account Bills".

30.18.3 Payments at monthly or other intervals against running account bills shall be subject to adjustment in the subsequent bills.

30.18.4 The Site Engineer shall verify all bills of contractors and suppliers with reference to the entries in the MB and, in applicable cases with entries in the MAS account or the Tools & Plants (T&P) register. The following shall be ensured while verifying the claim:

(a) If the contractor is required to obtain certain construction materials from the OVC/Colleges, it shall be ensured that:

(i) the costs of such items are not included in the claim; and

(ii) recoveries of the cost of materials so supplied are accounted for and adjusted in case the item rates of contract are inclusive of the cost of materials.

(b) If any secured and/or mobilisation advance was paid to the contractor for the materials brought in, recoveries of the advance in accordance with the terms of agreement are effected.

(c) Retention money shall be deducted in accordance to Procurement Rules.

30.18.5 The verified and certified bills shall then be submitted to the Supervising Engineer with the relevant MB/s.

30.18.6 Besides examining the bills verified by the Site Engineer, the Supervising Engineer shall conduct such checks as deemed necessary in order to ensure the admissibility of such claim.

30.18.7 Among such checks, the Supervising Engineer shall carry out checks on theoretical consumption of important items like, cement, steel, road metal etc. in accordance with technical norms. Such checks are intended to ensure that the issue or consumption of materials is in accordance with the progress achieved. Calculation sheets for such checks shall be attached with the bill. Any notable under or over consumption of materials shall be investigated and explained in those notes for approval or suitable instructions from the Head of Office.

30.18.8 The bills and the MBs, duly endorsed by the Supervising Engineer shall be submitted to the Head of Office.

30.18.9 In the finance office, the following specific checks shall be carried out in cases of bills for works or supplies to works:

(a) The MB entries shall be verified to ensure that:

(i) measurements have been test checked to the extent required;

(ii) calculations on quantities, volumes etc. are arithmetically correct; and

(iii) rates have been recorded correctly and are in accordance with the contract.

(b) If the bill is the first of a running account, it shall be verified whether the performance guarantee, if specified in the contract, has been provided by the contractor/supplier;

(c) If the bill is on a running account, it shall be compared with the previous running account bill, and a cross-reference of the two successive bills shall be noted in both the bills;

(d) In the cases of bills for supplies, the relevant MAS account. or the T&P Register shall be checked to see whether the receipt of items have been correctly noted therein and the verification of the current bill has been marked there;

(e) Cases of notable under or over consumption as brought out by the Supervising Engineer shall be brought to the notice of the Head of Office for approval or suitable instructions;

(f) Deductions in rates of items of works, effected if any, shall be verified in accordance with the terms of agreement and approved by the Head of Office;

(g) Statutory deductions and recoveries of cost of materials issued by the OVC/Colleges, secured and/or mobilisation advances, if any, shall be effected and noted in the relevant registers;

(h) Deduction of security deposit, as per terms of agreement, shall be made and noted in the relevant register;

(i) In the MB, an entry of pass and payment of the bill shall be made in red ink below the abstract of measurement giving reference to the voucher number and date. The relevant pages in the MB containing the measurements shall be crossed diagonally in red ink. The entry shall be attested by the DDO; and

(j) The number and page of the MB in which the detailed measurements and abstracts are recorded shall be noted in the payment voucher.

30.18.10 The gross amount of the passed bill shall be charged against the work. The recoveries of secured and mobilisation advances shall be credited in respective advance accounts under the work. The recovery of security deposit shall be credited in “Retention Money Account” under the work.

30.18.11 While passing the bill for payment for "maintenance works," the following details as appropriate shall be noted on the voucher:

(a) Gross Amount Passed;

(b) Adjustment of Advance;

(c) Deduction of applicable taxes;

(d) Retention money withheld;

(e) Any other deductions;

(f) Net amount payable to party; and

(g) Accounting code to be debited or credited, and Supplier's code.

30.18.12 The accounting entry shall be: Debit-Work Activity a/c; Credit-Advance a/c (if any), Credit- Relevant deductions a/c (if any) and Credit-Bank a/c.

30.18.13 While passing the bill for payment for suppliers' bill for capital goods, the following recoveries shall be taken into account if any:

(a) Material or mobilisation advance;

(b) Tax deducted at source (TDS);

(c) Any other deductions; and

(d) Retention money as per terms & conditions of the contract.

30.18.14 The accounting entry shall be: Debit- PPE/Capital Work-in-Progress a/c; Credit- Relevant advance (if any) a/c and Credit- Bank a/c.

30.18.15 While passing the bill for payment for supplier's bill for civil works, the following records should be recorded as appropriate on the voucher:

(a) Gross Amount;

(b) Recovery against service provided;

(c) Value of recoverable materials;

(d) Retention money withheld;

(e) Applicable taxes payable;

(f) Any other deductions;

(g) Net amount payable to party;

(h) Accounting code to be debited or credited; and

(i) Contractor's code.

30.18.16 If the construction of building or any other civil works continues for a year or so, a work-in-Progress account shall be opened.

30.18.17 The payment shall be recorded in the following entry: Debit- Capital Work-in-Progress a/c; Credit- Deductions a/c, Credit-Bank a/c.

30.18.18 After the construction or installation work is completed, the above accounts shall be closed by transferring the amounts to respective PPE Account.

30.19 Payment and Accounting of Advances:

30.19.1 Advances for works shall be of the following types:

(a) Mobilisation advance

(b) Secured (Material) advance

30.20 Payment and Accounting of Mobilisation Advance

30.20.1 Mobilisation advances are granted to contractors on the basis of specific clauses in the bid documents as well as contract agreements for execution of generally capital intensive works of large volumes requiring procurement and deployment of costly plant and equipment;

30.20.2 The amount of advance shall be limited to 10% of the estimated cost of the works given on contract;

30.20.3 When sanctioned, the claims of mobilisation advance shall be routed through the Site and Supervising Engineers to the Head of Office with the relevant entries in the MB;

30.20.4 The grant of mobilisation advance shall be covered by a bank guarantee to be furnished by the contractor. It shall be seen that the guarantee remains valid till the recoveries are complete;

30.20.5 An order sanctioning the advance verified and approved claim for grant of mobilisation advance and existence of the bank guarantee shall be the supporting documents for making payment of the mobilisation advance.

30.20.6 A red ink entry of the payment of mobilisation advance giving reference to the disbursement voucher shall be made in the MB under the full name and dated signature of the Disbursing Officer. A note of the page and number of the MB shall be recorded in the disbursement voucher;

30.20.7 The payment shall be charged under "Mobilisation Advance Account" under the work; and vii. The recovery shall be made in specified installment starting from the 1st running account bill. Installment shall be fixed in a way so that the entire amount is recovered latest by the time 80% of the works is completed. A contractor's offer to effect the recovery earlier or at a faster rate shall be acceptable.

30.21 Payment and Accounting of Secured Advance

30.21.1 Advances granted to a contractor on request or as per terms of contract generally on the security of construction materials brought to site shall be referred to as Secured Advance;

30.21.2 Claims of secured advance shall be routed through the Site and Supervising Engineers to the Head of Office with an entry in the MB;

30.21.3 Advance against construction materials shall be limited to 75% of the value of the required items brought to site as verified and assessed by the Supervising Engineer;

30.21.4 While verifying and giving an assessment of the value, the Supervising Engineer shall be responsible for certifying on the claim that the;

(a) materials against which advance has been sought have been brought to site;

(b) contractor has not been previously paid any advance on the security of these materials; and

(c) materials are as per the tendered specifications and are not in excess of the quantity required for use in construction of the work under contract.

30.21.5 The OVC/Colleges shall secure a lien on the materials against which secured advance has been sought through a declaration from the contractor and safeguard those against losses due to misuse or diversion by the contractor;

30.21.6 Verified and approved claim of the contractor together with the declaration on lien shall be the supporting documents for payment of secured advance;

30.21.7 A red ink entry of the payment of secured advance giving reference to the disbursement voucher shall be made in the MB under the full name and dated signature of the Disbursing Officer. A note of the page and MB number shall be recorded in the disbursement voucher;

30.21.8 Payment of secured advance shall be charged against "Secured Advance Account" under the work; and

30.21.9 Recoveries of secured advance against construction materials shall be affected from the running account bills as and when the materials are used in the work as evidenced from the MAS account. A contractor's offer to effect the recovery at a faster rate shall be acceptable.

30.22 Deposit Works

30.22.1 Any assignments undertaken by the OVC/Colleges with other Budget Agency, local body, corporation, outside the administrative control of the University where those agencies render specialised services, shall be termed as Deposit Works. The financial transactions pertaining to such assignments shall be classified as "Advance against Deposit works".

30.22.2 The OVC/Colleges entrusting the deposit work to another agency shall be termed as "Entrusted Agency".

30.22.3 No interest shall be payable to the OVC/Colleges on the advances paid against deposit works.

30.22.4 The OVC/Colleges shall indicate the necessary details of the assignment desired to be entrusted to the Entrusted Agency.

30.22.5 The Entrusted Agency shall send to the OVC/Colleges, an estimate of cost of the deposit work desired to be entrusted to it. The estimate shall include a reasonable supervision charge over and above the cost of execution. If the assignment is for only rendering professional services like providing drawing, design or estimates only and not the execution or procurement, a service charge not exceeding 5% of the estimated value of the work shall form the cost of the assignment.

30.22.6 The OVC/Colleges shall accept the estimate at the indicated cost and in applicable cases may consider the release of advances if the Entrusted Agency asked for such advances.

30.22.7 In special cases where 100% advance payments is to be made for the deposit work entrusted by the OVC/Colleges and the work entrusted cannot be completed within the same financial year, the Head of OVC/Colleges shall insist the entrusted agency to complete the work within the financial year.

30.22.8 When the deposit work of the OVC/Colleges is financed by a loan or grant agreement executed by the Government or donors, specifying the release pattern, the Head of OVC/Colleges shall request the entrusted agency to accept the advances in suitable installment in accordance with the terms of the loan or grant agreement.

30.22.9 If escalation of costs is perceived during any stage of execution of a deposit work, the Entrusted Agency shall submit revised estimates of the deposit work at appropriate stages to the OVC/ Colleges to enable the latter to provide the additional funds.

30.22.10 The OVC/Colleges shall specify the volume, quality, standard etc. of the goods, works, or services required by it.

30.22.11 The Entrusted Agency shall be responsible for the efficiency, economy, effectiveness, waste and deficiency in meeting the requirements of the Client Agency i.e., the OVC/Colleges.

30.22.12 The Entrusted Agency shall be accountable for the expenditure incurred on the deposit works executed by it and hence shall maintain the relevant accounting records.

30.22.13 The Entrusted Agency shall send monthly financial reports in respect of the individual deposit works to the OVC/Colleges.

30.22.14 The OVC/Colleges shall remit the estimated amount by means of a cheque drawn in favour of the Entrusted Agency. The cheque shall be crossed as “Account Payee” to prevent payment in cash. Payment in any other form is strictly prohibited.

30.22.15 The advance so paid shall be debited under "Advance against Deposit Works". The Accounting entry in the books of the OVC/Colleges shall be: Debit- Advance against Deposit Works a/c; Credit- Bank a/c

30.22.16 The balance under the Advance against Deposit works Account at the end of the financial year shall be carried forward to next financial year.

30.23 Completion of Works

30.23.1 Closing of Works Account:

30.23.1.1 The accounts of a work shall be closed on its completion by attending to the following requirements:

(a) All liabilities in the form of outstanding bills, unpaid wages etc. shall be settled;

(b) In case some of the liabilities to contractors/suppliers are required to be kept unsettled due to disputes or other reasons beyond the reasonable control of the OVC/Colleges, the amounts considered to be admissible shall be charged to the work by credit to the Head "Sundry Creditors for works". The accounts of the work, under such circumstances shall be closed keeping the unsettled payments under dispute for subsequent adjustment. All advances and balances under unsettled heads under the work shall be liquidated.

(c) The accounting entry shall be: Debit- Activity/Capital Work-in-Progress a/c; Credit- Account Payables for works a/c.

(d) Upon Settlement of pending issue & Release of Payment, Debit- Account Payables for works a/c; Credit- Bank a/c.

30.23.1.2 Amounts due or recoverable from other Agencies, Organisations, local bodies etc., in connection with the works shall be recovered;

30.23.1.3 In applicable cases, the expenditure recorded in the Works Cost Sheet shall be totaled and the balance of appropriation, if any shall be indicated under the total column.

30.23.1.4 The Supervising Engineer shall be responsible for the completion of work. In absence of the Supervising Engineer, the Site Engineer shall be responsible.

(a) Surplus materials, if any in the MAS A/C. shall be transferred to another work or to stock by credit to the work. The closed MAS A/C Register shall be surrendered to the Head of Office;

(b) Tools & plant, issued to the work, Empty containers, and Dismantled/Extracted materials shall be transferred to respective accounts by keeping a note of such transfers in the relevant registers, which shall thereafter be surrendered to the Head of Office; and

(c) The Site Order Book and the Hindrance Register shall be surrendered to the Head of Office.

(d) Proper handing/taking over note of all works executed and completed shall be carried out between the construction unit/contractor and the user unit/Client Agency on the basis of an order from the Head of Office. In case of works executed on contract, the handing/taking over shall be subject to the warranty conditions as specified in the contract.

30.24 Reports on Completion of Works

30.24.1 Works Completion report in [Form No.RUBFRR-50] shall be submitted by the Site Engineer to the Head of Office through the Supervising Engineer, indicating the final expenditure, and the date of handing over of the work.

30.24.2 In the case of an original work, an "As Built Plan and Drawing" shall form a part of the completion report.

30.24.3 In case of a deposit work, a copy of the completion report shall be submitted by the Entrusted Agency to the OVC/Colleges.

30.24.4 Copies of completion reports in respect of original works shall be sent to the Property Officer who shall record the total cost of the PPE in the PPE Register.

CHAPTER 31

LIABILITIES AND PROVISIONS

31.0 Liabilities

31.0.1 The University shall recognize liabilities when there is a present obligation arising from the past events and the settlement of which will require the outflow of the economic resources.

31.0.2 The liabilities shall be classified as current or non-current liabilities as per the financial reporting framework and the accounting policy of the University.

31.1 Types of Liabilities

31.1.1 The University may incur liabilities as a result of the following transactions and events:

(a) Government grants

31.1.2 The University may incur liabilities from the government grants by way of project grants for construction or acquisition of property, plant and equipment or reimbursement of past or future expenses incurred by the University to undertake grant designated activities.

31.1.3 The government grants, as described in the accounting policy, may include any grants from RGOB, government or international agencies in the form of monetary or non-monetary assets.

31.1.4 The government grants received shall be recognized and managed as liabilities when the conditions attached to those grants are yet to be fulfilled or even where there are no immediate conditions to be fulfilled or no specific condition are attached to it.

31.1.5 When grants are received and related expenses have been made, grants shall be recognized as income and liabilities related to grants shall cease on the date of recognition of income.

31.1.6 Grants from individuals when capable of quantifying into monetary terms shall also be recognized and managed in a similar way as the government grants.

31.1.7 All project-based grants shall be received and executed through LC account. The associated liabilities are recognized and settled as per the execution of works accounts. The liabilities related to government grants shall be amortised over the useful life of the grant asset using a straight-line method as per the accounting policy of the University.

31.1.8 Where specific conditions are attached with time limits, University shall ensure that these conditions are fulfilled as agreed in the budgetary proposal and business case. The SMT/CMC shall be fully responsible for time bound project grants and meeting the conditions set out in the grants.

(b) Employee benefit obligations

31.1.9 The University shall recognize liabilities from employee benefit obligations when it obtains services from employees in the current and prior periods.

31.1.10 All benefits payable to the employees as described in the accounting policy shall be recognized as liabilities so long as these benefits are not settled with the employees.

31.1.11 The HR office shall maintain proper records or personal files for all employees including those who are employed on muster roll or casual workers as per RUBHRRR-2017 and update the records regularly. At minimum, the following information shall be maintained by HR office for each employee:

(a) Employee Name;
(b) Employee ID;
(c) Position title (if any);
(d) Date of joining;
(e) Qualification;
(f) Nature of employment;
(g) Department, division, etc.;
(h) Starting pay scale and annual increment if newly recruited;
(i) Last pay scale if employee has been transferred from other work places;

(j) Annual performance evaluation forms;

(k) Training and professional development records; and

(l) Current and past job responsibilities.

31.1.12 The HR officer shall ensure that employee benefits are fixed on the date of initial appointment as per RUBHRRR-2017 and subsequently updated for each employee for any circumstance or event that require changes in the employee benefits.

31.1.13 The HR officer shall propose any changes in the benefits payable to the employees in the CMC/SMT with supporting documents and only with CMC/SMT's approval or endorsement shall cause changes in the employee benefits.

31.1.14 The HR officer shall prepare and submit to the finance office the final list of employees on payroll for each month with any changes in the benefits payable to the employee before the finance office prepares the monthly pay sheet and disburse the benefits.

31.1.15 All employee benefits shall be settled within the financial year including leave travel concession except those post employee benefits that are settled upon separation from the University.

31.1.16 The post employee benefits related to pension and provident fund are managed by the National Pension and Provident Fund and the University' liability shall be only up to 15% of contribution on the employee's basic salary.

31.1.17 The University shall pay employee gratuity only when the employee has completed ten years of active service for a regular staff and at least one year for staff on contract as per RUBHRR-2017.

31.1.18 The University shall account employee gratuity as a liability w.e.f. July 2021 financial year for the number of years of service rendered by the employee.

31.1.19 The employee shall be entitled to one year service gratuity if the employee has rendered service that exceeds six months during the reporting year.

31.1.20 The University shall explore the fund or an asset for gratuity obligation and pursue an active management of such fund to ensure that the vested employee benefits are paid on time.

31.1.21 The liability on employee earned leave shall be recognized only when there are unused leave that are carried forward to the next financial year.

31.1.22 The employee post-employment benefits shall become payable under any of the following circumstances:

(a) Superannuation;

(b) Voluntary retirement;

(c) Compulsory termination; and

(d) Demise.

31.1.23 Post-employment benefits shall be settled only when an employee's separation process has been completed by the HR office and the same has been advised to the finance office. The HR office shall also advise finance office on any financial recoveries and adjustments to be made from the post-employment benefit payables.

31.1.24 Post-employment benefits may be paid to the beneficiaries or dependents of the employee in the event of demise or absentia of employees when such benefits are settled.

31.1.25 Depending on the circumstance, the post employee benefits shall be paid within one month from the date of separation of the employee.

31.2 Trade and Other Payables

31.2.1 The University may incur these liabilities as a result of purchases of goods and services from suppliers outside the University.

31.2.2 Trade payables are liabilities incurred on purchases of goods such as inventories which are consumed in the course of business of the University. Payables that are not related to purchases of inventories shall be accounted as other payables.

31.2.3 Trade and other payables shall be tracked through purchases journal, suppliers' ledgers or stores ledgers indicating purchases but considerations not paid on the reporting date.

31.2.4 The University shall settle trade and other payable liabilities within the stipulated credit term period agreed in the contract to avoid unnecessary financing charges and without jeopardizing credit facilities and supplier's relationship.

31.2.5 All liabilities arising from purchases of goods and services shall be supported by the documentary evidences such as purchase orders, supplier's invoices, goods received notes, and any other relevant documents.

31.2.6 The finance office shall prepare age analysis report every month for trade and other payables to track the progress of settlement of these liabilities and advise the management if there are payables that require management attention and expedite the settlement process.

31.2.7 Payables originating from individuals or offices for conducting activities of the University shall be based on the sanction note covered in paragraph 27.7.

31.2.8 On settlement of trade and other payables, the finance office shall notify the supplier immediately of the effect of settlement and obtain acknowledgement or receipt of payment from the supplier of goods or services and update the supplier ledger and the general ledger.

31.3 Collection from Students

31.3.1 The University may incur liabilities from student collections such as fees and security deposits and any other contributions made by students for the semester.

(a) Security deposits

31.3.2 Security deposits are collected as refundable amounts from the new students as onetime payment to meet the cost of any property damages caused by the student during the student's tenure. The finance office shall issue a separate money receipt for this amount of collection and recognize the amount as liability throughout the tenure of student.

31.3.3 The money is fully refunded at the time of graduation of the student if the student has not caused any property damages during his/her student tenure. The cost of property damage caused by the student shall be recovered from this account after making an appropriate estimate of the damages caused.

(b) Semester fee collections

31.3.4 Fees collected from students either from government for RGOB sponsored students or self-financed students or any other fee paying students shall be

recognized as liability for the duration of first two weeks after commencement of the semester. Only when the enrollment of the student is confirmed (this shall include the student making progress after sitting for the reassessment examination).

31.4 Tax Deducted at Sources

31.4.1 This liability arises as a result of the University being a withholding agency for the government for tax purposes. The details are covered in Chapter 33, paragraph 34.

31.5 Provisions

31.5.1 Provisions are present obligations of the University arising from the past events and whose timings or amount are uncertain on the reporting date, and the settlement of which will cause outflow of economic resources from the University.

31.5.2 Provisions shall be set for both legal and constructive obligations of the University.

(a) Approval and managing provisions

31.5.3 The finance officer shall identify those present obligations of uncertain timing or amount of the University and advise management on the need to set provisions for those obligations.

31.5.4 The CMC/SMT shall review the nature of obligation and require the finance office to set a provision using the appropriate discount rate for calculating the provisions for the obligation if time value of money is significant.

31.5.5 Provisions are measured as the best estimates considering the surrounding circumstances of the events and the probability of events occurring.

31.5.6 The finance office shall obtain a financial sanction note from the Head of the Office to recognize a provision and the recognition of a corresponding charge against the Statement of Comprehensive Income for the year.

31.5.7 Provision once created shall be updated at each reporting date to reflect the changing circumstances and the time value of money.

31.5.8 Provisions arising from litigations shall be carefully reviewed by management. The University legal office shall be consulted prior to setting any such provisions where provision is related to a litigation and whether litigation is arising for first time or is an ongoing litigation.

31.5.9 The University may also incur such liabilities as a result of the constructive obligations.

31.5.10 Where provisions are not required after its initial recognition, this shall be reversed to Statement of Comprehensive Income.

(b) Settlement of provisions

31.5.11 Provisions shall be settled with the amounts set for provisions and any over or under payments shall be adjusted through Statement of Comprehensive Income.

31.5.12 When provisions are settled or is no longer required, this fact shall be recorded by passing accounting entries as per the accounting policy with reference to the sanction note approved by the Head of the Office earlier.

CHAPTER 32

INVENTORY MANAGEMENT

32.0 General Principles

32.0.1 Inventories are essential for the day-to-day operations of the university. It also accounts to a substantial budgetary spending of the University.

32.0.2 The University shall hold inventory to the level at which the costs of holding inventory is at minimum. However, the level of inventory shall not fall below the limit that cause run out and disrupt functioning of the University.

32.0.3 The University shall ensure that the inventories are effectively managed by:

(a) minimising the replenishment lead time;

(b) minimising the holding costs of inventories;

(c) proper inventory forecasting;

(d) quality management;

(e) physical verification of the inventory; and

(f) returning of any defective inventories on time.

31.0.4 All inventories shall be accounted and reported as per the University accounting policy for inventories.

32.1 Acquisition and Issue of Inventories

32.1.3 The procurement of inventory items shall be based on the need of the department or end users at the University and shall be initiated by the proponent department or end users. However, the procurement of inventories for works (generally for repair and maintenance) may be initiated by Estate Manager when there is a need to execute such budgetary plans.

32.1.4 All procurements of inventories shall be made at the minimum administrative cost and as per RUBPRR.

32.1.5 Inventories received shall be verified by the Procurement Office/Estate Manager to confirm the following:

(a) Quality attributes as per item specification;

(b) Quantity of items received in conformity with purchase order/contract terms;

(c) Whether items have been received on time, any late supply may be dealt with as per the purchase order/contract terms including financing charges as agreed; and

(d) Whether items have been delivered to the location/place as specified in the purchase order/contract terms.

32.1.6 Upon completion of the verification of items received as outlined in paragraph 32.1.5, the procurement office shall mark those inventories as verified and prepare Goods Received Note (GRN) using [Form No.RUBFRR-12]. The goods received shall then be recorded in the Inventory Receipt Register. The copy of GRN shall be forwarded to the finance office for necessary checking in course of releasing payments. GRN shall be prepared in serial no and properly dated to ensure that a proper cutoff date for purchases can be determined.

32.1.7 Inventories shall be initially measured and recognized at cost as per the accounting policy when such inventory or class of inventories is recorded. The procuring office shall maintain all source documents to facilitate reliable measurement of costs of inventory.

32.1.8 When inventories are issued, Goods Issued Notes (GIN) in [Form No.RUBFRR-15] shall be prepared and posted in the Inventory Issue Register. A copy of GIN shall be forwarded to the finance office for accounting of cost of inventories consumed/issued in the Statement of Comprehensive Income. GIN shall bear serial no and date of issue to ensure that a proper cutoff date for issues can be determined.

32.1.9 All inventories shall be issued on first-in-first-out basis, irrespective of the nature of inventories.

32.2 Inventory Register

32.2.3 All items of inventories shall be recorded on the date of receipt or purchase in the inventory register with the following details:

(a) Date of purchase;

(b) Item particular/nature;

(c) Quantity;

(d) Cost per unit;

(e) Total amount;

(f) Supplier;

(g) Inventory return, if any; and

(h) GRN Ref.

32.2.4 At the time of entering the items through GRN, inventory item code number shall be allotted to each item of inventory. These item codes shall be used to track movement of inventories in the inventory registers and other records such as computer system and later in the inventory valuation.

32.3 Inventory Management Procedures

32.3.1 The University shall follow a periodic inventory management system where it shall periodically review the quantity and the type of inventory requirement for the department or end users.

32.3.2 Inventories other than for works may be planned and procured before commencement of the semester using the past consumption rate. A buffer stock may be estimated using the previous experience to reduce the risk of inventory 'run out'.

32.3.3 Particularly for those inventory items that are consumed regularly shall be managed through periodic review of its demand and procure through the most advantageous mode of procurement such as a framework contract during the semester/year.

32.3.4 The level of inventory in hand may be determined by the quantity required for the period in days/weeks/months plus the quantity for the lead time (time taken for delivery of inventories) and a buffer (based on the past experience and the current market condition).

32.3.5 The University shall manage inventories by categorizing all inventories into three groups and shall apply control measures accordingly. The procurement office shall group inventories based on cost consumption per year per item or cost per group of inventory items as presented in the inventory categorization table below.

Category of Inventory	Inventory items	General control aspects	Specific Inventory Management Tools
Category A (relatively low volume, high per year cost consumption)		Require continuous monitoring and control system.	Procurement office shall regularly perform age inventory analysis and physical verifications for each item and group of items of similar nature and agree with physical stock register or periodic inventory record and report to the management for any variances. During the physical verification, the store office shall identify obsolete, damaged and loss items and accordingly advise management to write off those items. It shall then advise finance office to update the general ledger system.
Category B (relatively low cost inventory items compared to category A		Require continuous monitoring and control system.	Require regular physical counts and agree with stock register. The store office shall obtain value of this class of inventory items through identifying obsolete, damaged and loss items and

inventory items)			advise management of the same. The finance office shall be informed on the value of the inventory on each occasion to update the general ledger system.
Category C (relatively high volume, low cost consumption)		Require less control and physical verification.	Proper stock register shall be maintained for receiving and issue of inventories. The procurement office shall perform physical inventory count towards the end of the semester/year.

32.3.6 Periodical reconciliation shall be made of the records maintained at the procurement office with the records maintained at the finance office unless both the departments are using same records as a part of computerised inventory and accounting system.

32.3.7 Any differences shall be rechecked, isolated and identified. The differences shall be reconciled at the reporting date.

32.3.8 If for any reasons the differences cannot be identified, the financial implication shall be adjusted in the accounts by taking appropriate action from a competent authority as per the delegation of financial power.

32.3.9 Effective coordination shall be maintained between the finance office and the procurement office for proper accounting of inventories.

32.4 Physical Verification of Inventories

32.4.1 An independent "Verification Team" comprising of four members appointed by the CMC/SMT shall undertake the physical verification of inventories using [Form No.RUBFRR-24]. At least two members shall be from amongst the staff who do not have direct involvement in the procurement functions.

32.4.2 Verification Team shall physically verify group A and group B inventories at least at each quarter end and group C inventories at the year-end. Any discrepancies arising from obsolescence, damage, loss, pilferage, etc. shall be informed to the management using [Form No.RUBFRR-24] indicating items, purchase dates and locations where such variations occurred among other details. The procedures on loss and defalcations shall be applied accordingly wherever there is a loss in the inventory count. The finance office shall be informed of the same and necessary adjustments shall be made in the general ledger.

32.5 Accounting Records and Reporting

32.5.1 The finance office shall be informed by the store office on a regular basis about the inventory balances, additional purchases, inventory consumed or issued to the end users and any write offs through note sheets, invoices, purchase orders, inventory issued notes and other documentary evidences.

32.5.2 The store office shall assess the condition and the level of inventories.

32.5.3 The finance office shall ensure that the inventory balance is updated regularly in the general ledger system by adjusting purchases, write offs and cost of inventory consumed or issued during the reporting period. The inventory items consumed or issued shall be immediately expensed of in the Statement of Comprehensive Income and not before the items of inventories are consumed or issued to the users.

32.5.4 Whenever inventories are issued, the copy of the inventories issued report shall be forwarded to the finance office who will then recognize expense related to that inventory or group of inventories in the general ledger and the financial statements.

32.5.5 At each reporting date (close to 30 June) the store officer/management shall estimate the net realizable value of individual item of inventory or group of similar items of inventory. The NRV shall be based on the expected selling price of each item at the reporting date less cost to sell. Items whose selling price cannot be determined because of lack of reference cost or are no longer sold in the market shall use its cost as its deemed value on the measurement date.

CHAPTER 33

FIXED ASSET MANAGEMENT

33.0 General Principles

33.0.1 All the University staff having custody of the University assets shall be responsible for the safekeeping and proper use of such assets. The staff shall be liable for the depreciated cost or NRV whichever is higher as recovery of the loss or damage of the asset under his/her custody.

33.0.2 All physical assets shall have an identification number or asset codes and the movement of assets shall be tracked through such asset identification codes.

33.0.3 The carrying amount of the asset covered in this chapter shall be obtained from the respective asset accounting and guided by the specific policy.

33.0.4 The assets shall be maintained well through regular maintenance services to achieve the maximum service or economic benefit of the asset.

33.0.5 For PPE items, such as laboratory equipment, computer equipment, and critical spare parts, the University shall have a contingency and asset replacement plans to avoid disruption in academic and organisational services.

33.0.6 On every occasion on which assets are handed over from one officer to another, a handing over statement showing all assets transferred shall be prepared, signed by both incoming and outgoing officers and forwarded to the HR/Finance Officer as described in Chapter 36.

33.0.7 This rule shall be applicable to the following assets:

(a) Property, plant and equipment;

(b) Investment properties;

(c) Biological assets;

(d) Heritage assets; and

(e) Intangible assets

33.1 Asset Register

33.1.1 It is the duty and responsibility of the Estate Manager/Store Officer to maintain Asset Register.

33.1.2 The asset register shall contain the following information:

(a) Asset code number;

(b) Description of the item;

(c) Name of supplier;

(d) Invoice/Voucher No;

(e) Depreciation and Impairment (if any);

(f) Make and/or Model;

(g) Initial cost at recognition;

(h) Date of Acquisition; and

(i) Location/department where asset is issued to.

33.2 Asset Reconciliation

33.2.1 For each reporting date, the Estate Manager/Store Officer/Finance Officer/user office shall perform reconciliation of the carrying amount at the beginning and end of the reporting period showing separately the following:

(a) Initial costs/carrying amount at the beginning;

(b) Additions;

(c) Disposals;

(d) Depreciation/amortisation;

(e) Impairment losses (if any);

(f) Other changes; and

(g) Carrying amount at the year-end.

33.2.2 This shall be applicable to all assets listed in paragraph 31.1.7

33.3 Physical Verification

33.3.1 All assets except intangible assets shall be physically verified by the 'Asset Verification Team' designated and tasked by SMT/CMC towards the end of reporting date.

33.3.2 The physical verification of assets shall be done to assess and agree the following attributes of the asset with the accounting records and asset register:

(a) Quantity/Number of the asset (s);

(b) Ownership of the asset as on the date of physical verification;

(c) Physical condition or serviceability of the asset (impairment);

(d) Potential health and safety risks associated with the asset;

(e) Productivity (for assets like equipment or machinery used in production and services);

(f) Potential changes in resale or scrap value on the date of physical verification; and

(g) Changes in carrying value of the asset.

33.3.3 The asset verification team shall produce a verification report as follows:

(a) The asset verification team shall produce a verification report using [Form No.RUBFRR-24] .The team shall submit the report to the SMT/CMC on the condition of the assets and the possibility of impairment of assets (if any) for management's deliberation and action.

(b) If there are any indications of the asset being impaired, the verification team shall along with the asset verification report, attach a note explaining the indications of impairment and further requirement of valuation of the asset. Accordingly, SMT/CMC shall assess the requirement of further verification including the valuation involving external experts and estimate the recoverable amount of the asset or the value in use of the asset.

33.4 Asset Repair and Maintenance Policy

33.4.1 Timely maintenance of the asset can fetch appropriate resale value and elongate the service life of the assets.

33.4.2 All assets shall be maintained well to achieve their service potential and economic benefits.

33.4.3 The amount and the frequency of repair and maintenance services shall be determined by the following:

(a) Usage of the asset e.g., asset operating at the higher capacity or physical output require more maintenance;

(b) Physical wear and tear, which depends on operational factors such as the frequency of asset use or the environment/condition in which the asset is used;

(c) Care and maintenance of the asset while idle; and

(d) Physical make up and the technical attributes of the asset.

33.4.4 Assets that are put to use for longer hours of production or services shall require more regular maintenance services.

33.4.5 The Store/Finance Office/designated officer shall maintain Asset Repair and Maintenance Register to record and track asset maintenance from time to time.

33.4.6 The Asset Repair and Maintenance Register shall provide the following information:

(a) Type of asset;

(b) Date of first repair and maintenance service;

(c) Date of current repair and maintenance service;

(d) Nature of repair and maintenance service;

(e) Cost of repair and maintenance;

(f) Any technical or valuation certifications received; and

(g) Service provider.

33.5 Asset Replacement Policy

33.5.1 For all PPE items management shall have a comprehensive asset replacement plan considering the useful life of the asset and the asset repair and maintenance policy.

33.5.2 Under normal circumstances, PPE items shall be used to the extent of its economic life or up to its service life. The asset may be fully depreciated but can be revalued to its current value before management decides to dispose of if such assets are found to be generating economic benefits or service potential beyond its economic life. However, vehicles shall not be revalued for further use even if it is expected to generate further economic benefits in view of the RSTA regulations.

33.5.3 PPE items such as computers and equipment with shorter useful lives shall be replaced within its service life.

33.5.4 PPE items such as buildings may have components (e.g., roofing) that may require replacements before replacement of the asset. As such, separate replacement plans for components shall be required as determined by the useful lives of the components.

33.5.5 The University shall consider the following factors when making asset replacement decisions:

(a) Capital cost of new PPE item – the increased cost of new asset shall be balanced with the improved service quality and its impact on the organisational objectives.

(b) Source of funding - the University shall explore various funding sources such as government grants, PPP, lease, private or individual grants, donations, soft loans for educational infrastructural developments, etc.

(c) Operating costs of old PPE - the University shall assess the operating costs of old PPE which include:

(i) increased repair and maintenance costs;

(ii) increased down time due to repair and maintenance time; and

(iii) lower quality or inferiority service.

(d) Resale value – the longer the asset held under operation, the lower will be the expected resale value.

33.6 Disposal of Assets

33.6.1 The asset management policy of the University shall cover the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset.

33.6.2 The disposal of assets shall be done in accordance with the RUBPRR or the RGOB PRR-2019, whichever is in use.

33.6.3 The University property shall be disposed of preferably, on ‘’as is, where is” basis and the University shall strive to obtain the most advantageous value from disposal of its property.

33.7 Responsibility of officials or current property users for disposal of used assets

33.7.1 The user, upon determination that an item under his/her custody is un-useful, as a result of damages, un-serviceability, high maintenance costs, expiry of useful life, obsolescence, excess stocks, etc., shall submit a written recommendation for disposal to the respective Head of Department/Procurement Officer/Estate Manager.

33.7.2 It is the responsibility of the Head of Department/ Procurement Officer/Estate Manager to check and ensure that the asset is not required by any other unit within their Department or other end users before a decision is made for disposal. Thereafter, the proposal for disposal shall be submitted by the Estate Manager/Procurement Officer to the CMC/SMT. The SMT/CMC shall assess the basis of disposal and implications of disposal of the asset on the current and the future operation of the university.

33.7.3 In the event of the CMC/SMT approving the disposal, CMC/SMT shall then nominate an auctioneer or designated official to process the disposal of the asset through appropriate disposal means including open public auctions. The decision shall be informed to the Head of Finance for reclassification of the asset, if necessary.

33.8 Responsibility of Store/Procurement Office

33.8.1 The Store/Procurement Office shall ensure that the users of the asset return the approved asset for disposal, excluding vehicles, to Stores/Procurement office to process the disposal and adjustments in asset register.

33.9 Disposal of Assets through Public Auction

33.9.1 The authorised officer before affecting sale of the asset for disposal shall obtain valuation of the property from the in-house 'Verification Committee' or any external valuers.

33.9.2 The 'Verification Committee' shall also be an 'Auction Committee' (this may be a tender committee) who shall then fix the reserved price and conduct the auction by any of the following methods:

(a) By obtaining quotations from the persons dealing with similar items or otherwise interested in buying such items;

(b) By inviting tenders from the public;

(c) By holding public auction; and

(d) By private treaty.

33.9.3 Every notice of sale shall be affixed on the Notice Board of the OVC/Colleges for type of auction chosen and items to be auctioned.

33.9.4 The following procedures shall be followed in ''as is, where is" basis of public auction for asset disposal:

(a) The authorised officer shall publish a public notice in national media by setting out the terms of sale, which shall include:

(i) description of items to be sold;

(ii) time and place of public auction or the time after which sale by any other mode shall be completed;

(iii) deposit of earnest money; and

(iv) any other information which the authorised officer considers to be material for a purchaser to know in order to judge the nature and value of the property.

(b) A copy of the auction procedures shall be pasted at the bidding site.

(c) Notification of auction shall be published not less than 15 days in advance of the auction in media having sufficient circulation in the locality.

(d) A three-hour public viewing period shall be allowed before the auction.

(e) If the bidding site is different from the licensed office location, the auctioneer shall post a clearly visible sign at the office location that describes in detail where the auction shall be held.

(f) Auctions shall be held during daylight hours of a normal business day.

(g) The auction shall be held in such a manner that all people present are given equal time and opportunity to bid.

(h) All bidders must be present at auction unless they have submitted written bids (the operator may choose not to use the pre-auction written bid method).

(i) The highest two bids received, shall be recorded in written form.

(j) In case the highest bidder defaults, the next bidder has the right to purchase.

(k) If the bidder elects to bid at auction, that bid must be disclosed as such, and may not merely be an effort to set a minimum for other bids.

(l) The highest bidder whose bids are accepted shall be asked to deposit a spot price of 25% of the auctioned value and a balance 75% within ten working days from the day of auction.

(m) The successful bidder must apply for title within fifteen days unless provided otherwise by law.

CHAPTER 34

ORGANISATIONAL REQUIREMENTS

A. TAXATION

34.0 Tax Deducted at Source (TDS) Responsibility

34.0.1 The University is a withholding agency for government tax purpose which requires the University to deduct tax at source on the salary income earned by its employees and income earned by individuals and business entities who supply goods, services, and construction works to the University.

34.1 Tax Liabilities

34.1.1 The University shall recognize the following tax liabilities:

(a) Tax Deducted at Source

34.1.2 The University shall account TDS collected from those individuals and entities as a liability until the obligation is settled by way of remittances or advices received from tax authorities for settlement other than by way of remittances.

34.1.3 The University shall apply appropriate TDS rates as per the existing tax regulations to deduct at source the tax payable by the individual or entities on their income earned through providing goods or services to the University.

34.1.4 The TDS amount shall be deposited to the nearest RRCO on due date. The TDS certificates shall be issued to those individuals and entities from whose income sources the TDS has been deducted in accordance with the forms currently in issue by DRC.

(b) Land tax on government leasehold land

34.1.5 The OVC and member colleges shall pay tax on government leasehold land as per the prevailing rate issued by the National Land Commission.

34.1.6 The tax that remains payable on the reporting date shall be reported as current liability.

34.1.7 No tax liability shall be recognized on any changes in the fair value of land when the leasehold lands are valued by the relevant valuing agencies of the government.

34.2 Tax Exemptions

34.2.1 The University shall be exempted from taxes on incomes received from:

(a) sale of journals, books, or any other academic publications;

(b) disposal of depreciated items of assets;

(c) research and training services provided outside the University;

(d) rental incomes earned through hiring of or leasing of University facilities; and

(e) donations and endowment funds received from outside the University shall be tax deductible.

34.3 Tax Benefits

(a) Allotment of vehicles

34.3.1 The University shall be entitled to allotment of vehicles and vehicle quota as per Government rules.

(b) Duty free cards

34.3.2 The personnel in Executive level (EX 3A/ES 3A) and above shall be entitled to duty free cards. Foreign consultants for the University (not extended to the consultants of constituent colleges) shall also be eligible for duty free cards as per Government rules.

(c) Other tax exemption

34.3.3 The University shall be exempted from visa fees for international academics working in the University/Colleges.

34.4 Accounting Records and Disclosures

34.4.1 The Finance Office shall maintain up to date records for all tax recoveries and the deposits made to the RRCO.

34.4.2 Since the University is a non-tax entity, it shall not recognize any deferred tax implications on its assets and liabilities on the reporting dates.

B.INSURANCE

34.5 General Principles

34.5.1 The University shall take all necessary steps to prevent losses of properties due to risks arising from natural disasters such as fire, flood, earthquake and lightning and human factors such as theft, scam, vandalism and fraud and ensure that the business operations of the University is not disrupted by occurrence of such risk factors.

34.5.2 Where such risk factors are seen inevitable, the SMT/CMC shall put in place appropriate risk mitigation through systematic assessment of the nature and probability of risk occurrence and its impact. The risk shall be categorized as 'High', 'Medium' and 'Low'.

34.5.3 Based on the nature and the probability of risk occurrence, the risk may be mitigated through transfer, reduction or avoidance whichever is appropriate.

34.5.4 The sector heads/store/real estate manager shall from time to time identify and assess risk exposure of its property and make them known to the management and Finance office who shall present a case in the SMT/CMC for inclusion in the appropriate risk category and apply the appropriate risk management steps.

34.5.5 Where a risk is mitigated through transfer to an insurance agency, the insurance policy shall be assessed in terms of the level of risk exposure and the cost-benefit analysis.

34.6 Property Insurance - Procedures

34.6.1 Under the direction of the departmental/sector heads or Head of Office, the finance officer may arrange new insurance covers, renew existing ones and handle related claims for those properties that are insured or require policies.

34.6.2 The Finance Officer may survey the local insurance market and negotiate with insurers to obtain competitive insurance rates for policies placed in the local market.

34.6.3 The Finance Officer may arrange timely renewal of insurance policies to ensure that they are current and that the University's property is fully protected.

34.6.4 The Finance Officer may initiate and follow up the settlement of claim. S/he shall make timely claims and comply with the formalities required by the insurance contract.

34.6.5 The Finance Officer shall review the existing insurance policies and their terms and premiums to ensure their adequacy. S/he shall, in consultation with the head of the institution and relevant sector heads, prepare a detailed list of the property and the sums to be insured.

34.7 Insurance Policies

34.7.1 Properties of high risk category, as specified in paragraph 34.6.2, shall be insured against risk factors identified in the property risk assessment either by creating an appropriate contingency plans to be administered at the orgaisational level or transfer the risks to the external agencies such as insurance companies by taking up contractual policies relevant to the identifiable risk factors.

34.7.2 High value physical assets such as property, plant and equipment shall be insured against physical damages through industrial insurance policies. These assets may also be insured against fire and lightning if these assets are increasingly exposed to such risks, and their replacement costs or repair and maintenance expenses are likely to be significantly high.

34.7.3 All motor vehicles of varying carrying capacities, including two wheelers, shall be insured through using an appropriate insurance policy considering the nature of asset risk.

34.8 Accounting Records and Documentation

34.8.1 The Finance Office shall maintain the following records and reconcile from time to time the insurance claims and risks insured/premium paid.

(a) Insurance policies acquired for property;

(b) Premium paid per annum;

(c) Numbers of claims made;

(d) Settlement record;

(e) Claim categories (vehicles, buildings, equipment, etc.) ; and

(f) General causes.

34.9 Legal advice and Proceedings

34.9.1 The OVC/Colleges shall not take any action to initiate or defend legal proceedings or obtain external legal advice without first involving the Legal Services Office of the University, which may seek consent from the Registrar/DPR/Executive Committee as necessary. The Legal Services Office shall be contacted immediately if OVC/Colleges are to initiate legal proceedings against any parties within or outside the University and to defend any such legal proceedings initiated by external parties.

34.9.2 The OVC/Colleges shall also seek legal counselling from the University legal office for any judgement, estimations or valuations required as to the losses or damages that may be incurred as a result of transactions with third parties.

34.10 Foreign Dealings and Transactions

34.10.1 The University employees shall refrain from entering in to a contract involving foreign transactions unless it is approved by the head of the institution or the department concerned and shall follow the existing regulations on foreign exchange transaction.

34.10.2 All foreign transactions resulting into receivables or payables of units of foreign currency shall be accounted as per the University accounting policy on foreign currency transactions.

CHAPTER 35

LOSSES AND DEFALCATION

35.0 Responsibility for Losses

35.0.1 Every official of the University shall be held personally responsible for and loss sustained due to the following:

(a) Act/s of fraud or negligence; and

(b) Act/s of fraud or negligence on the part of any other officer, if it is found that the officer contributed to the loss by own action, negligence, or omission.

35.1 Report on Losses

35.1.1 An officer shall submit a report to the next higher authority, the head of office/department as soon as circumstances lead to believe that a loss or shortage of monies, stores, equipment, or other properties has taken place. A loss for the purposes of this rule shall include all losses or destructions of the University property as a result of accidents, suspected theft, fraud, fire, sabotage or any other natural causes.

35.1.2 The head of office/department shall arrange a full investigation and subsequently submit a complete report to the next higher authority. The report shall be submitted even when the responsible party makes good such loss. It shall describe the nature and extent of the loss indicating the flaw or neglect of the rules by which the loss was possible to be perpetrated and the prospects of recovery.

35.1.3 All cases of losses due to accidents or suspected acts of sabotage or burglary shall be immediately reported to police irrespective of the value of the loss.

35.1.4 A formal police investigation report shall be obtained from the police authorities in respect of all cases referred.

35.2 Administrative Follow-up

35.2.1 All investigations on losses and shortages shall fix the responsibilities for losses. Apart from ascertaining the nature, extent and circumstances leading to the loss, the investigations shall go into such details as are necessary for fixing of responsibility for the loss. Copies of investigation reports shall be sent to the head of office/department.

35.2.2 If it transpires in the investigations that an act of fraud, negligence or financial irregularity could be perpetrated because of some defect in the rules and procedures, the University shall take effective remedial action to rectify the shortcomings.

35.2.3 Departmental proceedings for taking disciplinary actions shall be undertaken in all cases of loss caused by fraud, negligence or financial irregularity. Apart from these proceedings, every effort shall be made to recover the whole amount of loss from the persons found guilty, especially when cause of the loss was commitment of fraud or wilful financial irregularity. If it is found that laxity of supervision facilitated the fraud, the supervising officer at fault shall also be penalised.

35.2.4 On completion of investigations in a reported case of loss, a competent authority as described in the financial power shall issue a sanction order for affecting the write off and/or consequent recovery of cost, if any. If the amount of loss in cash or stock is replenished immediately on reporting or on completion of investigations within the same financial year in which the loss was reported, only the recovery shall be ordered and no write off shall be effected.

35.2.5 However, with the exception to the above, the heads of departments shall prescribe the percentage of permissible losses in handling, processing, and storage or transit wherever some losses in quality or quantity are perceived in the routine handling of perishable or non-perishable goods.

35.2.6 Losses due to natural calamities will also not apply to the above conditions. The Head of the OVC/ Colleges shall make an assessment of the extent of loss or damage caused by a natural calamity and take up the issue with appropriate authorities for write off or restoration.

35.2.7 Amounts shall be written off only after receipt of a sanction order issued by a competent authority as per delegation financial power.

35.2.8 Losses that require further legal intervention for write off/recovery shall be forwarded to the University legal office.

CHAPTER 36

TRASNFER OF CHARGES AND CLEARANCE

36.0 Requirements for Transfer of Charges

36.0.1 The head of office shall handover the charges to the relieving officials through proper handing taking note bearing signature of both the relieved and relieving officers countersigned by the controlling officer.

36.0.2 A copy of these notes on every occasion shall be maintained in the separate handing taking file by the relieving officer.

36.0.3 Handing Taking Notes shall be prepared by the relieved officials as per the job descriptions.

36.0.4 No due clearance shall be submitted to the relieving officials as prescribed in [Appendix-III].

36.0.5 In the Transfer of charges report, the relieving officer shall bring to notice any deficiencies, departure from rules and generally any irregular practices in the conduct of business, which may have come to notice during such inspection.

36.0.6 The relieving officer, after takeover of charges, shall take such actions as may be necessary and within the powers delegated, to set right the deficiencies, departures and irregularities. The controlling officer shall pass such orders in respect of deficient items as may be necessary.

36.0.7 In applicable cases the relieved officer, under dated full signature, shall render the following:

(a) A certificate of verification of cash in chest and handing over of the same to the relieving officer;

(b) A certificate of handing over of the original keys of the chest indicating the key numbers;

(c) A certificate of handing over of the unused cheque forms available in the cheque book under use;

(d) A certificate of handing over of the unused receipt forms available in the receipt book under use;

(e) The duplicate set of the keys of the chest shall be sealed in a fresh cover under the signature of the relieving officer and lodged once again; and

(f) The relieved officer shall get separate lists prepared in respect of stores, balances and inventories maintained under charge.

36.0.8 In case of any disagreement between the relieved and relieving officers, a reference shall be made to the controlling officer.

36.1 Taking Over of Charges in Absence of an Officer

36.1.1 The following course of action shall be taken when an officer handling University's funds, stores, stock of equipment and inventory etc., absconds, dies or become incapacitated in the performance of duties:

(a) The Head of the OVC/Colleges shall immediately designate a custodian to safeguard the funds, stores equipment and inventory etc.

(b) The Head of the OVC/Colleges shall thereafter appoint a committee to prepare an inventory of the cash and other accountable items physically available and to determine the extent of responsibility or liability of the officer for any shortage that may be found.

(c) If the absconding, deceased or incapacitated officer happens to be responsible to another accountable officer, under an order on a delegation of authority, the extent of responsibility or liability of the former for any shortage shall be determined by the committee appointed by the Head of the OVC/College.

(d) Charges of the absconded, deceased or incapacitated officer shall be taken over by another officer designated by the appropriate authority on the recommendation of the committee.

CHAPTER 37

PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

37.0 Financial Statements

37.0.1 The University shall close their books of accounts and prepare and present a set of financial statements for the year ended 30 June each year.

37.0.2 The financial statements shall present the account balances of all assets, liabilities and equity or capital fund to depict the financial position; income earned and expenses incurred for the reporting year; inflows and outflows of cash and cash equivalents; movement of equity or capital fund and notes that explain the information presented in the financial statements as set out in Chapter 6, paragraph 6.5.1.

37.1 Financial Reporting - Closing Procedures

37.1.1 There shall be an appropriate closing process or controls for closing books and preparation of financial statements to ensure that the financial statement assertions such as completeness, accuracy, valuation, existence, and presentation are reasonably correct.

37.1.2 The finance officer shall ensure that the following procedures are complete and financial statements faithfully represent the economic reality of the University's transactions and events:

(a) Ensure that the opening trial balance is correct, and it agrees with the audited financial statements of the previous year.

(b) The creation of new ledger(s) through modifying the existing CoA during the reporting period is authorized by the management, and implications of such ledger(s) on the financial statements shall be made known to the management.

(c) Transactions and events recognition entries especially that of the non-routine transactions shall be made only with approvals from the head of the finance/management.

(d) Changes in accounting policies, correction of errors and estimates shall be made only with approvals of the head of finance /management. The finance officer shall let management know the implications of such changes in accounting policies, errors and estimates on the financial statements.

(e) Bank reconciliation shall be prepared by an accounts staff and checked and verified by the head of the finance or any relevant authority not having involved in banking transactions of the University.

(f) In order to prevent posting of back dated transactions and risk of continuation of business in a system failure, the finance officer shall ensure daily/monthly closure of transactions. A daily/monthly backup of the system shall be maintained to ensure continuity of business and avoidance of system failure.

(g) At the year-end, the finance officer shall ensure that monthly closure process is completed along with adjusting entries before preparation of financial statements. These shall include:

(i) a circular shall be issued not later than the first week of the last month of the financial year stating that all the suppliers' bill, contractors' bill, advances, for the period ending the current financial year should be submitted.

(ii) reconciliations of advances or liabilities in case of any discrepancies noticed for further adjustment of them .

(iii) the closing circular shall also include any recommendations given by the auditors for the previous financial year or any findings by the internal auditors.

(iv) the finance office shall reconcile the ledger balances of the different accounts for preparation of the trial balance for further preparation of the Financial Statements.

(v) the finance office shall ensure that timely and appropriate actions are taken for the issues raised during the last audit.

(vi) the finance officer shall ensure that the transactions and events are accounted in line with the accounting policies and procedures prescribed in this regulations and as per the delegation of financial power in Chapter 5. Any deviations from these rules shall have an approval from a competent authority.

(vii) any intra-University transfers or transaction should be reconciled and settled before the closure of the financial year.

(viii) the provisions of liabilities shall be provided for suppliers or contractors based on the estimates submitted if the bills or invoices are not received.

(ix) old credit balances of the debtors and unsettled advances shall be reviewed thoroughly and, if necessary, a proposal for write off should be submitted by the finance office to the appropriate authority as per the schedule of delegation of power.

(h) After the audit is carried out, the auditor's proposed journal entries shall be maintained separately and posted to the system by the finance officer/accounts staff under appropriate supervision of the head of finance.

(i) Once the statutory audit is completed, FOs at the Colleges shall review the audited financial statements and propose incorporation of all audit adjustments in the financial statements by passing all audit adjustment entries and then propose for submission of the financial statements to the OVC for consolidation.

(j) The CFO at the OVC shall compile all the audited financial statements of colleges to prepare and present University consolidated financial statements.

(k) An appropriate timing shall be maintained to enable CFO at the OVC to prepare Consolidated Financial Statements and get the consolidated financial statements audited before it is presented in the UC for final endorsement.

37.2 Statement of Management Responsibility for Financial Statements

37.2.1 Statement of management responsibility [Appendix-II] for financial statements shows the management responsibility for the preparation and presentation of 'true and fair' financial statements.

37.2.2 The statement shall be signed by:

(a) The Chief Finance Officer; and

(b) The Vice Chancellor

37.2.3 It shall form an integral part of the financial statements of the University.

37.3 Principles to be followed when Preparing Financial Statements

37.3.1 The University shall be guided by the following principles when preparing and presenting the set of financial statements to be issued for information users:

(a) Financial statements shall be prepared and presented to depict the 'true and fair' state of affairs of the University and its member colleges from which stakeholders or information users can draw a realistic conclusion about the University's financial position, financial performance, and cash flows.

(b) Financial statements shall present fairly the financial position, financial performance, and cash flows of the University. Fair presentation of financial statements shall require the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions, recognition criteria and appropriate measurements for assets, liabilities, income and expenses.

(c) The University shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. Under accrual basis, income and expenses shall be recognized when the income is earned and the expenses incurred irrespective of whether income is received or expenses paid.

(d) When preparing financial statements, the University shall make an assessment of its ability to continue its operation, at least, for the next reporting period. When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the University's ability to continue as a going concern, the University shall disclose those uncertainties and the basis of preparation of financial statements. The ability of the University to continue as a going concern may be threatened by the increasing level of debts or creditors against its equity and the significant decrease in the number of students' enrollment in the academic programmes over the years. While assessing going concern issue, the University as a whole shall be considered rather than any of the constituent colleges which may be under a going concern issue or a threat due to such circumstances as mentioned in the paragraph 3.6.1.

(e) The financial statements shall be prepared and presented once in a year. The same financial statements shall also be incorporated in the University Annual Report.

(f) While preparing the financial statements, it shall retain the presentation and classification of items in the financial statements from one period to the next unless:

  (i) the Standard requires a change in presentation; or

  (ii) it is apparent, following a significant change in the nature of the University's operations or a review of its financial statements, that another presentation or classification would be more appropriate.

(g) The current year's financial statements shall be presented along with the previous year's financial statements as comparative information for all amounts presented in the current year's financial statements.

(h) The accounting policy once applied to the individual item of asset, liability, equity, income and expenses or group of similar items shall be followed consistently over the years that include the classification and presentation of those items in the financial statements. Only in the situation described in Chapter 4, paragraph 4.2.1, the University shall change its accounting policy of the item.

(i) While preparing and presenting its financial statements, the University shall present or disclose all material information that it expects will affect the information users. The items that are individually material and unique shall be presented in a separate line item while items that are immaterial and of the same classification or have a similar nature shall be presented in aggregate with notes explaining the details.

(j) Financial statements shall be treated as materially misstated if due to misstatements either individually or in aggregate the decision of the information users can be affected. Both magnitude as well as nature of misstatement shall be accounted while determining the materiality in financial statements.

(k) All assets, liabilities, equity, income, or expenses shall be classified on the basis of shared characteristics of items for presentation and disclosure purposes. For

example, incomes from tuition fees, research, and rentals that arise in the course of the ordinary activities of the University shall be classified as revenue.

(l) While preparing financial statements if there are events where compliance with the standard would not sufficiently meet the objectives of financial statements of the University, it shall disclose the following:

(i) I It has concluded that the financial statements present fairly the University's financial position, financial performance, and cash flows;

(ii) I It has complied with the BAS for SMEs , except that it has departed from a particular requirement to achieve a fair presentation; and

(iii) The nature of the departure, including the treatment that the BAS for SMEs would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements.

37.4 Presentation of Statement of Financial Position

37.4.1 The University shall present and disclose all its assets, liabilities and equity (net assets) in the Statement of Financial Position as of a specific date, i.e., the end of the reporting date.

37.4.2 The Statement of Financial Position shall be prepared and presented in the format and with classification of items as presented in schedule [ ].

37.4.3 Additional line items, headings and subtotals in the Statement of Financial Position shall be provided when such presentation is relevant to an understanding of the financial position.

37.4.4 Assets and liabilities shall be classified and presented as current and non-current.

37.5 Current and Non-Current Distinction

37.5.1 The assets and liabilities in the Statement of Financial Position shall be classified and presented as current and non-current.

37.5.2 Current assets are those assets that are expected to be realised within the operating cycle of the University or within the next twelve months after the reporting date.

37.5.3 Current liabilities are those liabilities that are expected to be settled within the operating cycle of the University or within the next twelve months after the reporting date.

37.5.4 The operating cycle of the University shall be treated same as the academic year of the University.

37.5.5 All other assets and liabilities that are not current shall be presented as non-current assets or non-current liabilities.

37.5.6 The current portion of non-current assets or liabilities shall be presented under current assets or liabilities. For instance, the amount payable for long term debt in the next twelve months after the reporting date shall be classified as current liability and the remaining balance payable shall be classified as non-current liability.

37.5.7 Equity shall be the difference between University's assets and the liabilities. Equity represents government claims over the University assets.

37.5.8 The University shall present its Statement of Financial Position as per the requirement of BAS for SMEs provided in schedule (***EFR-SOFP-02)***

37.6 Presentation of Statement of Comprehensive Income

37.6.1 The University shall present all items of income and expenditure of the reporting period in the Statement of Comprehensive Income.

37.6.2 The Statement of Comprehensive Income shall be prepared and presented in the format and with classification of items as presented in schedule [ ].

37.6.3 The University shall apply 'nature of expense' approach to present its income and expenditure in the Statement of Comprehensive Income.

37.6.4 The surplus or deficit in the Statement of Comprehensive Income shall be transferred to the equity.

37.6.5 The University shall also present other comprehensive income in the Statement of Comprehensive Income where such presentations are material to the information users.

37.7 Statement of Cash Flows

37.7.1 The University shall prepare and present statement of cash flows using 'direct method'.

37.7.2 Statement of cash flows shall present cash flows from operating, investing and financing activities as given in schedule (***EFR-SOCF-03***).

37.8 Statement of Changes in Equity/Capital Fund

37.8.1 The University shall present the movement of its equity fund in the statement of changes in equity as provided in schedule (***EFR-SOCE-04***)

37.9 Consolidated Financial Statements

(a) Basis of Consolidation

37.9.1 The definition of 'control' in the BAS for SMEs for consolidation shall not be applied in the consolidation process of financial statements of the University since the parent-subsidiary relationship for control does not exist in the University setting.

37.9.2 The University shall present the financial position, performance, and cash flows of the OVC and all member colleges as a single entity- the University by following the basic consolidation process. The consolidated as well separate financial statements presented by OVC and member colleges shall be audited by the statutory auditors to assess whether financial statements prepared by them including consolidated financial statements are in all material respect in conformity with BAS for SMEs and this accounting policy.

37.9.3 For each reporting period, member colleges shall prepare a complete set of financial statements which shall be consolidated at the OVC to produce a single entity (the University) report.

(b) Consolidation Procedures

37.9.4 The following procedures shall be followed while preparing the consolidated financial statements:

(a) The financial statements of OVC and its member colleges shall be combined on a line-by-line basis by adding together like items of assets, liabilities, equity/capital fund, income, and expenses.

(b) All intra-University balances or transactions giving rise to assets, liabilities, income, expenses, and cash flows shall be eliminated in full.

(c) OVC shall prepare and present its standalone financial statements along with the consolidated financial statements of its constituent colleges.

(d) The consolidated financial statements shall be prepared and presented as per schedule.

37.10 Significant Judgement/Assumption/Valuation

37.10.1 Where management estimates or valuation are required to be made in the financial statements, the University shall ensure that an appropriate procedure is followed to obtain the best outcome from the valuation.

37.10.2 The estimates or valuation may be performed by the internal staff or external valuers with the required level of professional competency and expertise.

37.11 Materiality in the Preparation and Presentation of Financial Statements

37.11.1 The University shall consider an appropriate materiality while presenting its financial statements.

37.11.2 Materiality shall be viewed from the relevance of the information to be presented in the financial statements. Materiality is not just about the monetary size or value of the item, but items whose inclusion or omission (this includes non-monetary items) would alter the view of the information user. The preparer of the financial statements shall be guided by this principle upon which the assertion of the management is made.

37.12 Rounding of Amounts

37.12.1 Amounts in the financial statements shall be rounded off to the nearest whole number.

37.13 Filing of Financial Statements

37.13.1 The financial statements, after duly audited by the statutory auditor shall be laid before the University Council, a copy thereof shall be filed with the Department of Planning and Resources along with the Annual Report.

CHAPTER 38

UNIVERSITY ANNUAL REPORT

38.1 Requirement of Annual Report

38.1.1 The Department of Planning and Resources shall present audited consolidated financial statements of the University comprising of the following to the Council for deliberation and approval for public issue:

(a) Consolidated Statement of Comprehensive Income for the year;

(b) Consolidated Statement of Financial Position as at the year-end;

(c) Consolidated Statement of Cash Flows;

(d) Consolidated Statement of Changes in Equity; and

(e) Notes including a summary of significant accounting policies.

38.1.2 The audited financial statements shall form an integral part of the University Annual Report. The Annual Report shall present the complete set of audited financial statements as well as the Auditor's Report that forms part of the financial statements for public use.

38.1.3 The University Annual Report shall contain the following information:

(a) University profile;

(b) Vice Chancellor's Report;

(c) University corporate governance and executive management;

(d) Key operational highlights of the year:

(i) Academic;

(ii) Research and publications;

(iii) Industrial/external linkages;

(iv) Any other significant development (e.g. infrastructural development); and

(v) Public awards and other meritorious achievements of employees and the University.

(e) Financial highlights of the year; and

(f) Consolidated financial statements and audit report.

APPENDIX-I: BUDGET ALLOCATION FRAMEWORK

In order to meet the needs of the rapidly changing society, effective and efficient resource allocation in higher education is inevitable.

Objectives: To set Norms and Standards for allocation of Resources of the UNIVERSITY.

Purpose:

i. To provide guidelines for the agency to ensure that the important activities are not neglected in order to achieve UNIVERSITY wide vision and mission.

ii. To serve as a tool that will assist the agency to allocate budget at a certain uniformity.

iii. To ensure the fair distribution of funds.

This Budget Framework is worked out on the minimum threshold required for each Object code/ Ledger, whereby individual agencies has the flexibility for the allocation of maximum amount as per their plans and priority.

Sl. No.	**Object Code/ Ledger**	**Minimum Allocation**	**Remarks**
1	Contribution-Provident Fund	Actual	Employer contribution
2	Stipend	Actual	Base on Government rate * 10 months
3	Travel – In-country	Average of immediately preceding three years	
4	Travel - Outside Bhutan	Average of immediately preceding three years	
5	Maintenance of buildings	May need to rework as per the Funding and Financing mechanism	
6	Maintenance of vehicles	Nu. 100,000 for each car for current model plus 5% Per annum for each model.	
7	Op. Exp-Advertisement and promotion	Average of immediately preceding three years	
8	Hospitality and Entertainment	VC-Nu.300,000 Registrar/Director/President-Nu.80,000	
9	Library books and Text books	Nu 150,000 as a base plus Nu 1000 per student per year	
10	Op. Exp-Taxes, Duties, Royalties, Bank Charge	Average of immediately preceding three years	
11	Professional services	Average of immediately preceding three years	

12	Research and development	1% of gross income	
13	Games & Sports and Adventure	Nu. 50,000 as base plus Nu 200 per student.	
14	Training – HRD	Minimum Nu. 5000 * number of staff	
15	Subscription to International organisation	Actual membership fees payable	
16	Utilities- Telephone, Telex, Fax and Internet	Average of immediately preceding three years	
17	Utilities-Telegram, Wireless Transmission, Postage		
18	Utilities- Electricity, water and Sewerage Charges		
19	S&M-Printing and Publication		
20	Stationeries (Office Supplies)		
21	S&M- Medicines and Laboratory Consumables		
22	Fertilizers, Chemicals, manures and Inoculants		
23	Uniforms		
24	Fuel wood		
25.	Computer and Peripherals		
26	Lab Equipment		

27	Furniture, Fixtures and Fittings	**Only if required**
28	Vehicle	
29	Office Equipment	
30	Transportation	
31	Seeds, Seedling and Animal Feeds	
32	Honorarium	
33	Op-Exp-Others	
34	Pay and Allowances	**Actual**
35	Other personal emoluments	
36	Maintenance of equipment	**As per the conditions and number of Equipment**
37	Maintenance of computers	
38	Meeting and Celebration	
39	Leave Travel Concession	One month's basic pay or Nu.15000 whichever is lower
40	Internship/On-the-Job training, Teaching Practice	Based on number of students/teachers
41	Programme Development	Nu 350,000 per new programme

APPENDIX-II: STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Office of the Vice Chancellor and Member Colleges are responsible for the preparation and fair presentation of the financial statements in accordance with BAS for SMEs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, and using the going concern basis of accounting. Those charged with governance are responsible for overseeing the University's financial reporting process.

The Vice Chancellor

OFFICIAL SEAL

Chief Finance Officer

OFFICIAL SEAL

APPENDIX-III: NO DUE CLEARANCE FORM OF THE UNIVERSITY

This is to certify that Mr/Ms/Mrs…….has no official due as on dated……. The undersigned will be accountable and liable for any due that shall arise after signing of this form.

Sl.no	Section Head	Name	Seal & Signature
1	Immediate Supervisor		
2	Dean, Academic Affairs		
3	Dean, Student Affairs		
4	Dean, Research and Industrial Linkages		
5	Store In-charge		

6	Estate Manager		
7	ICT Officer		
8	Finance Officer		
9	Adm Officer		
10	Human Resource Officer		

This form should be used by the outgoing officials and submit to the HR office.

Submitted by: ……

APPENDIX-IV: MINIMUM REQUIREMENTS TO SUPPORT CERTAIN EXPENDITURE

Sl. No.	Head of Account	Requirements
1	Pay & Allowances	(a) First Salary:- i. Appointment order issued by a competent authority ii. Last pay certificate in the case of a transferred employee (b) Change in Pay:- i. Periodical increment order ii. Promotion/Pay fixation order iii. Demotion/Pay fixation order (c) Leave/Leave encashment:- i. Sanction order from a competent authority
2	Other Personnel emoluments	(a) First Salary:- i. Appointment order issued by a competent authority ii. LPC in the case of transferred employees
3	Expert Fees	i. Relevant orders of the Competent Authority ii. Specific sanction issued by a competent authority in special cases
4	Stipends	The sanctioned strength of Government Scholarship enrollment in the College
5	Travels	i. Travel authorization from a competent authority

		ii. Travel allowance claims, endorsed by the controlling officers, receipts for entitled actual expenses, air tickets, etc. iii. Certificate on submission of tour report if applicable as per HRRR
6	Utilities - Telephone, Telex, Fax, E-mail, Internet	(a) New installation:- i. Sanction from a competent authority (b) Monthly bills:- i. For office utilities: Certificate of verification ii. For residential instruments (only for the Vice-Chancellor): Reimbursement claims with certificates that calls were made for official purposes countersigned by the head of office, copy of the bill and receipt
7	Utilities – Postage & Courier Services	(a) Office:- i. Statement of postage accounts and receipts in relevant cases ii. Verification of dispatch registers (b) Reimbursements:- i. Copy of messages transmitted ii. Receipts for the actual expenses
8	Utilities - Electricity/Water, Sewerage charges	(a) Office:- i. Certificate of verification countersigned by officer-in-charge (b) Residential:- i. Certificate of verification by the entitled actual consumer

9	Utilities – Others	i. Sanction order from a competent authority ii. Certificate of verification from the officer-in-charge
10	Rental- Buildings	Sanction order and lease agreement endorsed by the competent authority
11	Rental-Vehicles	i. Sanction from a competent authority ii. Certified log sheet from the user/officer-in-charge
12	Rental –Equipment	i. Sanction from a competent authority ii. Certified log sheet from the user/officer-in-charge
13	Rental-Others	Certificate of verification by the officer-in-charge
14	Supplies & Materials	i. Purchase order/Contract agreement/Sanction order ii. Invoices complete with certificates of verification and stock entry
15	Maintenance of Properties	(a) Other than vehicles:- i. Sanction order, work order, or Contract agreement ii. Technical and Financial sanction in applicable cases iii. Completed muster roll for labour payments iv. Measurement books and MAS accounts in applicable cases v. For materials, as specified under 'Supplies & Materials' (b) Fuel & lubricants for vehicles: - i. Supply or cash memos with entries in Logbooks ii. Monthly performance analysis in Logbooks (c) Repairs of vehicles: - i. Sanction order, Work order, or Supply order

		i. Invoices with certificates of verification and entry in the History Sheet/Asset Register ii. Certificate of receipt and disposal of unserviceable parts
16	Operational Expenses	i. Supply order or sanction order in relevant cases ii. Invoices with certificates of verification in all cases and stock entry in relevant cases iii. Bank statement for payment of bank charges iv. A work order in applicable cases
17	Hospitality & Entertainment	i. Invoices/Cash memos duly verified and countersigned by the Head of office ii. Sanction/approval of the competent authority
18	Write off – loss of Cash/Inventories/Assets	Sanction order from the competent authority
19	Donations	Sanction from the competent authority and budget provision
20	Subscriptions to International Organisation	Sanction/approval of the competent authority
21	Retirement benefits	i. Order of retirement ii. Statement of service verification-cum-approved working sheets for gratuity iii. Audit and departmental clearances iv. Sanction order for payment of entitlements
22	Interest payments	i. Sanction/approval of the competent authority

		ii. Statement from the lender in respect of direct disbursement of interest
23	Expenses on Loan operations	Sanction from a competent authority
24	Training	(a) HRD: - i. The sanction for enrolment from the competent authority (b) Others: - ii. Sanction from the competent authority
25	Professional/Consultancy Services	i. Contract Agreement & Terms of reference ii. Certified invoices/Disbursement information from the Authority
26	Acquisition of Land/Buildings	i. Approval for acquisition ii. Copy of approved assessment details iii. Copy of Sale Deed iv. Entry in Property/Asset Register v. Sanction order for payment
27	Expenditure on Structures	(a) Departmentally executed (including deposit works):- i. Administrative approval and technical sanction ii. Completed Muster Roll and Measurement book iii. Verified and certified bills of materials supplied to or procured for the works following the Procurement rules iv. Entries in Measurement books, MAS A/Cs., T&P account, Dismantled materials register, Empty container register, Vehicle/Equipment Logbook depending on the case

		v. Approval and revised technical sanction for extra or additional works where applicable vi. Entry in Works Cost sheet (b) Execution by the award of contract: - i. Administrative approval and technical sanction ii. Contract agreement/Work order iii. Verified and certified bills iv. Measurement book with the entry of measurements v. Approvals for extra or additional works, price adjustment, time extension where applicable vi. Entries in MAS A/C., T&P register, Empty container register, Dismantled materials register, Site order book, Hindrance register where applicable vii. Handing/taking over notes for the final bill viii. Entry in Works cost sheet, Contractors' Ledger
28	Plants & Equipment	i. All requirements under Supplies and Materials ii. Verified disbursement information from the donor where applicable. iii. Entry in PPE registers
29	Purchase of Vehicles	i. Verified and certified invoice ii. Import license and MoF approval in cases of vehicles imported from third countries iii. Verified disbursement information from the donor where applicable iv. Entry in PPE register/History sheet

30	Furniture & Office equipment	i. All requirements under Supplies & Materials ii. Import license in case of articles imported from third countries iii. Verified disbursement information from Donor where applicable iv. Entry in Inventories/PPE registers
31	Advances & adjustments	i. Sanction from the competent authority ii. Entry in relevant memorandum register iii. Recoveries to be made as per provisions of Service Rules and as per Financial Manual of the university
32	Advances and adjustments on Public Works, Deposit Works, etc.	i. Sanction from the competent authority ii. Relevant accounting Entries in support of the adjustments

APPENDIX-V: BUSINESS CASE PROFORMA

1. Business case is a key document for an investment project or a capital expenditure proposal. This proforma shall be used to prepare business case for investment project irrespective of the sources of funding. The full scale business case may not be required for procurement of day to day consumables and a minor repair and maintenance works. However, for any significant investment projects, including investment in professional development of staff, the business case shall form the basis for any financial and administrative approvals.
2. More specifically, the purpose of business case is to:

   (a) provide information to decide whether or not to make financial investment;

(b) enable the University to plan, manage and successfully complete the investment project;

(c) provide, where appropriate, arguments that define how the investment will contribute to enhancing current position or capabilities or create new programmes and changes in the University. (In other words, business case will provide reasons why the investment is needed, what it will achieve, and how it will proceed);

(d) help ensure the effective coordination and management of the investment activities and resources involved;

(e) ensure the investment is understood from the viewpoints of both what benefits can be expected and how feasible it is to achieve those benefits, in comparison with alternative uses of budgetary funds or resources;

(f) secure budgetary funds especially for significant financial investments from the government and other funding agencies; and

(g) assess post investment impact whether the intended benefits of the investment have been realised.

(A business case shall be prepared by the proponent of the investment project and shall comply with the following structure.)

(a) Management/Executive Summary

- Summarise main points in few paragraphs covering:
    - What the case study was about;
    - What was the fundamental issue or matters under consideration (main reason for investment); and
    - Details of options considered and the main merits and demerits of each option of investments.
- A clear statement of the recommendation being made and the decision required from management.

(b) Introduction

- Define the scope and objectives of the investment.
- Provide necessary back ground information to illustrate why the business case is being put forward.

(c) Description of the current situation

- Provide details about current position, and what the problems and opportunities are (problem statement).

(d) Options considered

- Provide brief account of what options were considered and why they were not good options.
- Provide a full description of the recommended solution.

(e) Analysis of costs and benefits

- Provide potential benefits followed by expected costs in new investments.
- Provide where the costs will be incurred and what benefits may arise.
- State intangible benefits without valuing them.

(f) Investment appraisal

- Considering the costs and benefits, provide whether, when and how investment will pay for itself.
- Where possible, investment proposals are appraised using the following methods:
    - IRR
    - NPV
    - Payback period

(g) Impact assessment

- Describe any impacts the investment may have on the University besides costs. (This may include any changes in the structure, work processes, new staff to be recruited, managerial task, etc.).

- Describe how these impacts will costs the University/College.

(h) Risk assessment

- Identify the risks involved in the investment project and illustrate the counter measures available.
- For every risk, the following shall be stated:
  - Description of the risk and its potential impact;
  - Impact assessment-estimate the scale of damage should the risk event occur;
  - Probability how likely that risk is to occur;
  - Measures –how the risks can be reduced; and
  - Ownership of the risk (the individual responsible for managing that risk).

(i) Recommendations

- Summary of the business case.
- Sate the decision that SMT/CMC/OVC/RGOB/UC are being asked to take.

(j) Appendices and supporting information

- Detailed information supporting the main points in the body of business case.
- Include:
  - statistics or detail data analysis;
  - charts; and
  - detailed costs and benefit analysis/calculations.

APPENDIX VI: MANAGEMENT AND INTERNAL REPORTING FORMS

Form No.RUBFRR-1

MONEY RECEIPT STATEMENT

SL. NO.	MONEY RECEIPT NUMBER	MONEY RECEIPT DATE	PARTY NAME	NATURE OF COLLECTION	AMOUNT NU	CH	MODE OF PAYMENT	NAME OF THE BANK	REMARKS WITH DETAILS
	TOTAL								
	PREPARED BY:				VERIFIED BY:				

NOTE : To be maintained in a register/computer system on a daily basis counter signed verified by the Finance Officer.

Form No.RUBFRR-2

JOURNAL VOUCHER

		J. V. No. _____ DATED _____	
PARTICULARS OF HEAD OF ACCOUNTS		DEBIT(NU)	CREDIT(NU)
_____ PREPARED BY	_____ VERIFIED BY	_____ APPROVED BY	

Form No.RUBFRR-3

SALARY STATEMENT

FOR THE MONTH OF_____YEAR_____

Sl. No.	Employee Id #	Employee Name	Designation	Grade/Position	CID Card No.	Attendance (Days)	Basic Pay	Allowances	Gross Salary	Deductions	Net Pay	
						Nu	Nu	Nu	Nu	Nu.	Nu.	
TOTAL												

Note : -
Pay sheet to be made in triplicate.
ORIGINAL to be attached with voucher,
DUPLICATE to be kept with Administration, and
TRIPLICATE (extra) for office use.

Form No.RUBFRR-4

FIXED ASSET REGISTER

GROSS BLOCK							D E P R E C I A T I O N B L O C K					Net Block	Initial of Finance Dept.
Financial Year	Cost at the Beginning	Additions		Deletion/Transfer/ Adjustment		Total Gross Cost	At the Beginning of the Year	For the Year	Transfer/ Adjustment		At the end of the Year		
		Ref. No.	Cost	Disposal Ref. No.	Cost				Ref. No.	Amount			
	Nu		Nu		Nu	Nu	Nu	Nu		Nu	Nu	Nu	
PREPARED BY VERIFIED BY													

Note : -

1) The Register is to be maintained in Loose Leaf Binder System./ or Computerized Format

2) The Register is to be maintained by the Finance Dept.

3) To be checked with a Physical Verification Report.

4) To be kept up to date. Total should agree with the ledger balances.

Form No.RUBFRR-5

VOUCHER REGISTER

1	2	3	4	5		6		7
Journal Entry Serial No.	Date of Entry	Voucher No.	Head of Account	Debit		Credit		Signature
				Nu	Ch	Nu	Ch	

Note:

1) Journal voucher number should be serially made.

2) During the annual closing of accounts the voucher number passed should be noted for control.

3) Only properly checked and signed journal voucher should be entered in this register.

Form No.RUBFRR-6

JOB WISE CAPITAL WORK-IN-PROGRESS RECORD

	1.Name of the Project _____ 2.Location _____ 3.Department _____ 4. Amount sanctioned in Budget (Nu) _____							5.Date of Commencement _____ 6.Date of Completion _____ 7.Work Order No. / Job No. _____		
	Serial No.	Date, Month & Year	Particulars	Document Reference for booking Expenses	Material Nu	Salary/ Wages Nu	Contractor Bill Nu	Other Expenses Nu	Total Cost Nu	Remarks

NOTE : - 1) Month wise Expenses booked in a separate register should be recorded against each head of expenses under specific work order.

2) If work is assigned to a contractor, his Bill amount will be considered along with any expenses incurred by RUB.
3) Jobs when completed will be capitalized through Journal Entry.
4) Job Completion Certificate should be obtained by Accounts.
5) To be maintained by the Finance Department.
6) Work orders will be issued to identify and control cost.

PREPARED BY: VERIFIED BY: APPROVED BY:

Form No.RUBFRR-7

MONEY RECEIPT

Organisations letter head

No.

Date…….

Received with thanks from M/s /Mr./Ms.……

……

a sum of Nu. …… (Ngultrum…….

……. only)
Only vide Cash/ Cheque/ Draft No. …….. Dated ……

Being payment for……

Receivers/finance Personals signature and seal

For cheque validity of this receipt is subject to realization of the amount

Form No.RUBFRR-8

VEHICLE HISTORY SHEET

VEHICLE NO. ……

Sl. No.	Repair Order No. & Date	Date		Particulars of Spares/ Accessories changed and Works carried out	Qtty	Rate (Nu)	Amount (Nu)	Bill & Voucher Reference	Remarks
		Sent to Workshop	Received Back						

PREPARED BY: VERIFIED BY: APPROVED BY:

Form No.RUBFRR-9

VEHICLE LOG BOOK

Name of Office ……

VEHICLE NO. ……

Date	Name of the Driver	Movement Order No & Date	From			To			POL Issued	Distance (KM)	Purpose	Signature of the user
			Time	Place	Kilometer Reading	Time	Place	Kilometer Reading				

_____

Verified by: Vehicle In-charge

Form No.RUBFRR-10

VEHICLE MOVEMENT ORDER

No.	Date……..……
Name of the Office ……..	Vehicle No……..

1. Driver's Name with Licence No. : _____
   _____
2. Place (s) of Movement : _____
3. Purpose of Movement : _____
   _____
4. Name of the Officer (s) in movement : _____
5. Validity of Movement Order : _____
6. Time and Kilometer reading :
   On Departure …… : On Return……

_____ Signature (of the officer utilizing the vehicle)	_____ Signature (with Name and Designation of the Authorising Officer)

Form No.RUBFRR-11

PURCHASE ORDER

	To M/s ……. ……. …….		Order No. _____ Date _____
	We are pleased to place an order for supply of materials/ stores as per specifications given below: -		

Serial No.	Name of good	Specification	Quantity	Rate Nu	Value Nu	Remarks

	Other Terms and Conditions: 1. Packing Instructions _____ 2. Terms of Delivery _____ 3. Terms of Payment _____ 4. Delivery time period ……..	_____ Procurement head

Form No.RUBFRR-12

GOODS RECEIPT NOTE

To
The Receiving Section – Store

GRN No.
_____

Date_____
Requisition No._____
Purchase Order
No._____

The following materials/ consumable stores/ imported items have been received, checked and certified for acceptance in the store :

Serial No.	Name and specification of good	Supplier's/Donor Agency Name and Address	Challan/ Bill No.	Rate	Quantity	Value

Receiving Sec. Remarks
1) Goods Entered in the Stock Register/ Date ……
2) Location of Item in Store ……

_____
Signature of Head of Receiving Section

_____
Signature of Store In Charge

Form No.RUBFRR-13

GOOD REJECTION MEMO

TO M/S ……..
……..
……

NO. ……
DATE ……

PURCHASE ORDER NO. & DATE: ……
YOUR CHALLAN NO. & DATE: ……..
GRN NO. & DATE: ……

Following rejected materials are returned to you –

Sl. No.	Name and specification of good	Unit	Quantity Received	Quantity Rejected	Quantity Accepted	Reasons for Rejection	Remarks

_____ PREPARED BY

_____ STORE INCHARGE

DISTRIBUTION COPY
1) Supplier
2) Administration
3) Finance/ Accounts
4) Store

Form No.RUBFRR-14

GOODS/ASSETS TRANSFER CHALLAN

To M/s ……..
Address ……..
……

No.
Date …….

Sl. No.	Particulars	Quantity	Rate

_____
(Signature of Vehicle Driver)

_____
(Signature of Receiver)

_____
For Royal University of Bhutan

Form No.RUBFRR-15

GOODS ISSUE NOTE

To
The Receiving Section

GRN No.
_____

Date_____
Requisition No._____

The following materials/ consumable stores/ imported items have been issued from store::

Serial No.	Name and specification of good	Supplier's/Donor Agency Name and Address	Challan/ Bill No.	Rate	Quantity	Value

Issuing Sec. Remarks
1) Goods entered in issue register……
2) Location or issued to…….

_____
Signature of Head of Receiving Section

_____
Signature of Store In Charge

Form No.RUBFRR-16

COMPARATIVE STATEMENT OF RATES

Sl. No.	Name and specification of Items/goods	Name of Suppliers				Remarks
		XXX	YYY	ZZZ	XYZ	
		Amount quoted	Amount quoted	Amount quoted	Amount quoted	
1						
2						

Authentication by Committee Members with their signatures _____ _____ _____ _____

The Tender award committee will have to comment here, with reasons for recommending the supplier on whom the order should be placed.

_____
Approved by

Form No.RUBFRR-17

INWARD MAIL REGISTER

Sl. No.	Date/ Month/ Year of Receipt	Sender's Name and Address	Place	Subject Matter of Letter	Nature of Post Registered/ Ordinary with Reference	Draft No. & Amount	Bill No. & Date	Remarks

Prepared by:

Form No.RUBFRR-18

OUTWARD MAIL REGISTER

Sl. No.	Date/ Month/ Year of Despatch	To whom sent	Place of Despatch	Subject Matter of Letter and No.	Nature of Post Registered/ Ordinary with Reference	Total Amount of Stamps affixed (Nu)	Contents of Envelope (Draft/ Cheque/ Bill)	Remarks

Prepared by:

Form No.RUBFRR-19

GENERAL LEDGER

NAME OF ACCOUNT ……

Date	Cash Book/ Journal Book Folio	Voucher No.	Particulars	Debit		Credit		Balance		Dr./ Cr.
				Nu	Ch	Nu	Ch	Nu	Ch	

PREPARED BY VERIFIED BY APPROVED BY

Form No.RUBFRR-20

SUB LEDGER

PARTY'S NAME …….

Date	Cash Book/ Journal Book Folio	Ledger Folio	Voucher No.	Particulars	Debit		Credit		Balance		Dr./ Cr.
					Nu	Ch	Nu	Ch	Nu	Ch	

NOTE: This format may be used for Creditors/ Debtors/ Advances.

PREPARED BY VERIFIED BY APPROVED BY

Form No.RUBFRR-21

CASH BOOK

Debit
(Receipts)

Credit (Payments)

Date	Voucher No.	Particulars	GLF	SLF	Cheque No.	Amount	Cash	Bank	Date	Voucher No.	Particulars	GLF	S L F	Cheque	Amt	Cash	Bank

PREPARED BY VERIFIED BY APPROVED BY

Form No.RUBFRR-22

STORES RECEIPTS REGISTER

Sl. No.	Supplier/Party Name	Name and Specifications of good	Purchase Order No.	Supplier's Challan No.	GRN No. & Date	Consumable Stores			Imported Items			Equipment & Other Asset Items			Other Items			Remarks
						Rate	Qty.	Value	Rate	Qty.	Value	Rate	Qty.	Value	Rate	Qty.	Value	

PREPARED BY VERIFIED BY APPROVED BY

Form No.RUBFRR-23

PETTY CASH STATEMENT FOR THE MONTH ……

Total Amount Received	Date	VR. No.	Particulars	Total Amount Expended	Remarks
Nu				Nu	
	TOTAL				

PREPARED BY VERIFIED BY APPROVED BY

Form No.RUBFRR-24

REPORT ON PHYSICAL VERIFICATION OF INVENTORIES

Categories of Inventories ……

Date of Verification ……..

Time of Verification …….

Sl. No.	Name and specification of good	Size	Code No. of Items	Location in Stores	Bin No./ Almirah	Unit Kg./No./Lit	Unit Code No.	Quantity found Physically	As per Ledger		Shortage (Qty.)	Excess (Qty.)	Rate	Value (NU)	Remarks
									Folio	Quantity					

_____

Signature of Verifier with Designation

_____

Signature of Storekeeper

Form No.RUBFRR-25

REPORT ON PHYSICAL VERIFICATION OF ASSETS AS ON ……

NAME OF DEPARTMENT …… Date of Verification ……..

LOCATION …… Time of Verification …….

Sl. No.	Name and specification of asset	Classification of Assets	Assets Identification Code No.	No. of Units Physically Found	Page/ Folio Reference of Fixed Asset Register for Linking		No. of Units as per record	Difference If any	Remarks

_____ _____

Departmental Head Verified By

Form No.RUBFRR-26

WORK ORDER

To M/s. …… …….. ……..		Order No. …… Date ……. Work Indent No. ……. Quotation No. …….
SPECIFICATIONS OF JOB: ……		
_____ _____ Royal University of Bhutan is pleased to award the above work to your firm/Company/Concern. The total value of work is Nu. …….. and you will be guided by the following terms and conditions: -		
1.	The work shall be carried out as per specifications and drawings.	
2.	You shall execute and complete the work to the satisfaction of the University.	
3.	The Royal University of Bhutan shall have full right to conduct any test and inspection it may deem necessary.	
4.	You shall take full care of Property/ Assets provided to you by the University during the work period.	
5.	Before commencement of work, you should contact with the concerned Engineer.	
6.	You will have to complete the work within the stipulated period, i. e., ……. Days/ Months.	
7.	You will not be allowed to subcontract the work.	
8.	Within ……. days of issue of this work order you are requested to submit a Performance Guarantee in favour of the University for an	
	amount equivalent to …… % of the value of contract to guarantee smooth compliance of your obligation under the contract. The Performance	

	Guarantee may be arranged from any financial institution of Bhutan in the form of Bank Guarantee or L/C, which will be retained by the University till the
	completion of the work to it's satisfaction.
9.	Taxes, levies etc. will be deducted at source as per the existing Act and Rules of Bhutan.
10.	Any other special terms (Please specify separately) …….. .
11.	For Specification, Design and Drawings – Attach separate sheet. …… .
As a token of acceptance of the contract, please sign and return one copy for our office record.	

_____ _____

Signature of the contractor For Royal University of Bhutan

Form No.RUBFRR-27

(Name of College)

Royal University of Bhutan

Travel Authorization

Name of Employee:

Designation: Grade/Position: Date:

From		To		Mode of Travel	Halt At	Purpose
Station	Date	Station	Date			

Estimated Travelling Expenses : Nu.

Advance Required : Nu.

(Signature of Employee) (Signature & Seal, Head of Finance) (Signature & Seal, Controlling Officer)

Date: Date: Date

Form No.RUBFRR-28

(Name of Office)

Royal University of Bhutan

Travel Allowance Bill

Name of employee: Grade/Position: Date:

Designation: Travel Authorization Date:

Departure			Arrival			Daily Allowance	Mileage	Bus/Train/ Air fare	Total	Purpose of Journey
Date	Time	Station	Date	Time	Station					
Total										
(-)Advance Taken										
Amount claimed for payment/refunded										
Certified that the travel was performed by me for official purposes and the claims are genuine.										
									Dated Signature of employee	
Certified that the travel was authorized by me for official purposes and the claims appear genuine and reasonable.										
								Signature, Date & seal of the Controlling Officer.		

Form No.RUBFRR-29

JOB/ WORK COMPLETION CERTIFICATE

		SERIAL NO. _____ DATE _____
1. Capital Order/ Work Order No. : _____ 2. Date of Issue : _____ 3. Name of the Project: _____ 4. Location.: _____	5. 6. 7. 8.	Value of work/Job:_____ Name of Contractor: _____ Date of Commencement of Project: _____ Date of Completion of Project: _____
Checked and certified that the above work was successfully completed to our satisfaction and the work was done as per schedule of work		
Distribution Copy 1) Finance Dept. 3) Engineering Dept. 4) Store 5) Concerned Dept.		_____ Signature of the Head of the Administration/Engineering Dept.

Form No.RUBFRR-30

TRANSFER NOTE

1. Transfer To. : _____ 2. Transfer From : _____ 3. Date: _____	4. Dispatch No:_____

Please receive the following items in good condition: -

Sl. No	Particulars	Quantity	Rate Nu.	Amount Nu.	Remarks

_____

_____

Signature of Transferor

Date:

Signature of Transferee

Date:

Distribution Copy

1) Finance Dept.
2) Store

Form No.RUBFRR-31

REPORT ON OBSOLETE AND UNSERVICEABLE STOCK/ ASSET

Sl.No	Name of the items of Stock/ Asset	Folio No.	Unit	Qty.	Original Value (Nu.)	Date of Acquisition	Condition	Depreciated Value (Nu.)	Recommendations of the Inspection Committee
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

1……..

Verifying/ Reporting Officer
Signature, Date, Name and Designation

2……..

Inspection Committee members'
Signature, Date, Name and Designation

Distribution copy:

1)Finance Dept

2)Store

3)Asset manager

4)Management

Form No.RUBFRR-32

INDENT/ REQUISITION MEMO

To _____
_____
_____
From_____
_____
_____

Sl. No……..
Date ……..……

Kindly arrange to supply the following items.

Sl. No	Description	Specification	Qty.	Purpose

Date:-
Recommendation from
Immediate Supervisor
Remarks (If Required)

_____
Signature
Name & Designation

(a) Remarks from store Division (if any):
(b) Remarks from Procurement officer (if any):
(c) Remarks from Accounts Division (if any):

Date:

Approved by

Signature
Name & Designation

Form No.RUBFRR-33

MEASUREMENT BOOK

Issued to Mr. …….

BOOK NO. _____

1. Nomenclature of Job: ……
2. Job No.: ……
3. Location/ Situation: ……..
4. Name of Contractor: ……..

Date of Measurement …….
Quantity Completed ……

Description of Job/ Work	Length Ft./ Mtr.	Breadth Ft./ Mtr.	Height Ft./ Mtr.	Quantity C/ Ft./ Mtr.

_____
Signature of Contractor

_____
Signature of Engineering Dept. Head

Form No.RUBFRR-34

GRATUITY/ TERMINAL BENEFIT FORM

From: Administration **To: Finance**

1. Name of Employee_____
2. Identification No._____
3. Designation_____
4. Grade_____
5. Department_____
6. Advance Recoverable, if any (Nu.)_____
7. Date of Joining _____
8. Date of Leaving _____
9. Period of Service rendered_____
10. Last Pay drawn (Nu.)_____
11. Gratuity Amount (Nu.) _____
12. Letter Ref. & Date of Release Order_____

A. Gratuity payable as above (Nu.) _____
B. Accumulated Leave as per Leave Record _____Days
C. Leave Encashment (Nu.) _____
D. Leave Travel Concession, if due (Nu.) _____
E. Repatriation Allowance (Nu.) _____
F. Other Dues, if any (Nu.) _____

Encl :-

1. Computation Sheet along with Service Book.
2. Leave Details.
3. Certificate from Dept. reg.:-

   i) Advance Recoverable.

   ii) No Dues.

PREPARED BY VERIFIED BY APPROVED BY

Form No.RUBFRR-35

SALARY ADVANCE APPLICATION FORM

1. Name of Employee
_____
2. Designation
_____
3. Grade
_____
4. Basic Salary (Nu.)
_____
5. Present Status of
Earlier Advance (Nu.)
_____
6. Employee I. D. No.
_____

Purpose of Advance	Amount of Advance required Nu.
_____ Signature of Employee	…… Signature of DDO
Recommended by: (Finance Head)	Sanctioned Royal University of Bhutan

FormNo.RUBFRR-36

Bank Reconciliation Statement

	PARTICULARS	AMOUNT (In Nu.)	AMOUNT (In Nu.)
	Bank Balance as per Cash Book		XXX
Add:	Direct Deposits made in Bank But not Accounted in Cash Book	XXX	
	Cheques issued but not yet debited in Bank Statement	XXX	XXX
	Balance		XXX
Less:	Incidental Charges debited in Bank Statement but not accounted in Cash Book	XXX	
	Dishonored cheque debited in Bank Statement but not accounted in Cash Book	XXX	
	Cheques deposited to Bank but not yet credited in Bank Statement	XXX	(XXX)
	Bank Balance as per Bank Statement		XXX

Form No.RUBFRR-37

INWARD BILL REGISTER

Date.	No.	Received From	Bill No.	Bill Date	Bill Amount	Dated Initial	Verification		Received Date	Remarks
							Sent to	Date		

PREPARED BY

Form No.RUBFRR-38

LAST PAY CERTIFICATE

DATE:

SL No.	PARTICULARS	INFORMATION
1	Name of the Employee	
2	Designation	
3	Cadre & Grade	
4	Employee ID No.	
5	Reasons for issue of LPC	Transfer/Resignation/Superannuation
6	Order No. and Date	
7	Transferred to(if applicable)	

1. Certified that the above employee has been paid up to (Date…….) at the following rates:

Particulars	Amount
a) Pay:	
b) Personal Pays	
c) Allowances	

2. The following advances are due from him/her for recovery/adjustment:

Particulars	Amount	Mode of Recovery/Adjustment
a) Personal Account Advances:		
Transfer T.A.		
Transfer Grant		
Others (Please specify)		
b) Public Works Advances:		
c)		
(Please specify)		

3. The following deductions have been made from his/her pay bill:

Particulars	Amount	Other Details:
a) All statutory Deduction		

PREPARED BY: VERIFIED BY: CONFIRMED BY:

Form No.RUBFRR-39

TRAVEL REGISTER

Name and Designation:

Employee ID.No.

Sl. No.	Disbursement		Purpose	Duration		Amount admitted	Advance adjusted	Net amount	Remarks
	Vr.No.	Date		From	To				

PREPARED BY VERIFIED BY:

Form No.RUBFRR-40

MUSTER ROLL REGISTER

Muster Roll No. & Date	Issued to	Name of Work	Period		Remarks	Signature of approving authority
			From	To		

Form No.RUBFRR-41

(Front Cover Page)

MUSTER ROLL NO.

Name of work:

Budget Reference Code:

LABOUR STRENGTH SANCTION

Category	Rate	Nos.	Man-Days

Issued to…….for the period from….. to…….

This Muster Roll contains……. Nos. of inner sheets

(Signature)

Head of Office

	Nu.	Ch.
Grand Total of this muster roll		
Deduct Payment not made as per details in Part II. B.		
Balance Paid		
Add: Arrears of previous muster roll now paid off as per details in Part II.A.		
Total amount paid		

Date……..

(Signature & Name of DDO)

PREPARED BY

Designation

Form No.RUBFRR-42

(Middle Spread)

MUSTER ROLL

Part-1 Nominal Roll

Unit:

Sub-Unit: Cash Book Voucher No. ……..Dated…… Name of Work:

Category of Work-persons	Name of Work-person	Id/Imm. Card No.	1 2 3 4 5…..up to 31 Cols	Total days	Rate	Gross Amount	Deductions if any	Net Payable	Dated Signature or Thumb impression of the payee	Dated initials and remarks of the paying officer at the time of payment
Daily Total.										
Dated initial of the person marking the attendance.										
Dated initial of the inspecting officer.										

Certified that the Work-persons mentioned above were actually engaged during the days marked and for the days mentioned against each in this work

Signature,Date and Name of Site Engineer…….. Signature, Date and Name of the Supervising Engineer…..

Designation…… Designation…….

Form No.RUBFM-43

(Back Cover)

Part-II-Details of Unpaid Wages

II.A. Payments against unpaid wages of previous Muster Rolls:

M.R.No. & period to which the arrears relate	Sl.No.as per previous muster roll	Name of work-person	ID/Imm. Card No.	Amount Due	Amount paid	Dated Signature or Thumb impression of the payee	Dated initials and remarks of the paying officer at the time of payment
Unpaid wages of previous muster rolls brought forward No.				(X)			
Total Amount Paid No.					(Y)		
Balance unpaid wages of previous muster rolls carried over to (B) No.				(X-Y)			

B. Unpaid Wages in this Muster Roll:

Sl.No. in Part-I	Name of Work person	ID/IMM. Card No.	Amount Due (Nu)	Remarks/Reasons
Amount Unpaid Wages brought forward from (A) Nu.			(X-Y)	
Total Unpaid Wages of this muster roll Nu.			(Z)	
Total Unpaid Wages Carried forward Nu.			(X-Y)+(Z)	

Part-III-Measurement of work done during this muster roll period where the work is susceptible to measurement*

Description of work(Each distinct item of work, grouped by sanctioned sub-heads where necessary)(Separate abstract may be attached if the number of items are large)	Quantity up to this M.R.	Deduct quantity up to the last muster roll	Quantity of work during this M.R.**

Measurement taken on… Measurement Book No…… Page……..

(Date, Name and Signature of Site Engineer) (Date, Name and Signature of Supporting Engineer)

Designation Designation

* If the work is not susceptible of measurement, a remark to this effect should be recorded.

** If desired, rates may be shown in red ink below the quantities in this column.

Form No.RUBFRR-44

MEASUREMENT BOOK REGISTER

Name of the Office……

Issue				Return of M.B.			
M.R. No.	Issued to	Date of issue	Recipient's Signature	Date	Signature	Recipient's Signature	

Form No.RUBFRR-45

BILLS OUTWARD REGISTER

Details of Claim					Settlement Details				Outstanding	
Date	Bill No.	Particulars of Bill	Issued to	Bill Amount Nu.	Date of Receipt	Cheque/Draft		Amount Nu.	Balance Nu.	Settlement Ref.
						No.	Date			

PREPARED BY: VERIFIED BY:

Form No.RUBFRR-46

SITE ORDER BOOK

Name of work:

Date of commencement:

Name of contractor/Site in Charge:

Sl.No.	Date	Remarks of Inspecting Officer	Signature of Inspecting Officer	Signature of Contractor/Site Engineer	Action taken		Remarks
					Details	Dated Signature	

PREPARED BY: APPROVED BY:

Form No.RUBFRR-47

HINDRANCE REGISTER

Name of work……. Date of Commencement…….

Name of Office……..

Name of Contractor…… Due Date of Completion…….

Sl.No.	Nature of hindrance	Date of Occurrence	Date on which hindrance is over	Overlapping hindrance period (Days)	Net hindrance (Days)	Signature of Site/Supervising Engineer	Signature of Contractor	Intimation to Head of Office		Remarks
								Ref.No.	Date	

PREPARED BY:

Form No.RUBFRR-48

CONTRACTORS' LEDGER

Name of Contractor……

Name of work/Ref. of Supply Order	Contractor's Bill No. & Date	Payment Ref.		Gross Amount Admitted (Nu.)	Classification/Deduction (+) for payments, (-) for deductions				Net Amount (Nu.)	Remarks
		Vr. No.	Date		Mobilization Adv. (Nu.)	Secured Adv. (Nu.)	Security Deposit (Nu.)	Others (Nu.)		

PREPARED BY: VERIFIED BY: CONFIRMED BY:

Form No.RUBFRR-49

Material at Site Account Register

Stock Ledger

Name of Article:

Item Code:

Unit:

Date	Name of Party	GRN/GIN	Receipts		Weighted Avg. Rate (Nu.)	Issues		Balance		Dish.Vr./Journal.Vr		Attestation
			Qty.	Total Value (Nu.)		Qty.	Value (Nu.)	Qty.	Value (Nu.)	No.	Date	

PREPARED BY: VERIFIED BY: CONFIRMED BY:

Form No.RUBFRR-50

WORK COMPLETION REPORT

Name of Office:	
Name of Work and Activity Code:	
AA & FS No.,Date& amount	
Total amount of RS/Detailed Estimates:	
Actual Expenditure:	
Amount of variation and percentage:	
Brief reasons for variation:	
Date of Commencement	
Date of Completion	

PREPARED BY: VERIFIED BY: APPROVED BY:

Form No.RUBFRR-51

CHEQUE BOOK REGISTER

Date	Book No.	Cheque form Nos.		Total No. of Forms	Used from Date	Initials DDO	Remarks
		From	To				

PREPARED BY: VERIFIED BY

Form No.RUBFRR-52

CHEQUES ISSUED REGISTER

Date of Issue	Cheque No.	Amount Nu.	Initials DDO	Date of Encashment	Remarks(Canceled etc.)

PREPARED BY: VERIFIED BY:

Form No.RUBFRR-53

INDEMNITY BOND FOR ISSUE OF A FRESH CHEQUE IN LIEU OF A LOST CHEQUE .

This deed of Indemnity made on the ……Day of … in the year ……between … , son/daughter of … resident of ……carrying on business under the name and style of …… (Hereinafter called "the indemnifier") of the one part and the …….. of …… (Hereinafter called "the Royal University of Bhutan") of the other part.

Whereas on the ……day of … in the year ……cheque No ……dated …… on ……branch of ……(Bank Name) for Nu. ……was drawn by the …… in favour of the indemnifier.

And whereas the indemnifier has represented to the RUB that the said cheque has been lost by him/ during transmission by post to him.

And whereas at the request of the indemnifier, the RUB has agreed to issue a second cheque for an amount equivalent to the amount of the previous cheque No …… dated …… upon the indemnifier giving such indemnity as noted below:

In consideration of the above premises and the RUB agreeing to issue a second cheque, the indemnifier here by agrees and undertakes to refund to the UB on demand the said sum of Nu …… in the event the previous cheque No. …… dated ……. is presented to and paid by the bankers.

The indemnifier also agrees to indemnifier the RUB against all expenses which may be incurred by the RUB in connection therewith.

In witness whereof the parties hereto have set and subscribed their respective hands hereunto on the day and year first mentioned.

Signature of the Indemnifier	Signature for the RUB
Witness (1)	Witness (1)
(Name, Address)	(Name & Address)
Witness (2)	Witness (2)
(Name & Address)	(Name & Address)

Form No.RUBFRR-54

Date	Quantity Received		Quantity Issued				Stock		
	No of Books	Form Serial Nos.	No of Books		Form Serial Nos.		No of Books	Form Serial Nos.	
		From	To		From	To		From	To

RECEIPT BOOK REGISTER

RECEIVED BY: ISSUED BY

Form No.RUBFRR-55

STATEMENT OF GRATUITY PAYABLE AS ON ……

Name of Employees	Position & Grade As on	Pay on Which Gratuity Payable Nu..	Date of Joining Service	No. of years of Service Rendered as on…….	Total Gratuity Amount Nu.	Remarks

VERIFIED BY: PREPARED BY: APPROVED BY:

Finance section HR/Administration Division Head of the Institution

Form No.RUBFRR-56

P.O.L REGISTER

Procurement of POL				Quantity			POL issued to (Consumption)			Stock Balance		
Date	Bill No And Date	Vehicle No.	Stores	Petrol Litre	Diesel Litre	Lubricant Litre	Petrol Litre	Diesel Litre	Lubricant Litre	Petrol Litre	Diesel Litre	Lubricant Litre

Note : 1) POL purchased directly by company vehicles shall be checked with POL book with vehicles.

2) Vehicle's log book shall also be checked for consumption of fuel.

3) Consumption shall tally with log book material issue slip.

4) Stock balance shall indicate stock with store.

Form No.RUBFRR-57

STORES PRICED LEDGER

Name of Item_____
Size/ Nomenclature_____
Stock Item Code_____

Method of Pricing_____
Bin Identification No._____
Unit of Material_____
Unit Code No._____

Serial No.	Purchase Order No.	Supplier Challan No. & Date	RECIPES				I S S U E S				B A L A N C E		
			GRN No. & Date	Quantity	Rate Nu	Value Nu	GIN No. & Date	Quantity	Rate Nu	Value Nu	Quantity	Rate Nu	Value Nu
											Opening Balance		

_____
ENTERED BY

_____
VERIFIED BY

CHECKED &

Form No.RUBFRR-58

EMPLOYEE COST BUDGET

Year……

Particulars	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
1.Salary & Wages													
2.TA/DA/LTC													
3.Bonus													
4. Employers contribution to PF													
5.Medical Expenses													
6.Uniform/Liveries													
7.Staff Welfare Expenses													
8.Gratuity													
Total													

Prepared by

HR Division/Finance Section

Form No.RUBFRR-59

RESEARCH AND DEVELOPMENT COST BUDGET

Year……

Sl.No.	Activities to be taken	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Grand Total
	Grand Total													

Prepared by

DRIL and Finance Section

Form No.RUBFRR-60

REPORT ON ORDER PLACED – SUPPLIES NOT RECEIVED FOR THE QUARTER ENDED ……..

Sl. No.	Supplier's name and address	Particulars of Item	Rate	Quantity	Value (Nu)	Expected date of delivery as per P.O	Reasons for supply not received	Action initiated by Procurement section

PREPARED BY:

Form No.RUBFRR-61

YEARLY REPORT ON PPE TO BE WRITTEN OFF						
Sl.No.	Particulars of Assets	Date of Purchase	Original Value (Nu.)	Present Book Value (Nu.)	Present condition of Assets	Remarks
1	Motor Vehicles					
2	Computer and					
	Accessories					
3	Furniture/Fixtures					
4	Machineries and					
	Equipments					
5	Electrical					
	Equipments					
6	Others					

PREPARED BY: VERIFIED BY: CONFIRMED BY:

Form No.RUBFRR-62

YEARLY REPORT ON OBSOLETE AND IDLE ITEMS							
Sl. No.	Particulars of Item	Date of Purchase	Original Value (Nu.)	Present Book Value (Nu.)	Present Condition	Reason For Obsolescence/idle	Remarks
1							

PREPARED BY: VERIFIED BY: CONFIRMED BY:

Form No.RUBFRR-63

DISPOSED/ SOLD ASSET REGISTER

Vch.No	Date	Location	Block	Asset	Asset code	Quantity	Rate	Dispose Amt.	Dispose Acc. Name

PREPARED BY: VERIFIED BY: CONFIRMED BY:

Form No.RUBFRR-64

Indent Form – Capital Item

To The Head of the Institution

Serial No:…… Date…… Approved Capital Budget Ref…….. Item Serial No in Budget…….

Amount sanctioned in Budget (Nu)…… Division for whom Indented……

Please arrange to procure the following item/s:-

Sl. No	Description	Specification	Unit	Unit Code	Quantity	Value (Nu.)	Purpose

_____ _____

Division Head Approved By. Authority

Form No.RUBFRR-65

COMPARATIVE STATEMENT FOR WORKS SERVICES.

Sl. No	Name of the Contractor with address	Code no	Contract's License No.	Validity of license	Class of Contractor	EMD Receipt Ref.	Amount of EMD	Quoted value(Nu)	Ranking	% Diff.	Remarks

Name of the Work…… Estimated Cost……..

Recommendation of Tender Committee

Signature of Committee Members

Approved by Head of the institution

Note : Works services include contracts awarded for Civil, Mechanical and Electrical works

Form No.RUBFRR-66

VEHICLE RUNNING COST/EFFICIENCY REPORT FOR THE YEAR ENDED…….

Sl.No.	Vehicle Name & Reg. no.	Estimated				Actual						Variation		Remarks
		Cost (Nu.)	K.M. Run	Fuel Consumed per K.M.	Cost per K.M.	Total Fuel Consumed	Cost (Nu.)	K.M. Run	Fuel Consumed per K.M.	Cost per K.M.				

Note: Additional Format for Repairs & Maintenance of Vehicle to be used

PREPARED BY: CONFIRMED BY:

Form No.RUBFRR-67

BUDGET PROPOSAL FORM

Sl.No	Agency	Current Grant				Capital Budget (Based on 5 Year Plan)	Total Budget
		No. of student	Tuition Fees	Stipend	Total Amount		-
							-
							-
	Grand-Total						-

Note:

1. Cost per student will not be calculated every year.
2. Inflation rate shall be considered for Budget preparation.
3. Cost of the current year will become the base cost for next fiscal year.
4. Current Budgetary Fund shall be received as a lump sum Revenue Grant based on the above calculation and
5. Capital Budgetary fund shall be received as per the budget discussion.

Form No.RUBFRR-68

BUDGET REVISION SANCTION ORDER

Transfer from Amount in million.

Name of Activity/Department	Budget Head	Approved Budget	Amount Proposed for Transfer
Total			

Transfer to Amount in million.

Name of Activity/Department	Budget Head	Approved Budget	Amount Proposed for Transfer
Total			

Justification for budget transfer

(Name)

Designation Head of Agency

Form NoRUBFRR-69

Revenue Earnings and Expenditure

(Amount in Million)

	Revenue		Quarterly			
Sl. No.	Particulars	Grand-Total	Q1	Q2	Q3	Q4
1	Opening balance					
2	RGOB Grant (Current Grant)					
3	Fees from Self-funding					
4	Income from other sources – (RUB FRR-77)					
	Total(A)					
	Expenditure –(RUBFRR-76)					
1	Expenditure					
	Total(B)					
	Surplus(A-B)					

Prepared by

Finance Division

Approved by

Head of Agency

Form No.RUBFRR-70

CURRENT EXPENDITURE BUDGET

Sl. No	Programme	Activity	Chart of accounts	Amount	Quarterly Implementation Plan				Justification/brief write up for the Activity
					Q1	Q2	Q3	Q4	
1	General Administration and Directions Services								
	1.1.	Pay and Allowance							
	1.2	Operational Expenses							
2	Teaching and Learning Support								
	2.1.	Professional Development							
	2.2.	Library Facilities							
	2.3.	ICT Facilities							
	2.4.	Teaching Practice/Mentor Workshop							
3	Student Facilities and Services								
	3.1	Stipend					-		
	3.2.	Games And Sports							
	3.3.	College Calendar Activity							
	3.4.	Operational Expenses							
	3.5.	Disaster Prevention and Emergency Services							
	3.6.	BUSF							
4	Human Resource Development								
	4.1.	Training,Seminars and workshops							
5	Strengthening Research & Development								
	5.1.	Research and Development							
6	New Program Development								
	6.1.	Program Development							
7	Infrastructural Development								
	7.1	Direction Services(Capital)							

Grand Total									

Prepared by

Finance Division

Approved by

Head of Agency

Form No.RUBFRR-71

Format for Income from Other Sources

SL.No	Particulars		Amount	Remarks
1	House rent	Students		
		Staffs		-
		Guest House		
2	Income from Outsourcing	Stationary Rent		
		Grocery shop		
		Photocopy Shop		
		Canteen Rent		
		Others(BoBL, RICBL,etc)		
3	Income from hiring out of Facilities	Football Ground		
		Sports field		
		Computer lab		
		Conference hall		
		Video Equipment's		
		Auditorium		
		Vehicles		

4	Income from Consultancy Services			
5	Income from Research			
6	Miscellaneous Income	SIT		-
		IDF		
		Caution Money		
		Fines and Penalties		
		Sale of tender documents		
		Fees from backlogs papers		
7	Income from farm activity	Milk & Egg		
8	Income from Fixed Deposit	Interest received/ Receivable		
9	Other Income	Income which do not feature in any of the heads		
	Total		-	

Prepared by

Finance Division

Approved by

Head of Agency

Form No.RUBFRR-72

PROJECT EXPENDITURE BUDGET

PARTICULARS	Implementation Plan				Grand Total
	Q1 (July-September)	Q2(October-December)	Q3 (January-March)	Q4 (April-June)	
Name of the Project:					
Details					
Grand Total					

Prepared by

_____

Relevant Official

Form No.RUBFRR-73

REPORT ON BUDGETED/ACTUAL PERFORMANCE FOR THE QUARTER/PERIOD…….

Sl.No.	Particulars	Budget for the year Nu.	Budget		Actual		Variance		Remarks/Explanations
			Quarter Nu.	Cumulative Nu.	Quarter Nu.	Cumulative Nu.	Quarter Nu.	Cumulative Nu.	
1.	Earnings from Tuition Fees								
2.	Variable Operating Cost								
3.	Contribution (1-2)								
4.	Other Income								
5.	Total Income(3+4)								
6.	Employee Cost								
7.	Current Fixed Expenditure								
8.	R & D Cost								
9.	Total Fixed Cost(6+7+8)								
10.	Operating Cash Profit(5-9)								
11.	Interest & Finance Charges								
12.	Depreciation								
13.	Operating Net Profit(10-11-12)								

Prepared by

Finance Division

Form No.RUBFRR-74

CAPITAL BUDGET PROPOSAL FOR THE YEAR……

Sl.No.	Particulars	Code No.	Total Amount Proposed for……..	Quarter					Justification for the Proposal	Remarks
				1st	2nd	3rd	4th	Total		
				Nu.	Nu.	Nu.	Nu.	Nu.		

Note: Consolidation of Capital Budget Proposal is to be done on the basis of supporting details provided by the various Divisions

Form No.RUBFRR-75

REPORT ON EXPENSES FOR THE QUARTER ENDED……

Sl.No.	Particulars of Expenses	Plan		Actual		Variance		Variation (+) Favorable (-) Unfavorable	Remarks
		Quarter Nu.	Cumulative Nu.	Quarter Nu.	Cumulative Nu.	Quarter Nu.	Cumulative Nu.		
1	General Administration and Directions Services								
2	Teaching and Learning Support								
3	Student Facilities and Services								
4	Human Resource Development								
5	Strengthening Research & Development								
6	New Program Development								
7	Infrastructural Development								

Prepared by

Finance Division

Approved by

Head of Agency

Form No.RUBFRR-76

ANNUAL OPERATING BUDGET PROPOSAL FOR …….

Sl.No.	Account Code & Description	Actual Expenditure for the year	Actual Expenditure up to March…	Estimate for next three months	Total for the year…….	Budget Proposal for the next year		Remarks (with details note)
						Physical Target	Financial Outlay	
A	Income							
B	Expenditure							
C	Surplus/Deficit							

Note: Actual details are to be furnished for two consecutive years along with budget estimates for the budget year.

Form No.RUBFRR-77

QUARTERLY CAPITAL EXPENDITURE PROGRESS REPORT FOR THE YEAR……..

Sl.No.	Particulars	Code No.	Total Amount Sanctioned for……..	Commitment in the Quarter	Actual Expenditure in the Quarter	Cost Over Run(E-F)	Remarks
(A)	(B)	©	(D)	(E)	(F)	(G)	

Note: Consolidation of capital expenditure Progress Report is done on the basis of supporting details provided by the various Divisions

Form No.RUBFRR-78

BUDGETED PROFITABILITY

YEAR……..

A	C	D	E	F	G=B+C+D+E+F	H	I	J
Agency	Revenue					Expenditure Forecast	Common cost deduction (OVC,BUSF)	Reserve/Deficit
	RGoB Grant	Fees from Masters	Fees from Self-funding students	Other Incomes	Total Revenue Forecasted			
Grand-Total								

PREPARED BY:

APPENDIX VII: EXTERNAL REPORTING FORMS

EFR-SCOI-01
Statement of Comprehensive Income for the year ended 30 June …

AMOUNT (in Nu)

	NOTE	Current Year	Previous Year
INCOME			
Revenue			
Other income			
Total income			
EXPENSES			
Employee benefits			
Depreciation and amortisation			
General and administrative expenses			
Finance cost			
Other expenses			
Total Expenses			
Net Income for the year			
OTHER COMPREHENSIVE INCOME			
Actuarial gains (losses) on defined benefit plans (gratuity)			
Gains on property revaluation (land)			
Total other comprehensive income for the year			
Total comprehensive income for the year			

Schedule: Revenue

Tuition fees-RGOB funding	
Tuition-self finance	
Tuition-international students	
Tuition-part time programmes	
Income from grants	
Government grants	
Research grants	
Other grants	
Rental income	
Rental income -hostels	
Rental income-staff quarters	
Rental income-guest house	
Rental income-other properties	
Income from consultancy fees	
Income from college development fund	
Income from affiliation fees	
Income from alumni fees	
Income from donations	
Total revenue	

Schedule: Other Income

Interest and dividend income	
Interest income from fixed deposits	
Interest income from debt securities	
Dividend income from equity shares	
Other interest income	
Gains from disposal of assets	
Income from farm products	
Fines and penalties	
Gains from exchange differences	
Gains from fair value changes	
Total other income	
Total Income	

EFR-SOFP-02

Statement of Financial Position as at 30 June …

	NOTE	AMOUNT (in Million) Current Year	Previous Year
ASSETS			
Non-current assets			
Property, plant and equipment			
Investment property			
Heritage assets			
Intangible assets			
Biological assets			
Financial assets			
Total non-current assets			
Current assets			
Inventories			
Financial assets			
Trade and other receivables			
Prepaid expenses			
Cash and cash equivalents			
Total current assets			
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Retained earnings			
Other components of equity			
Total equity			
Non-current liabilities			
Deferred government grants income			
Employee benefit obligations			
Financial liabilities			
Total non-current liabilities			

Current liabilities			
Trade and other payables			
Financial liabilities			
Other current liabilities			
Total current liabilities			
Total liabilities			
TOTAL EQUITY AND LIABILITIES			

Schedule: Property, plant and equipment

	COST/VALUATION				DEPRECIATION				WDV	
Description of Assets	As at 1 July…	Additions	Disposals	As at 30 June…	As at 1 July…	For the year	On disposals	As at 30 June…	As at 30 June …	As at 30 June …
Buildings Plant and Machinery Air Conditioner Furniture and Fittings Office Equipment Lab Equipment Motor Vehicles Tools Computer equipment										

Schedule: Investment property

	COST/VALUATION				DEPRECIATION				WDV	
		Additions	Disposals							

	As at 1 July…			As at 30 June…	As at 1 July…	For the year	On disposals	As at 30 June…	As at 30 June …	As at 30 June …

Schedule: Heritage Assets

	COST/VALUATION				DEPRECIATION				WDV	
	As at 1 July…	Additions	Disposals	As at 30 June…	As at 1 July…	For the year	On disposals	As at 30 June…	As at 30 June …	As at 30 June …

Schedule: Intangible Assets

	COST/VALUATION	AMORTISATION	WDV

	As at 1 July…	Additions	Disposals	As at 30 June…	As at 1 July…	For the year	On disposals	As at 30 June…	As at 30 June …	As at 30 June …

Note 12: Biological Assets

	COST/VALUATION				DEPRECIATION				WDV	
	As at 1 July…	Additions	Disposals	As at 30 June…	As at 1 July…	For the year	On disposals	As at 30 June…	As at 30 June …	As at 30 June …

NOTE:
Fair value changes in the carrying amount of biological assets should be adjusted above.

Schedule: Financial Assets

Year	Cost/ Valuation	Interest income	Cash received	Carrying Amount

NOTE: Financial assets receivable in the next accounting year shall be presented as current asset.

Schedule: NRV Test

Inventory Item (by code/name)	Inventory Unit Cost	Ref.	Selling Price (NRV)				Lower of Cost / NRV
			Price with tax (A)	Selling cost (B)		Net price C=A-B	

NOTE: Selling cost can include tax components GST) and any other transaction costs.

EFR-SOCF-03

Statement of Cash Flows for the year ended 30 June ….

	AMOUNT (in Million)
Cash flows from operating activities	
Government grants received	
Tuition fees received	
Dividends received	
Interest received	
Less: Payments made to employees	
Less: Payments made to suppliers	
Less: Interest and finance cost paid	
GST/Tax recovered/(paid)	
Net cash from/(used) in operating activities	
Cash flows from investing activities	
Cash flows from sale of PPE	
Cash flows from sale of financial assets	
Payments for acquisition of PPE	
Payments for acquisition of other non-current assets	
Net cash from/(used) in investing activities	
Cash flows from financing activities	
Cash flows from borrowing	
Repayment of borrowings	
Repayment of lease liabilities	
Net cash flows from/(used) in financing activities	
Net increase/(decrease) of cash and cash equivalents	

Cash and cash equivalents at the beginning of the year	
Effects of exchange rate changes on cash and cash equivalents	
Cash and cash equivalents at the end of the year	

EFR-SOCE-04

Statement of Changes in Equity for the year ended 30 June …

AMOUNT (in Million)

	Equity	Retained earnings	Revaluation of assets	Reserves	Total equity
Balance at 1 July …					
Changes in accounting policy					
TCI for the year					
Transfer to reserves					
Any Transfers					
Balance at 30 June …					
Changes in accounting policy					
TCI for the year					
Transfer to reserves					
Any transfers					
Balance at 30 June …					

OTHER DISCLOSURES

The following shall be disclosed as part of the financial statements:

(1) The changes in accounting policy, estimates and correction of prior period errors (if any) shall be disclosed as per chapter [ ].

(2) A significant accounting policies as regard to measurement and the basis of recognition of the following items of assets, liabilities, income and expenses shall be disclosed along with the financial statements:

a. Property, plant and equipment

b. Inventories

c. Financial assets

d. Intangible assets

e. Investment property

f. Biological assets

g. Financial liabilities

h. Deferred grant incomes

i. Trade and other payables

j. Income from tuition fees

k. Research and consultancy fees

l. Grant incomes

m. Foreign exchange difference (if any)

n. Major expenses

o. Related parties and related party transactions

p. Contingent liabilities