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## ASSESSMENT AND STRENGTHENING PROGRAM – RSPN

# Draft Financial Management Manual – Council

Version - 01



**PUNJAB  
VOCATIONAL TRAINING COUNCIL**  
*Success through skills*

**Punjab Vocational Training Council  
(PVTC)**

## Acronyms

A/C	Account
AAO	Admin & Accounts Officer
AM	Area Manager
AM F&A	Assistant Manager Finance and Accounts
ASP	Assessment & Strengthening Programme
BOP	Bank of Punjab
CAPEX	Capital Expenses
CBP	Capacity Building Plan
DBOM	District Board of Management
EBM	Executive Board Member
FBS	Fixed Budget Selection
Gov	Government of Punjab
MD	Managing Director
OPEX	Operational Expenditure
PAA	Pre-Award Assessment
PC	Purchase Committee
PM	Procurement Manager
PO	Purchase Order
PVTC	Punjab Vocational Training Council
RM	Regional Manager
RSPN	Rural Support Programme Network
SK	Store Keeper
SOP	Standard Operating Procedure
TOR	Terms of Reference
USAID	United States Agency for International Development
VTI	Vocational Training Institute



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Note: This Manual shall be reviewed on an annual basis by a committee of relevant stakeholders established by the MD and ratified by the Council.

## Table of Contents

<b>Acronyms</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>7</b>
<b>PVTC Governance Structure</b> .....	<b>9</b>
Finance Committee .....	9
<b>F&amp;A Department (PVTC) Organogram</b> .....	<b>11</b>
<b>Internal Control System</b> .....	<b>12</b>
Introduction .....	12
Internal Control Environment .....	12
Internal Control Activities .....	13
System Controls .....	16
<b>Accounting Principles &amp; Policies</b> .....	<b>19</b>
Revenue Recognition.....	19
Property, Plant & Equipment.....	19
Investments .....	20
Employee Benefits.....	21
<b>1. Budgeting for VTIs</b> .....	<b>22</b>
1A. Introduction.....	22
1B. Process Map .....	22
1C. Process Description .....	23
1D. Budget Timelines.....	24
1E. Responsibility Matrix.....	25
<b>2. Budgeting for PVTC</b> .....	<b>26</b>
2A. Process Steps .....	26
2B. Additional Budget .....	26
<b>3. Procure to Pay</b> .....	<b>28</b>
3A. Process Map .....	28
3B. Process Description.....	28
3C. Responsibility Matrix.....	31
3D. Risk Control Matrix .....	32
3E. Advances to Suppliers .....	34
<b>4. Fixed Assets</b> .....	<b>35</b>
4A. Process Map- Acquisition .....	35

4B. Process Description .....	35
4C. Disposal of Fixed Assets .....	37
4D. Depreciation of Fixed Assets .....	37
<b>5. Payroll .....</b>	<b>39</b>
5A. Introduction.....	39
5B. Process Description.....	39
5D. Advances to Employees .....	39
5E. Responsibility Matrix.....	40
<b>6. Record to Report .....</b>	<b>42</b>
6A. Introduction.....	42
1. Month end and Year end closing .....	42
2. General Ledger Hierarchy .....	42
6B. Accruals.....	42
6C. Reconciliation Statements .....	43
6D. Due diligence review .....	44
6E. Compensated Absences.....	44
6F. Amortization of Prepaid Insurance .....	44
6G. General Ledger Hierarchy .....	45
Posting of Accounting Entries.....	45
Levels of GL Account Codes .....	45
6H. Document Retention.....	46
<b>7. Banking .....</b>	<b>47</b>
New Bank Account Opening .....	47
Authorized signatories list .....	47
Petty Cash .....	47
<b>8. Tax .....</b>	<b>48</b>
8A. Tax Deductions.....	48
8B. WHT Monthly Returns .....	48
8C. Annual Tax Return .....	48
<b>9. Invest to Earn .....</b>	<b>48</b>
Funds placement .....	49
Recording of Income.....	49
<b>Annexures.....</b>	<b>50</b>



Annexure A- Additional Budget Request .....	51
Annexure B- Bank Reconciliation Statement.....	52
Annexure C - Goods Received Note (GRN) .....	53
Annexure D- Invoice Processing Checklist.....	54
Annexure E- Purchase Requisition .....	55
Annexure F- Budget.....	56
F1- Office Equipment.....	56
F2- Computer.....	57
F3- Vehicles .....	57
F4- Furniture & Fixture .....	58
F5- Commodities & Services Cost.....	58
F6- Expenses Specific for VTIs .....	60
Annexure G- Authority Matrix PVTC .....	61
Annexure H- Authority Matrix VTI.....	62

## Introduction

### **Punjab Vocation Training Council – PVTC**

Punjab Vocational Training Council (PVTC) is an autonomous corporate body established by the Punjab Government through the PVTC Act of 1998. Its mission is to alleviate poverty through Muslim charity (Zakat) and private sector participation by imparting demand driven skill training and enhancing employability for disadvantaged youth.

Establishment of PVTC came through the realization that the less privileged sections of the society eligible for Zakat should be so empowered economically that they are able to sustain themselves and their families and engage in dignified economic activity. One of the better ways to use Zakat was to provide technical and vocational skills to the youth including girls and boys with certain minimum academic qualifications. This idea of economic empowerment would generate a multiplier effect in terms of economic activity and provide dignified monthly income to them and their families so that they come out of the eligibility of Zakat bracket.

Imparting of skill training in market relevant trades would obviously bring much higher rate of return than general education. With the establishment of PVTC, training the young girls and boys into professionally equipped and trained craftsmen has brought quantifiable dividends in the lives of these people.

### **ASP – RSPN Support to PVTC**

The Assessment and Strengthening Program – Rural Support Programmes Network (ASP-RSPN) is a five-year program funded by the United States Agency for International Development (USAID). The objective of the ASP is to “Enable local organizations to be more transparent, accountable and effective.” ASP supports the Pakistani Public Sector and Civil Society institutions build their institutional capacity in the areas of financial management, human resource management, monitoring & evaluation, procurement management, internal controls mechanism. The approach adopted by ASP is to identify, address and validate the institutional capacity weaknesses of local organizations.

On the request of PVTC management to USAID for help in capacity building, ASP-RSPN conducted Pre-award Assessment (PAA) through E&Y Chartered Accountant, based on gaps identified in PAA report ASP-RSPN developed Capacity Building Plan with the consultation of PVTC management. Under component – I of the CBP ASP-RSPN has developed / upgraded HR, Financial Management, Procurement Management, Internal Audit and Monitoring & Evaluation manuals whereas under Component – II a part from providing short term training on the above discipline ASP-RSPN will also under take 3-4 months on-the-job handholding training to PVTC Internal Audit and M&E staff.

## **Financial Management**

This Financial Management Manual is intended to provide standard policies and procedures for Punjab Vocational Training Council. The objective is to ensure alignment of financial activities with the overall mission of the Council. Responsibilities for staff personnel have been defined in each process to ensure smooth and efficient flow of various processes within the domain of finance. This also entails implementation of controls to mitigate any such risks that might directly or indirectly affect the financial activities of the Council.

The Accounting Policies and procedures contained herein are deemed to enable the following:

- a) Extraction of standardized cumulative statements at any point in time
- b) Timely and accurate financial reporting
- c) Reliability of financial data
- d) Ensuring accounting of Income, Expenditure, Assets and Liabilities as per the relevant accounting standards
- e) Facilitate timely preparation of financial statements

Whenever required, changes to Policies and Procedures can only be made by the Council as per “The Punjab Vocational Training Council Act 1998”

## PVTC Governance Structure

Effective organization structure, policies, defined roles and responsibilities and a mechanism to ensure that the organizational objectives will be met are characteristics of a strong governance structure in any organization.

PVTC serves as a governing and policy- making entity for VTIs across Punjab: the policies are developed and their implementation is ensured by PVTC, however, VTIs are separate accounting units and are independent with regards to operational decision making, management and accounting.

As per the clause 3 “Constitution of the Council” of the Punjab Vocational Training Council Act 1998 the Council shall consist of not less than 7 and not more than 15 members.

Three of the members of the Council shall be the secretaries, *ex-officio* of the departments of Finance, Zakat & Ushr and Education of the Government and the others shall be from amongst eminent persons in the private sector in the fields of agriculture, agro based industry, industry or a profession; provided that the number of members from the fields of agriculture and agro based industry shall not be less than 25% of the total number of members of the Council.

The Government shall appoint one of the members as Chairman of the Council. The term of office of the Chairman shall be five years and that of members shall be 3 years. *(Sub Clause 4 & 6 of clause 3)*

The Chairman shall be the Chief Executive of the Council and shall be responsible for the day to day administration and affairs of the Council. The Council may establish such boards, as may be necessary, for the efficient performance of its functions and assign to such Boards such functions as it may deem necessary. *(Clause 6)*

The Council may employ such officers, advisors, consultants and employees in its service as may be necessary for the efficient performance of its functions in such manner and on such terms and conditions as may be prescribed by the Council. *(Clause 10)*

The Finance Department at the Council has the following structure:

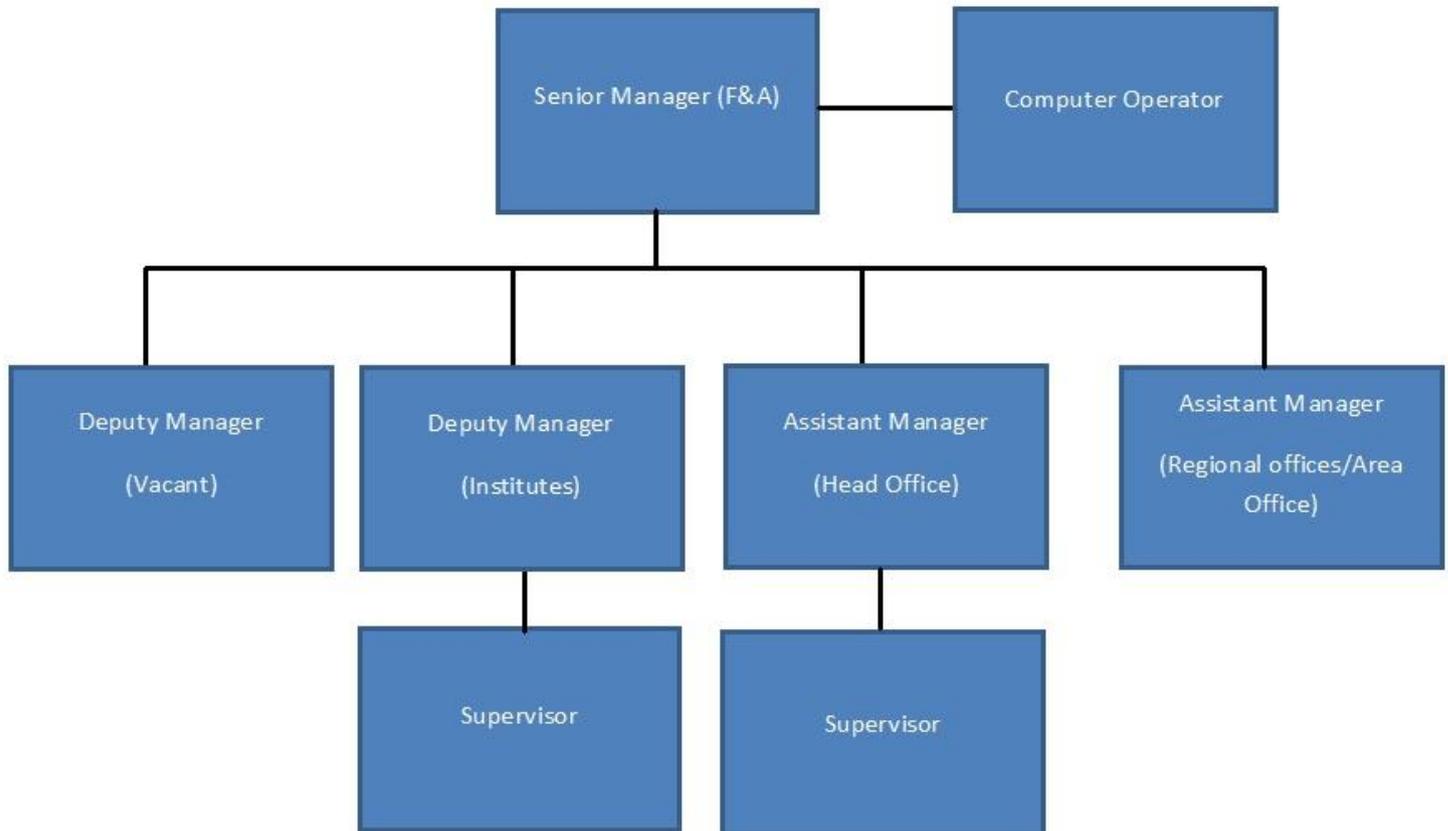
### Finance Committee

From within the members of the Council a Finance Committee shall be established. The role of the finance committee will be;

- To review and recommend approval of the financial policies and procedures to the Council
- To review the accounts on quarterly basis
- To review the financial performance of the council on quarterly basis including but not limited to comparison of actual with budgeted amounts, inter VTIs' performance analysis and cash flow position.
- To review the annual budget for PVTC, Area offices, Regional offices and VTIs'.
- To review the Auditors' management letter and audited accounts.

The Finance Committee shall comprise of at least 3 members of the Council with Senior Manager Finance as its Secretary. The committee shall meet within 15 days of close of each quarter. At the close of each meeting minutes of the meeting shall be circulated.

## F&A Department (PVTC) Organogram



## Internal Control System

### Introduction

Main objective of the internal control system is to safeguard assets of the organization, ensure reliability of the accounts and achieve operational efficiency and effectiveness of the organization.

PVTC shall maintain an internal control environment, perform control activities and monitor results to establish Internal Control System.

### Internal Control Environment

PVTC shall to build up a control environment with the following fundamentals:

**Communication and Enforcement of Integrity and Ethical Values:** Integrity and ethical behavioral standard shall be reinforced by clear management actions. The actions shall be directed to remove and reduce incentives and temptation that may prompt individual in unethical and unlawful act.

**Commitment to Competence:** Management shall provide adequate consideration of competence levels for particular jobs and ascertain how those levels translate into requisite skill and knowledge.

**Participation by Executive Committee:** Following attributes of the members of executive committee shall be ensured:

- Experience and stature
- Involvement and scrutiny of activities
- Access to Information
- Interaction with External Auditors

**Management Philosophy and Operating Style:** Management philosophy and operating style shall encompass characteristics such as taking and monitoring organizational risks, management attitudes and actions toward financial reporting.

**Organization structure:** Organization structure of PVTC shall be relevant to its key objective. The organization structure shall suits its needs, size and nature of its activities. Duplication of responsibilities and tasks shall not exist in the overall organizational structure.

Staffing shall be appropriate, particularly with regard to knowledge and experience. Roles and responsibilities shall be clearly defined, documented and communicated.

**Assignment of Authority and Responsibility:** Management shall ensure that PVTC objective, individual contribution to these objectives and accountability shall be communicated to employees at each level.

**Human Resource Policies and Practices:** PVTC shall reinforce its commitment to competence through establishment of compliance with standards of recruiting.

Internal controls shall be affected by an entity's Council, Management and other personnel, designed to provide reasonable assurance regarding achievement of the objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of Financial reporting and information
- Compliance with applicable laws and regulations
- Data accessibility to authorized personnel

The control environment encompasses management's attitude towards development of accounting estimates and its financial reporting which shall be in context with the accounting system and internal controls operations.

## Internal Control Activities

PVTC shall maintain an effective system for internal control in order to monitor compliance with established policies and procedures which focuses on:

- Adequate segregation of duties
- Proper authorization of transaction and activities
- Adequate documents & records.
- Physical control over assets records
- Independent checks on financial & non-financial activities

### **Designing of Internal Controls:**

The approach for designing internal controls is based on six broad control objectives which affect the reliability of information in the overall accounting cycle.

### **Segregation of Duties:**

In order to keep a meaningful check over the affairs of organization, segregation of duties is a must, whenever practicable. Segregation of duties means distributing the execution of one activity over more than one person in order to ensure that no single individual is given authority to handle a complete transaction cycle.

If it is not practical to segregate any duty due to its operational nature and /or limited staff members, the senior managers shall ensure that all transactions shall be duly authorized and supported with all necessary documents and properly recorded in books of account in a timely manner. Moreover, procedures shall be in place to ensure that employees who shall be responsible for recording or reporting of transactions do not have custody to the assets on which they shall be reporting.

Employees involved in procurement of goods and services shall not be responsible for payments.

Personnel involved in disbursement of payments shall not be responsible for recording, checking or authorizing payments.

Any duty shall not be segregated due to its operational nature or limited staff members. Senior manager shall ensure that all transactions shall be duly authorized, supported with all required documents and recorded properly in the book of accounts.

**Authorization:**

Controls shall be in place to ensure that transactions shall be executed in accordance with management's general or specific authorization.

**Access to Assets:**

Controls shall be in place to ensure that access to assets is permitted only to the authorized personnel.

**Asset Accountability:**

Controls shall be in place to ensure that amounts recorded for assets shall be compared with the existing assets at reasonable intervals, and that appropriate action shall be taken regarding any differences.

**Recording:**

Controls shall be in place to ensure that all transactions shall be recorded and that all recorded transactions shall be real, properly valued, recorded on a timely basis, properly classified and correctly summarized and posted.

**General Controls:**

There shall be numerous other influences on management that have a significant impact on effectiveness of internal control environment.

Effective personnel policies and practices have a positive influence on the organization's ability to employ sufficiently competent personnel to accomplish its goals & Objectives.

An internal control structure shall be self-monitoring and self-correcting. Therefore, this manual shall help PVTC in continuously monitoring and maintaining the internal control structure. The accounts and finance department shall consider the following in order to establish an effective internal control system:

- Management's financial, operating goals and objectives shall be defined and measured.
- The close practices of accounting, followed interim dates which shall be substantially the same as those at year end, thus; results shall be not misstated.
- Actual and planned performance variances shall be investigated in order to take appropriate corrective actions.
- The management shall establish procedures to prevent unauthorized access or destruction of documents (hard & soft) or records.
- Standard procedures shall exist for hiring, training, motivating, evaluating, developing, compensating and terminating employees that shall be applicable to all functional areas.
- Written job descriptions and reference manuals shall exist
- The policies and procedures shall be clear, communicated, updated and revised on a timely basis.
- Employees who have access to cash, securities and other valuable assets shall be bonded
- Cash, securities and other valuable assets shall be adequately maintained in a secured location.
- Periodic job description evaluation and review shall be performed for each employee.
- Procedures shall be in place to continually monitor and maintain the internal control structure.

- Policies and procedures shall be in place to assure that corrective action is taken on a timely basis, when necessary.
- Records shall be maintained in compliance with established and approved record retention policies.
- Organization reports and records shall be labeled properly with reference to confidentiality maintained in a secured location.
- Employees shall be instructed regarding sensitivity and confidentiality of organization's information and records.
- Staff rotation among sensitive positions shall be performed on regular intervals.

## System Controls

### Objective

System controls shall be an integral part of the internal control structure over each business cycle. Adequate controls shall exist in the following system Application/process controls functions.

### System (Process) Authorization and Access.

In case the organization maintains accounting software for its functions, it is to be ensured that effective access controls shall be in place to restrict abuse of control environment.

All access rights shall be well defined to the users of software. To specifically address this issue, written guidelines shall be circulated among the intended users of software specifying clearly the working methodology. Besides these the other areas that need to be considered shall be:

- Data entry shall be restricted only to the authorized individuals
- As a principle rule, all accounting files shall be to be protected with passwords. Each and every individual operating with the accounting records shall be duty bound to protect all of their accounting files through certain password.
- A backup of process and data entry requests and management approvals shall be maintained.
- Process security shall allow users with the minimum set of access privileges necessary to execute job responsibilities.
- Process security shall provide audit trails of unauthorized access and shall be regularly reviewed by the IT in charge.



### **System Data Integrity**

- Manually entered transactions shall be properly authorized prior to processing.
- Data entry shall be subject to editing and validation, including duplication and comprehensive checks.
- Authenticity of every transaction source shall be validated
- Application/Process controls shall ensure all transactions entered shall be processed
- Proper cut-off of transactions shall be observed between accounting periods
- Rejected items shall require re-entry on a timely basis subject to the same input controls as new transactions
- Process systems shall provide backup of considerable transactional activities.

## Accounting Principles & Policies

The following accounting policies shall be consistently applied in dealing with items which are considered material to PVTC's accounts:

### Revenue Recognition

- **Fee income:** Fee income from MOZU scholarship students, self-finance students and others is recognized over the period of instruction.
- **Service charges from VTIs:** Service charges (currently at PKR 200 per trainee per month) is recognized over the period of instruction. This amount shall include service charges for respective month's trainees in all VTIs.
- **Project charges from VTIs:** A percentage charge (currently 10%) per trainee per project at the end of each month is recognized till the duration of the project (s)
- **Lodging and dining charges:** Lodging and dining charges are recognized when the related services are delivered.

### Property, Plant & Equipment

- **Operating fixed assets** except freehold land and capital work in progress are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost.

Items are capitalized when they meet the initial recognition criteria i.e

- It is probable that the future economic benefits associated with the asset will flow to the entity, and
- The cost of the asset can be measured reliably.

Items meeting the above criteria amounting to more than PKR 5,000 are capitalized.

- **Subsequent costs** are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year in which they are incurred.

Expenditures like ad hoc painting of building, electrical and plumbing work, and repair of room doors etc., are day to day servicing costs made to help maintain the future economic benefits that an entity can expect from an asset and hence are not capitalized. Expenditures like construction of new rooms are capitalized as it increases the service capacity of the institute.

- **Depreciation** is charged to income and expenditure account using the straight line method to write off the cost over the expected useful life of assets at rates. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged from the month in which an asset is disposed off
- **De-recognition** of operating fixed assets upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income and expenditure account in the year the asset is de-recognized.

## Investments

Held to maturity investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost. Subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount on acquisition of held to maturity investment is deferred and amortized over the term of investment using effective yield. These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the income and expenditure account.

Return on bank balance and investment is recognized on a time-proportion basis.

## Employee Benefits

**Provident fund:** The Council operates a funded employee's provident fund scheme for its permanent employees. Equal monthly contributions at the rate of ten percent of basic pay are made both by the Council and employees to the fund.

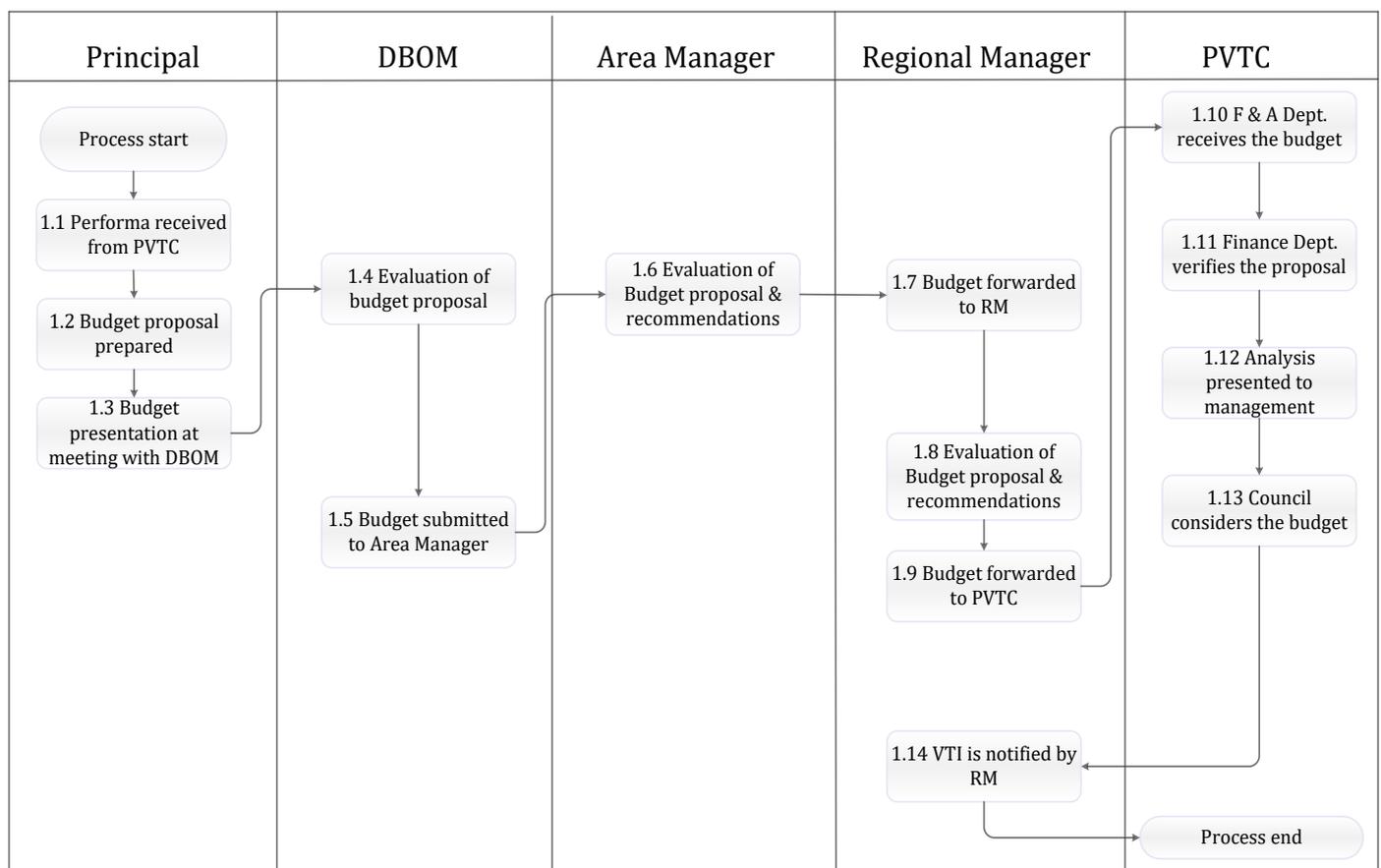
**Compensated absences:** Liability in respect of compensated absences of employees is accounted for in the period in which these absences are earned.

## 1. Budgeting for VTIs

### 1A. Introduction

In the budgeting process of VTIs, the council plays a vital role by giving all the required guidelines, instructions and schedules to VTIs. The institutes are required to make budget proposals on the Performa given by PVTC and on the given deadlines. The process starts when PVTC sends Performa and instructions to VTIs and ends when the council approves the budget and communicates it to the Regional Manager, who is then responsible to notify the respective VTIs in his region. Almost all levels of hierarchy in the VTIs and at PVTC are involved in the budgeting process of VTIs, as illustrated in the following process map.

### 1B. Process Map



## 1C. Process Description

### 1.1 Budget Performa

PVTC shall send the budget Performa to VTIs along with the format and detailed instructions in the month of February, each year. Only the Performa prepared by Finance department of PVTC is to be used by VTIs for preparing budgets.

### 1.2 Budget Proposal

Principal VTI and AAO shall prepare the budget proposal for both Capital and Recurring expenditure and will consult the instructors, if required. The budget proposal will be prepared in alignment with the targets assigned by the Area and Regional Manager.

A brief strategic plan summarizing the last year financial and non-financial performance, analysis of market trends, summary of strengths and challenges and then key strategic initiatives to meet the targets is prepared along with the budget.

### 1.3 Budget Presentation to DBOM

The Principal shall present the annual budget proposal before DBOM in a meeting for consideration and approval.

### 1.4 Evaluation by DBOM

DBOM will evaluate the budget and after incorporating any adjustments will recommend the budget for Council's review and approval.

### 1.5 Budget submitted to Area Manager

Budget is submitted to AM

### 1.6 Evaluation by Area Manager

Area Manager will evaluate the budget proposal and give observations/recommendations. AM will ensure that budgets submitted by VTIs' are complete and correct in all respects, instructions for the budget preparation have been followed and given deadlines and targets have been met.

### 1.7 Budget forwarded to Regional Manager

Area Manager forwards the budget proposal to Regional Manager.

### 1.8 Evaluation by Regional Manager

Regional Manager shall evaluate the budget and Area Manager's recommendations.

### 1.9 Budget forwarded to PVTC

Budget is sent to PVTC.

#### **1.10 Finance department receives the budget**

Finance department at PVTC receives the budget from Regional Manager.

#### **1.11 Verification of Budget**

The Finance Department shall check the calculations and prepare an analysis for the management.

#### **1.12 Analysis presented to management**

After verification and analysis of the budget, the Finance Department shall present the budget proposal to the management. The analysis will include:

- a) Comparative analysis of proposed budget vs. last year’s budget
- b) Increase or decrease in per Trainee Cost
- c) Increase or decrease in CAPEX and OPEX
- d) VTI’s justification for comparatively more budget required than last year

#### **1.13 Council considers the budget**

Council will consider the recommendations by the management and will be approved as per the responsibility matrix.

#### **1.14 VTI notified**

VTIs are notified by respective Regional Managers.

### **1D. Budget Timelines**

Dates	Activity	Responsible
February 15 <sup>th</sup>	Budget Performa sent to VTIs	F&A
March 15 <sup>th</sup>	Budget submitted to Principal	AAO
March 30 <sup>th</sup>	Budget submitted to DBOM	Principal
April 15 <sup>th</sup>	Budget forwarded to AM	Principal
April 30 <sup>th</sup>	Budget forwarded to RM	AM

May 15<sup>th</sup> Budget submitted to F&A RM  
PVTC

June 15<sup>th</sup> Budget submitted to Council F&A

## 1E. Responsibility Matrix

Sr. No.	Responsibility	PVTC- F & A	Counci I	DBOM	Prinp I.	AM	RM
1.	Budget Performa, Instructions & schedule	X					
2.	Assignment of targets to VTIs'					X	X
3.	Budget proposal preparation				X		
4.	Budget presentation at meeting with DBOM				X		
5.	Evaluation of budget proposal			X		X	X
6.	Consolidation of budget/ preparation of analysis for management review	X					
7.	Recommendation on budget proposal			X		X	X

## 2. Budgeting for PVTC

### 2A. Process Steps

At the Council level, the following steps shall be followed for budget preparation:

- The budgeting process shall start by April 15<sup>th</sup> each year
- Budget Performa and instructions forwarded to all depts.(Annexure G)
- Each department head shall discuss the targets with the Managing Director before the commencement of budget preparation exercise. The department heads also discuss the resources required to meet the targets.
- Budget proposal is made on a Performa given by the Finance department.
- The budget shall then be finalized by the individual department and goes to Finance & Accounts Department by May 15<sup>th</sup>.
- F & A department will consolidate the budget, review, and ensure the completeness and accuracy of the budget. After review, it will be forwarded to MD and finally to the Council for approval.
- Annual budget proposal shall be sent to the Council for approval by the 15<sup>th</sup> of June.

### 2B. Additional Budget

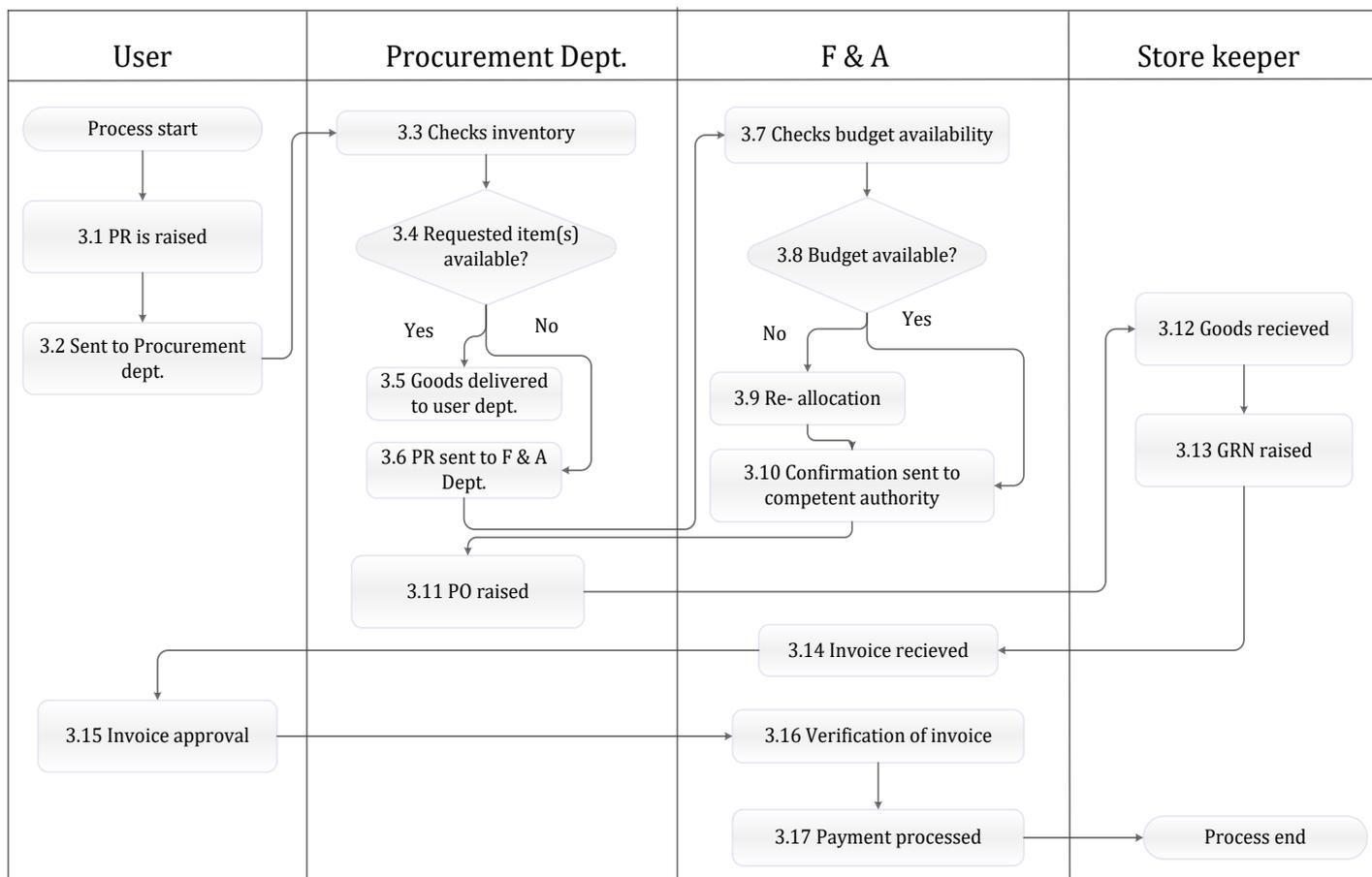
If the budget has exhausted either entirely or not available in a specific head and re-allocation cannot be done, for any reason, then this process will be initiated:

- Additional budget request form filled by the user department ([Annexure A](#))
- The 'Additional Budget Request Form' should have at least the following fields:
  - Budget required for (name and code of :item, asset)
  - Amount in approved budget
  - Reason for exhaustion of approved budget
  - Amount required
  - Date of request
  - Signature (Department head)
- Form forwarded to F & A department
- F & A validates the request by analyzing monthly reports
- Manager F & A reviews and forwards the request to the relevant as per the Authority Matrix
- User department is notified



### 3. Procure to Pay

#### 3A. Process Map



#### 3B. Process Description

##### 3.1 PR Raised

Purchase requisition is raised by the user department for the items required. The Purchase Requisition shall have the following fields:[\(Annexure E\)](#)

• PR no.	• Budget code and details
• Requisition date	• Item no.
• Required by date	• Item description
• User department	• GL Account no.
• Name of requester	• Quantity

• Instructions	• Approx. Unit price
• Justification	• Total
• Budget allocated	• User signature
• Sanctioning authority	

### 3.2 PR submitted

PR is sent to the procurement department.

### 3.3 Procurement checks inventory

Procurement check inventory for the items required

### 3.4 Item check

Checks if the items are available

### 3.5 Goods delivered to user dept.

If the required goods are in the inventory, they are delivered to the user department

### 3.6 PR sent to F & A

If the items are not available in the inventory, the procurement department sends the requisition to the Finance and Accounts department

### 3.7 Budget availability check

The Finance Manager checks if there is budget available in the relevant head and shall state the budget code and the budget position on the Purchase requisition

### 3.8 Re- allocation

If budget is not available in the required head, a re- allocation/ re- appropriation process shall be initiated and approval obtained as per the Authority Matrix.

### 3.9 Confirmation of budget availability

If the budget is available, then a confirmation is sent to 'competent authority' i.e. who can approve the expenditure (as per the 'Authority Matrix')

### 3.10 PO raised

Procurement process is initiated and run as per the procurement manual and PO raised by Procurement. Approval on PO shall be obtained as per the Authority Matrix and a copy sent to the storekeeper.

### 3.11 Goods received

Ordered goods are received by the storekeeper

### 3.12 GRN raised

Goods received note ([Annexure C](#)) is raised by the storekeeper after ensuring that the quantity, quality and agreed delivery dates are the same as mentioned in the PO. Once items are received, “Received” stamp shall be affixed on the PO.

### 3.13 Satisfactory Report

The Satisfactory Report shall be made by the user department (as specified in PR) for items of technical or any specific nature.

### 3.14 Invoice Received

Invoice shall be received directly by the designated section of F&A department as mentioned in the PO. Date stamp shall be affixed on the invoice. Details of invoice i.e. date, PO number, vendor, and amount shall be entered in invoice log register.

### 3.15 Invoice Approval

Invoice shall be sent to the relevant user department and shall be approved as per the Authority Matrix. User department shall ensure that invoice is raised as per the terms of PO and related goods/ services received. Approved invoice together with the GRN, PO and any other related supporting documentation shall be sent back to Finance for payment processing.

### 3.16 Payment Process

Before processing an invoice, following steps will be taken by the Finance department ([Annexure D](#)):

1. Performing 3 way match as explained below.
2. Checking mathematical accuracy of an invoice
3. Ensuring that GRN is entered by the one mentioned in the PO
4. Ensuring that an original invoice is submitted
5. Ensuring that the terms of the payment are in compliance with those mentioned in the PO
6. Tax deduction as per the income tax rules
7. Name of the vendor as per the PO and invoice matches

Once all the above mentioned procedures are performed a payment voucher will be prepared and approved by the Senior Manager Finance. All the supporting documentations will be attached with the payment voucher and the cheque will be signed in accordance with the Authority Matrix.

The F & A Department will perform a three way check by matching the PO, GRN and invoice and will check whether the amount on the invoice is same as stated on the PO and approved by the competent authority accordingly.

Once payment has been made to the vendor, “Paid” stamp shall be affixed on the respective invoice.

### 3C. Responsibility Matrix

Sr. No.	Responsibility	User	PM	CA	F&A	MD	SK
1.	Raise PR	X					
2.	Check inventory for required items		X				
3.	Send PR to F&A		X				
4.	Sanctioning expense (PR approval)				X	X	
5.	Preparation of PO		X				
6.	Entry into stock register when goods received						X
7.	Verification of goods received	X					X
8.	Raise GRN						X
9.	Satisfactory report preparation	X					X
10.	Invoice receipt & entry into invoice log register				X		
11.	Three- way check				X		
12.	Payment processing				X		
13.	Posting of payment entry				X		

### 3D. Risk Control Matrix

Sr. No.	Risk	Control	Nature
1.	Financial loss to the organization due to inappropriate segregation of duties	a) PR is raised by the User Department, PO by the Procurement Department, and GRN by the Store Keeper. The F&A will receive the invoice and process the payment	Preventive
2.	Risk of receiving and then paying for goods which are not as per the required specifications	a) Within the Purchase Requisition form a column is inserted whereby it is mentioned whether satisfactory report will be entered by the user department or store keeper. At the time of invoice verification by Finance as recommended above it will be ensured that it is entered by the one mentioned in PR.	Preventive
3.	Unauthorized expenditure	a) A comprehensive Authority Matrix exists (for efficient operations and effective risk mitigation) which reflects the authority to approve Purchase Requisition, Purchase Order, Invoice approval and payment approval.	Preventive
4.	Payment to wrong vendor	a) The F&A ensures that the name of the vendor in PO and invoice are the same and cheque is prepared accordingly	Detective



5.	Duplicate payment to the same vendor	a) On the receipt of items, “Items received” is affixed on the respective PO  b) On payment, “Paid” stamp is affixed on the invoice.	Detective
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### 3E. Advances to Suppliers

Advance payments to supplier shall depend upon the nature of the contract and shall be approved by the MD after recommendation from Head of Procurement and Head of Finance factors to be considered before extending an advance to the supplier may include but not limited to

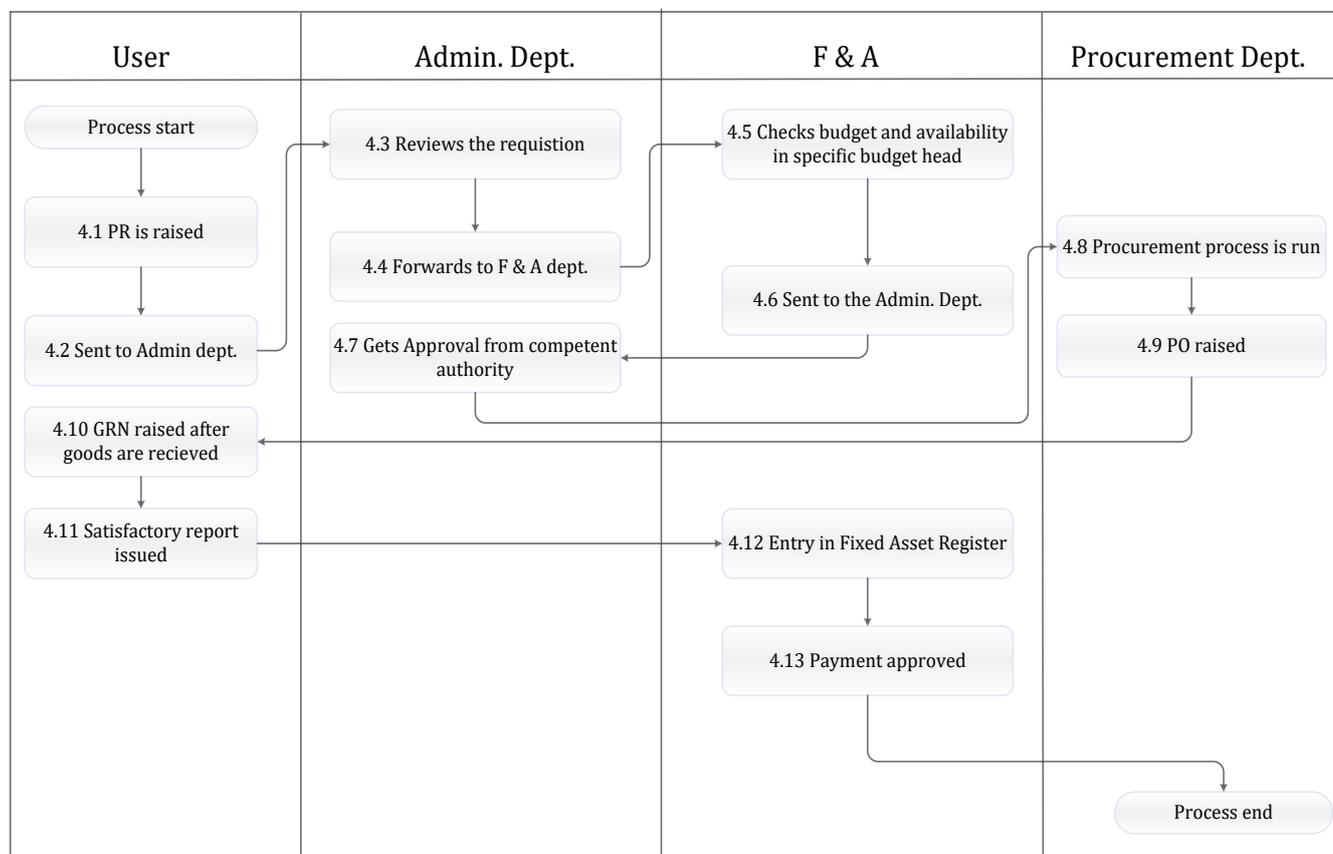
- Previous business experience with the vendor
- Nature of contract
- Period of the advance

Once the advance is approved a payment voucher is prepared with and a supplier account by name shall be debited.

Deputy Manager Finance shall generate a monthly Advance Status Report for the Supplier(s) for monitoring the advances and shall forward the same to the Senior Manager Finance for review and any actions to be taken.

## 4. Fixed Assets

### 4A. Process Map- Acquisition



### 4B. Process Description

#### 4.1 PR raised

Purchase requisition is raised by the user department for the assets required e.g. furniture

#### 4.2 PR sent to Admin. Dept.

PR is then sent to the Administration Department

#### 4.3 Admin. reviews the PR

The Administration Department reviews the Purchase Requisition and checks whether there is an actual need for the requested asset

#### 4.4 PR forwarded to F&A Dept.

The Purchase requisition is then forwarded to the F & A Department. The F&A shall also check whether the item meets the criteria of a Capital Expenditure, as defined in the policy.

#### 4.5 Budget availability check

The F & A department checks whether there is budget available in the respective head; if not, then either re- allocation process is run or the additional budget process

#### 4.6 PR sent to Admin. Dept.

After checking budget availability, the F & A department sends the PR to Admin. Department

#### 4.7 Approval from ‘Competent Authority’

Approval shall be obtained as per the ‘Authority Matrix’

#### 4.8 Procurement Process

Procurement process shall be run by the Procurement department as per the Procurement Manual

#### 4.9 PO raised

Purchase Order is raised by the Procurement Department

#### 4.10 GRN raised

GRN is raised by the user department after checking whether the required quality of goods have been received

#### 4.11 Satisfactory report issued

Satisfactory report is issued by the User Department

#### 4.12 Fixed Asset Register

The F & A department shall enter the fixed asset details in the Fixed Asset register either at the time of invoice payment processing or at month end accruals corresponding accounting entry is made and the assets shall be coded/tagged. Custodian of the Asset Register shall be the Admin. Department. The following fields shall be filled in the fixed asset register at the time of fixed asset recording:

- Item code
- Item description
- Item category
- Date of acquisition
- Depreciation rate
- Asset location
- Cost of the asset

Insurance shall be obtained by the Admin. Department for all fixed assets and entry made in the Fixed Asset Register.

## 4C. Disposal of Fixed Assets

The following process shall be followed for the disposal of fixed assets:

- a) The user department shall raise an 'Asset Disposal Form'
- b) User Department will send the form to the Admin department
- c) Book value shall be validated by Deputy Manager Finance and approved as per the Authority Matrix
- d) Disposal process shall be run by the Procurement Department as per Procurement Manual
- e) After the asset has been disposed-off and amount received , the following accounting entries shall be made by the F & A department in the books of accounts and the fixed assets register to be updated accordingly:

Account	Dr.	Cr.
Accumulated Depreciation	X	
Bank	X	
Asset (Cost)		X
Gain on disposal (if any)		X
Loss on disposal (if any)	X	

## 4D. Depreciation of Fixed Assets

- **Depreciation** is charged to income and expenditure account using the straight line method to write off the cost over the expected useful life of assets at rates which are mentioned below.
- Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged from the month in which an asset is disposed- off.
- At each month end the F&A department will calculate depreciation in an Excel sheet on the assets appearing in the fixed asset register.
- After the calculation following journal entry will be posted in the system

Account	Dr.	Cr.
Depreciation	X	



Accumulated depreciation		X
--------------------------	--	---

Following depreciation rates will be used:

Sr.	Asset category	Rate of depreciation
1.	Furniture & fixtures	10%
2.	Vehicles	20%
3.	Equipment	20%

## 5. Payroll

### 5A. Introduction

The objective of payroll accounting is to ensure the documentation and accounting of:

- Payroll costs
- Deduction of tax at source
- Benefits to employees
- Retirement benefits (if any)

### 5B. Process Description

- Salary shall be processed for payment by F&A on the basis of approved payroll sheet as per the Authority Matrix, to be provided by HR.
- Along with the payroll sheet, HR shall also submit monthly payroll variance and the reasons for any variations.
- All applicable deductions such as taxation, advance, loan, provident fund contributions etc. shall be deducted from salary before payment
- Salary for month shall be paid no later than the 25<sup>th</sup> of the relevant month.
- Payment instructions to the bank shall be prepared by F&A and approved as per the Authority Matrix.
- Salary shall be paid through the operational account of PVTC.
- The accounting entries shall be prepared and posted by F&A
- All employees of PVTC shall get salary slips which will give the breakup of the salary and tax deducted

### 5D. Advances to Employees

Advances shall be classified in the following categories:

**Operational Advances:**

The F&A Department, on receiving the approved request (from departmental head or MD, in case of advance request from departmental head), shall make the payment and record the transaction in a separate employee advance account and shall file the documents accordingly. If employee's account does not exist, then he shall open a new account in the name of employee.

The form shall specify the time period for adjustment of advance. Second advance shall only be provided when the first advance been adjusted. In rare case an advance may be provided after approval from MD/Chairman.

When the employee submits the adjustment to the F&A, the Deputy Manager F&A shall verify the expenditure with the supporting documents and shall forward the same to the concerned as per the Authority Matrix and thereafter shall record the transaction in the relevant heads of account.

### Personal advance against salaries

Advance against salary shall be provided to the employees in accordance with the employee service rules and HR manual. An application for advance shall be initiated from the requesting employee, which shall be approved by the Head of HR and then forwarded to the F&A department. Advance shall be secured against the benefits of the employee. Advance can only be made if equivalent balance is available in the account of employee benefits. The number of installments in which advance may be adjusted from employee's salary shall be identified.

It shall be the responsibility of the HR department to ensure the deduction of the installment from the monthly salary.

At the end of every month, the Deputy Manager F&A shall generate a separate Advance status Report for each type of advance specifying name of employees, nature of advance, date of advance and amount of advance outstanding and shall send for SM F&A review.

## 5E. Responsibility Matrix

Sr. No.	Responsibility	HR	F&A	Requestor	Dept. head	MD
1.	Monthly payroll preparation	X				
2.	Monthly payroll variance analysis	X				
3.	Monthly payroll review (specifically for tax, loan, deductions and		X			



	monthly variance)					
4.	Bank transfer instructions		X			
5.	Recording payroll in books of accounts		X			
6.	Raise advance request			X		
7.	Advance adjustment verification		X		X	X
8.	Advances aging analysis		X			

## 6. Record to Report

### 6A. Introduction

The process covers the following:

#### 1. Month end and Year end closing

- 1.1 Accruals
- 1.2 Reconciliation Statements
- 1.3 Due Diligence Review
- 1.4 Compensated Absences
- 1.5 Amortization of Prepaid Insurance

#### 2. General Ledger Hierarchy

- 2.1 Level of GL Account Codes
- 2.2 Preparation and Posting of Accounting Entries

### 6B. Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Accrued revenue is an asset, such as unpaid proceeds from a delivery of goods or services, when such income is earned and a related revenue item is recognized, while cash is to be received in a later period, when the amount is deducted from accrued revenues.

At the last day of each month end, the Finance and Accounts department shall collect the relevant information for the accruals. These may include:

- Goods received in store but not paid at month end
- Service charges owed by VTIs
- Investment income not received
- Lodging and Dining Charges owed by teachers on training

Step by step approach for booking accrued expenses:

#### Step 1

Review and identification of invoices received at month end but not paid for.

**Step 2**

Review of stock register for identification of items received but not invoiced and paid

**Step 3**

Inquiries from user department if they have received any service for which no invoice is received.

**Step 4**

Accrual sheet preparation

**Step 5**

Posting of journal entry with relevant supporting documents. Relevant supporting documents must demonstrate that the goods or services are delivered in the reporting period. Journal entry shall be prepared by Finance Supervisor and posted by Senior Manager F&A.

## 6C. Reconciliation Statements

The following reconciliation statements shall be prepared by the Supervisor and reviewed by AM and SM F&A:

- Bank Reconciliation (monthly)([Annexure B](#))
- Fixed Asset Reconciliation (quarterly)
- Inter- company Reconciliation (quarterly)

## 6D. Due diligence review

As part of the month end closing process, Supervisor F&A shall prepare the monthly consolidated performance report of VTIs which shall be reviewed by Deputy Manager and Senior Manager F&A. Following shall be reviewed:

- Cash positions of each VTI
- Actual vs. budget cost comparison
- Actual revenue vs. target
- Inter- VTI comparison
- Receivables and payables position

Senior Manager F&A shall also review the status of accounts receivables, payables and advances of PVTC

## 6E. Compensated Absences

At each year end, an accrual shall be made in the books of accounts by Supervisor F&A based on the actual number of compensated absences in that period and the current salary of the employee; this information shall be given by HR Department to Finance Department. The accounting entry shall be as follows:

Account	Dr.	Cr.
Compensated absence expense	X	
Provision for compensated absence		X

At the time of retirement, when the compensation shall be paid, the following accounting entry shall be made:

Account	Dr.	Cr.
Provision for compensated absence	X	
Operational Bank Account		X

## 6F. Amortization of Prepaid Insurance

Prepaid insurance shall be amortized on a monthly basis. For this purpose, F&A department shall maintain a sheet in excel showing:

- Type and description of insurance

- Amount of insurance premium
- Insurance premium period
- Monthly amortization
- Amount amortized to date
- Unamortized balance

The following accounting entries shall be made on a monthly basis:

Account	Dr.	Cr.
Insurance Premium	X	
Prepaid Insurance		X

At the time of payment of insurance, following accounting entry shall be made:

Account	Dr.	Cr.
Prepaid Insurance	X	
Bank		X

## 6G. General Ledger Hierarchy

### Posting of Accounting Entries

Segregation of duties is maintained in the accounting system between the accounting entries preparer and reviewer. An accounting entry prepared by anyone in F&A can only be posted in the system by Senior Manager F&A (the reviewer).

The Finance Supervisor is responsible for preparing payroll, accruals and payments

### Levels of GL Account Codes

At MIS level, three level account code is defined;

1. 1<sup>st</sup> level: Nature of Account (e.g. Asset)
2. 2<sup>nd</sup> level: Category of Account (e.g. Fixed Asset)
3. 3<sup>rd</sup> level: Head of Account (e.g. Vehicles)

The Supervisor F&A is authorized to modify the 3<sup>rd</sup> level, however for changes in 2<sup>nd</sup> and 3<sup>rd</sup> level, a request must be raised and authorized by MD after which the modification shall be incorporated in the MIS.

## 6H. Document Retention

All documents containing financial information shall be appropriately named, labelled and stored and shall be retained for a period of at least ten years.

## 7. Banking

### New Bank Account Opening

When a new bank account is required to be opened, F&A department shall raise request and forward to the relevant for approval as per the Authority Matrix.

### Authorized signatories list

It shall be the responsibility of the finance department to maintain up- to- date list of authorized bank signatories i.e. whenever a signatory leaves or is added, the list needs to be updated.

### Petty Cash

- An amount of PKR 20,000 shall be put aside as per management policy to pay off daily sundry/petty expenses
- Maximum limit for petty cash expenses shall be up to PKR 10,000 for each transaction
- All petty cash vouchers shall be approved by the concerned authority according to the approval limits before any payments shall be made
- Expenses paid through petty cash shall be recorded on daily basis
- Cash in safe insurance is to be obtained for the petty cash limit
- Cash on hand is to be kept in safe custody
- Daily physical cash closing statement reconciled with cash book shall be prepared by Supervisor and signed by the Assistant Manager.
- Surprise cash counts to be undertaken by Deputy Manager F&A.

## 8. Tax

### 8A. Tax Deductions

As per IT Ordinance 2001, the Withholding of income provisions shall be applied for all resident person and permanent establishment in Pakistan of a non- resident. Tax shall be deducted at the time of payment and shall be deposited within the stipulated time.

In case the supplier has filed a tax exemption certificate from the Commissioner of Income Tax, the same shall be attached with the invoice.

This shall be followed by preparing income tax challans for total amount of tax deducted from the suppliers. Afterwards copy of challan shall be handed over to the supplier or his authorized representative, after obtaining due acknowledgement.

All the rules and regulations of income tax Ordinance, shall be followed with respect to withholding taxation payment and filling of tax return.

### 8B. WHT Monthly Returns

Withholding tax return shall be filed by 15<sup>th</sup> of next month through FBR's online portal. Return is prepared. Key information from whom the tax is deducted shall be included in the return as follows:

- Taxpayer ID: CNIC, NTN and Contact details
- Particulars of Payment Mode: Nature of Payment, Payment Section Code, Date of Payment, Value on which tax is deductible, Rate of Tax and Amount of Tax collected/ Deducted
- If tax not collected/ deducted, then the exemption certificate
- Amount and date of tax deposited and CPR Number

### 8C. Annual Tax Return

The tax consultants file annual tax returns by 31<sup>st</sup> of December each year. As a non- profit educational institute, PVTC is exempt from tax and therefore refund statement is attached. The tax consultant is provided with audited accounts and related documents.

## 9. Invest to Earn

## Funds placement

For excess funds, long and short term deposits are made in banks which have a credit rating of AA- (for long term deposits) and A1+ (for short term deposits). After short listing banks that meet the above criteria, a letter is written to all banks to offer their rates and a comparative statement is prepared and presented to management and approval for placement of funds is obtained as per the Authority Matrix.

Management then opts to deposit funds in banks which offer the highest rate.

## Recording of Income

Income shall be calculated and recorded on monthly basis in accordance with the terms of investment. Income calculated by Supervisor F&A, shall be cross- checked with the relevant bank statements. Accounting entry shall be prepared by Supervisor F&A and posted by Senior Manager F&A. The following entry shall be posted:

Account	Dr.	Cr.
Bank	X	
Income on investment		X



## Annexures



## Annexure A- Additional Budget Request

		<b>Punjab Vocational Training Council</b>		
<b>Additional Budget Approval Request Form</b>				
<b>Name of Department</b>		<b>Budget Account Head</b>		
<b>Nature of Expenditure</b>		<b>Capital</b>		<b>Recurring</b>
<b>Approved Budget Amount</b>		<b>Expenditure to Date</b>		
<b>Additional Request</b>				
<b>Justification</b>				
<b>Approval</b>	<b>Manager F&amp;A</b>	<b>MD</b>	<b>Chairman</b>	<b>Council</b>
<b>Name</b>				
<b>Signature</b>				
<b>Council Decision</b>				

## Annexure B- Bank Reconciliation Statement



**Punjab Vocational Training Council**

**Bank Reconciliation Statement**  
**As at**

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Description	Page Reference	Amount (Rs)
<b>Balance as per Books</b>		
<b>ADD:</b>		
<i>Cheques issued or drawn but not yet presented for payment</i>		
<i>Interest allowed by bank not recorded in Cash Book</i>		
<i>Amount directly deposited by the customer in Bank Account</i>		
<i>Interest and dividends collected by bank</i>		
<i>Cheques paid into bank but omitted to be entered in Cash book</i>		
<i>Any wrong credit given by bank in the Bank Statement</i>		
<b>LESS:</b>		
<i>Cheques paid into bank for collections but dishonored by the bank</i>		
<i>Bank Charges</i>		
<i>Cheques issued but omitted to be recorded in Cash Book</i>		
<i>Any wrong debit given by bank in the Bank Statement</i>		
<b>Balance as per Bank Statement</b>		



Annexure C - Goods Received Note (GRN)



**PUNJAB VOCATIONAL TRAINING COUNCIL**

**GOODS RECEIVED NOTE**

<b>Supplier</b>		<b>GRN NO.</b>	
<b>Date</b>			
<b>PO No.</b>			
<b>Delivery Location</b>			
<b>G/L A/C No.</b>			

Sr. No	Item	Item Description	Qty. Delivered	Comments

<b>Received By:</b>	<b>Name</b>	
	<b>Signature</b>	
<b>Checked By:</b>	<b>Name</b>	
	<b>Signature</b>	



## Annexure D- Invoice Processing Checklist

 Punjab Vocational Training Council Invoice Processing Checklist		
Actions	Checked	Performed By
Match the amount of invoice with the PO		
Ensure that the goods and services are received. Invoice shall be verified by the storekeeper for receipt of inventory items and for other items by the relevant instructors.		
Ensure that the invoice is on the original letterhead of the vendor		
Check the casting and calculation on the invoice		
Check the invoice payment terms		
Check the applicable tax rates as per the Income Tax Ordinance 2001. In case the vendor is tax exempted, the Accounts Officer shall ensure that the tax exemption certificate is obtained		



## Annexure E- Purchase Requisition

		<b>Punjab Vocational Training Council</b> <b>Purchase Requisition</b>				
<b>User Department</b>		<b>Budget Code</b>				
<b>Requisition Date</b>		<b>Budget Allocated</b>				
<b>Name of Requestor</b>		<b>Consumed</b>				
<b>Required by date</b>		<b>Balance Budget</b>				
<b>GRN to be approved by</b>		<b>PR. No</b>				
<b>GL.A/C No</b>	<b>Item No.</b>	<b>Item Description</b>	<b>Instructions</b>	<b>QTY.</b>	<b>Rate</b>	<b>Price</b>
<b>JUSTIFICATION</b>						
<b>Designation</b>	<b>Name</b>	<b>Signature</b>				
<b>PR raised by</b>						
<b>PR approved by</b>						

## Annexure F- Budget

### F1- Office Equipment

DEPARTMENT _____	
PARTICULARS	BUDGET 2014-15
	Rs.
Telephone Lines +sets	
Telephone exchange	
Kitchen Equipment	
O/H Projector	
Multimedia Display	
Digital Camera	
Cupboard	
Water Cooler	
Air conditioners	
Pedestal Fans	
Binding Machine	
Photocopier	
Computers (Anex. G2)	
Miscellaneous	
Total	



## F2- Computer

PARTICULARS	BUDGET 2014-15
	Rs.
Computers (Anex. 1)	
Printers	
Windows NT Server Br.	
Network Components	
Main UPS for PC's	
UPS for PCs	
Stabilizers for PCs	
Software (Windows + Office)	
Total	

## F3- Vehicles

DEPARTMENT _____	
PARTICULARS	BUDGET 2014-15
	Rs.
Motor Cars	
Motor Cycle	
Cycle	
Total	

#### F4- Furniture & Fixture

DEPARTMENT _____	
PARTICULARS	BUDGET 2014-15
	Rs.
Office Racks	
Office Tables	
Display Board	
Sofa Sets	
Office Chair ( Rev. ) + Others	
Rostrum	
Filling Cabinets	
White Board	
Carpeting & Curtains	
Total	

#### F5- Commodities & Services Cost

	BUDGET
PARTICULARS	2014-15
	Rs.
Salaries, Wages & Benefits	
Security Expenses	
Repair & Maintenance	
Conveyance - T.A/D.A	
POL Charges	
Repair & Maintenance (Vehicles)	
Vehicle Accessories	
Telephone Charges	
Postage & Telegram	
Electricity Charges	
Sui Gas Charges	
Water Charges	
Printing Charges	
Stationery Charges	
News Paper & Periodicals	



Insurance Vehicles	
Insurance Assets	
Insurance Life	
Medical (Insurance & Allowances)	
Publicity & Advertisement	
Entertainment Charges	
Consultancy Fee	
Legal & Professional Charges	
Office Supplies	
Rent Charges	
Rate & Taxes	
Audit Fee	
Auditor's Entert. & Out of Pocket	
Survey Fee of A.F.Ferguson	
Uniform & Liveries	
Gardening Expenses	
Internet Charges	
Staff Training	
Documantary Charges	
News Letter Charges	
Miscellaneous	
Mess charges	
Local transportation for training	
Honoarium charges	
Laundry charges	
Consumable material for training	
Depreciation	-
Total	-
Expenses Specific for VTIs	
GRAND TOTAL	



### F6- Expenses Specific for VTIs

	<b>BUDGET</b>
PARTICULARS	2014-15
	Rs.
Conveyance (TA/DA) - VTIs	
Affiliation Fee	
Students' Registration Fee	
Printing - Students' Manuals	
Printing - MORA and Other Recp.	
Advertisement	
Curriculum Development	
Curriculums' Revision	
VTI Staff Training	
Examination Charges	
Software Development & Implm.	
DZCs' Meetings / Entertainment	
<b>TOTAL</b>	



## Annexure G- Authority Matrix PVTC

Amounts ( Rs 000

Areas		Council	Chairman	MD	Finance Committee	GM Operations	GM Services	Head of Procurement	Head of HR	Head of Finance	Relevant HODs	Regional Manager	Area Manager
<b>BUDGET</b>	Annual Budget	A	A* (N1)		R (O)								
	Additional budget		More than 10% of the original	Within 10% of the original budget						R			
	Budget Reallocation		>500	500						R			
<b>Expenditure Management</b>	Purchase requisition		>500	500		250	250				50	50	50
	Purchase Order			> 500				500					
	Invoice approval		>1,000	1,000		500	500		100	100	100	100	100
	Payment approval (Cheque signatory)		> 500 (N2)	>500 (N2)		500 (N2)	500 (N2)			250(N2)			
	Advances to suppliers			50				R		R			
<b>People Management</b>	Advances to employees								A	A			
	Salary Increment			A					R	R			
	Bonus		A	R					R	R (O)			
	Head Count increase		A	R									
	Hiring of key positions <sup>1</sup>		A	R					R				
	Payroll approval					A							
<b>Fixed Assets</b>	Capital expenditure		>500	500							50	50	50
	Fixed Asset Disposal			A <sup>^</sup>									
<b>Treasury</b>	Bank Account Opening	A											
	Deposit for investment in Banks & NSC		A <sup>^</sup>										
	Overdrafts & Loans	A											
	Letters of credit			A									
	Other Investments	A											
	Against Fixed Assets	A											
<b>Others</b>	Approval of annual accounts	A			R								
	Writeoff	A		R					R				
	Auditor's appointment & Audit Fees	A											

\* where relevant

<sup>^</sup> subject to ratification by the council

<sup>1</sup> Key positions mean Head of Department

N1: Chairman can approve in case council cannot be convened at the due time of budget approval

N2:Two signatories; MD or Chairman shall be mandatory signatories whereas the second signatory will be as per defined limit



## Annexure H- Authority Matrix VTI

Rs 000

Areas	Approving authorities													
	Council							VTI						
	Council	Chairman	MD	FC	Head of Procurement	Head of HR	Head of Finance	Regional Manager	Area Manager	President DBOM	DBOM	EXM DBOM	EXM TMC	Principal
<b>BUDGET</b>	Annual Budget	A						R	R		R			
	Additional budget	More than 10% of the original budget		Within 10% of the original budget										
	Budget Reallocation			>300				R (300)	R (100)	300 (N1A)		R		
<b>Expenditure Management</b>	Purchase Requisition			> 1,000				R (N1)			1,000 (N1)	250		50
	Purchase Order			> 500				500	100					25
	Invoice approval							500						500
	Payment approval (Cheque signatory)												x (N2)	X
	Advances to suppliers										50			
<b>People Management</b>	Advances to employees													A
	Salary Increment			A			R	R	R	R				R
	Bonus	A		R			R	R	R	R				R
	Head Count increase			A				R	R					R
	Hiring of key positions <sup>1</sup>			A										A
<b>Fixed Assets</b>	Capital expenditure			> 1,000							1,000	250		50
	Fixed Asset Disposal							R	R	A				R
<b>Treasury</b>	Bank Account Opening									A				
	Deposit for investment in Banks & NSC													
	Overdrafts & Loans													
	Letters of credit													
	Other Investments													
	VTI to VTI loans			> 500					500					
<b>Revenue</b>	Contract with 3rd party			>500				R		500 (N3)				R
	New trade							R	R		A			R
	Closing of a trade							R	R		A			R
<b>Others</b>	Approval of annual accounts	A												
	Writeoff	A		R				R	R		R			R
	Auditor's appointment & Audit Fees	A												

\* where relevant

<sup>1</sup> Key positions mean Head of Department

A - Approval

R - Recommendation

N1A: Mandatory recommendation of AM for amount upto 100,000 and of RM for amount upto 300,000

N1: Regional Manager's mandatory recommendation shall be required for PR amount between 500 to 1,000

N2: Executive member TMC OR any member of TMC concerned, designated by DBOM

N3: Mandatory recommendation from Principal for amount upto 500

