

VISVESVARAYA NATIONAL INSTITUTE OF TECHNOLOGY,
NAGPUR – 440 010

CIRCULAR

No. VNIT/ACCT/2016-17/Cash Adv/ **703**

Date: **13** Feb 2017

SUBJECT: INTERNAL CONTROLS FOR DRAWAL OF RECOVERABLE (CASH) ADVANCE
AND SETTLEMENT THEREOF, TESTING CONSULTANCY, STTP BILLS ETC.

(A) RECOVERABLE ADVANCE AND SETTLEMENT

1. It is stated that expenditure through Recoverable (Cash) Advance is being done by various departments of VNIT Nagpur. The expenditure is pertaining to Institute grant, Department Operating Expenditure (DOE), R&D projects, TEQIP-II/ COE, personal claims like LTC, Medical etc.

2. It has been observed that there is steady increase in the outstanding advances and also there are cases of delay in settlement of Cash advances which not only results in blockage of funds of the Institute but is also likely to be objected by the Audit authorities. As such, in order to streamline the settlement of Cash Advances, following guidelines are issued:

i) Cash advances will normally be resorted up to **Rs.50,000 /-** in r/o Institute grant, DOE, R&D projects, TEQIP/ COE etc, for procurement of petty small value items, procurement of unanticipated, emergent and shut down purchases required to be made at a short notice in the event of breakdown or crisis etc.

ii) Procurement of items of capital asset nature (furniture, Instruments/ equipments of dead stock nature etc) should not be resorted through Cash Advance.

iii) Purchases of goods / services exceeding Rs.15000 /- by Single Quotation will require specific approval of Competent Authority. Tendering procedure is required to be followed for purchases exceeding Rs.15,000 /-.

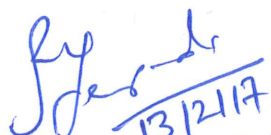
iv) **No faculty/ officer should have more than one outstanding Cash Advance** (Institute grant / DOE), at the time of applying for fresh Cash Advance (Institute grant / DOE). However, this will not include advances in r/o personal claims like LTC/ medical advance etc. Further, this condition will be also applicable for Cash advances through R&D projects/ TEQIP/COE etc.

v) All Cash Purchases should be completed within 15 days of date of drawal of cash and balance amount (if any) should be refunded in full settlement of advance within 15 days after completion of the cash purchase. As such, total time from drawal of Cash advance to its settlement should not exceed 30 days. **For any delay beyond 30 days, penal interest @ GPF Interest rate+2 % on the outstanding amount will be payable. Non-settlement will result into recovery of advance+ interest from pay and allowances of concerned staff.**

vi) Payment of TA/DA, honorarium to external experts/ members should be made through cheque/ bank transfer etc (PAN No. and bank details of concerned external experts/ members to be obtained well in advance for bank transfer) and Cash payment should be discouraged to the extent possible. This will also enable Accounts Section to deduct TDS on the honorarium amount payable to the external experts.

vii) Cash payment of more than Rs.10,000 /- to vendors is not allowed under Income Tax Act, 1961 and such bills may be directly forwarded to Accounts Section, for making payment to vendor by cheque/ ECS. Alternately, faculty/ staff can make such payments through A/c payee cheques or by ECS/ NEFT/ RTGS.

.....2


13/2/17
Dean P & D
VNIT, Nagpur-10.

viii) The bills submitted for settlement should be preferably computerized and free from overwriting, bills should be on the letterhead on the vendor with seal and signature. In case of purchase of material/ consumables etc., the bills should bear VAT TIN No. of the concerned vendor.

ix) The purchases should be entered in the Stock Register (showing Consumables and Non-Consumables classification separately) of the concerned department and the certification to this effect may be endorsed on the bill.

ix) The classification of the expenditure should be invariably mentioned in the settlement claim.

(B) BILLS PERTAINING TO TESTING, CONSULTANCY AND STTPs.

i) Prior approval from Director may be obtained for undertaking Consultancy and STTP. The approval should be accompanied by item-wise detailed estimate of the expenditure. In any case the expenditure should not exceed the estimate. The Coordinator should ensure that the expenditure is directly related to the activity (Stationary, Cutlery, computer accessories, petrol bills, Telephone reimbursement claim etc. should not be submitted). All collections will be in the form of DDs favoring Director, VNIT Nagpur/ electronic form only and the same should be routed through Accounts Section.

ii) For claims under visit charges etc. no. of visits with dates or other supporting documents may be invariably enclosed. Visit charges should be restricted to bare minimum. TA claims, if any, should be submitted in prescribed TA form. Remuneration towards visit charges/ honorarium towards training will be included in the taxable income of the concerned faculty.

iii) The purchases (including Services) should be entered in the Stock Register (showing Consumables and Non-Consumables classification separately) of the concerned department or separate stock register for Consultancy and STTP and the certification to this effect may be endorsed on the bill.

iv) Purchases of goods / services exceeding Rs.15,000 /- by Single Quotation will require specific approval of Competent Authority. Tendering procedure is required to be followed for purchases exceeding Rs.15,000 /-.

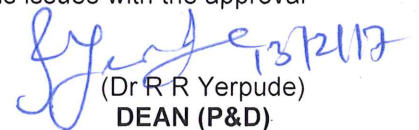
v) Cash payment of more than Rs.10,000 /- to vendors is not allowed under Income Tax Act, 1961 and such bills may be directly forwarded to Accounts Section, for making payment to vendor by cheque/ ECS. Alternately, faculty/ staff can make such payments through A/c payee cheques or by ECS/ NEFT/ RTGS.

vi) Courtesy expenditure claims should be supported with dates, no. of people and purpose of the meeting etc.

vii) Service Tax with applicable rates should be collected from all concerned clients/ participants.

3. For any deviation with above guidelines under special cases, prior approval of Director will be required.

4. All concerned are requested to follow these guidelines scrupulously. This issues with the approval of the Director.


(Dr R-R Yerpude)
DEAN (P&D)

Copy to:

1. All HoDs / Section Heads/ Registrar
2. All Deans/ Associate Deans

-For circulation among staff under their control
- For information and necessary action
Dean P & D
VNIT, Nagpur-10.