IMI – PROCESSES & STANDARD OPERATING PROCEDURES

Background

This first SOP document from IMI   is formulated with primary objective of bringing standardization of our internal processes, proper documentation trails for verification and strengthening internal controls in all our commercial processes. All efforts will be made, to make continuous improvements and make the institute ready for any future certification process. This SOP is not exhaustive, will cover areas in phase manner as we go further. This SOP is applicable to both IMI-D and IMI-B.

This document will primarily focus on formulating basic commercial processes and standardizing and it will get updated as and when required to align with normal accounting, commercial and internal control practices.   This will also facilitate collecting, accumulating, compiling information, data for MIS which is the primary focus.   This process will facilitate IMI to evolve strategies for growth and self sufficiency.

This SOP will focus on the following areas.

1.   Budgeting Process- Inputs, Approvals, Tracking mechanism, Variance Reporting & monitoring. CAPEX sanction process.

2. Expense Authorization process Approval Process -Authority & Approval Matrix

3.   Vendor Management Process- Quotations, L1, or L2 with qualitative aspect, Prior sanction note from the committee and budget availability, Exceptional sanctions, Vendor selection & Contract Award Justification & Periodicity.

4. Fixed Asset Process (including Sports equipments)

5.   EDP/MDP and Consulting revenue sharing process. This is to be read in conjunction with the faculty performance measurement, incentive scheme beyond 300 accumulated points.

6. Travel Process (including foreign travel).

7. HR Processes- Appointment, Deployment, Performance monitoring & recognition.

Budgeting Process

1. Budgeting exercise can start in February of every year based on 9+3 format (of 9 months actual 3 month average for projections). Budgeting for any financial year should get finalized by 15th May. A standard format reflecting stream wise revenue approved by the Registrar & CAO and the Director General to be submitted to Finance Controller, who will facilitate the process.

2. Normally budget presented to the board to reflect either surplus or break-even figures. IMI to be close to accuracy in all projected figures, which will have back-up for working, assumptions and previous figures to support the logic. However negative figures are possible when there is expansions and project construction etc.

3. Budgeting for heads of Expenses based on previous year P&L shall be given by Finance Controller in an XL format to both the Director General and Registrar & CAO, which is then firmed up taking into account increases/decreases for the year based on projections.

4. Projections regarding faculty/employee compensation is normally based on review criteria and shall be finalized latest by 15th of July.

5. Budgeted Expenses and Revenue stream need to be approved by Finance Committee & Board latest by 15th August.

6. Payments for the current year beyond 30th April, is subject to approved budget figures which may be in process of approval.

7. Payment to budget over run heads are subject to prior approval by Registrar & CAO/Director General and finance committee with justifications recorded.

8. All MDPs/EDPs to provide estimates of revenues prior to conducting such programs. Any cost over runs of such programs have to be approved by the Director General as exceptions and revenue compensation to be done through recovery from the subsequent programs.

9. Quarterly MIS and review with the Registrar & CAO/Director General for corrective action to be incorporated and scaled up to monthly MIS later in Phase-II against all budgeted and actual figures in the form of "variance report"

10. CAPEX budget is normally based on detailed discussions with Administration, Registrar & CAO and the Director General and preferably reflect details of expenditure like purchase of computers, software, construction, expansion, major equipment purchase etc. Income of specific committees, committee will take a decision for such expenditure.

Authorization, Approval Matrix & Payment Process

1. All payments are subject to prior authorization by concerned head of the department who are authorized to sign such payments and all administrative payments must be authorized by Administration Manager and approved by the Registrar & CAO. Registrar may take Director General's approval in case of major capital expenditure.

2. All payments have to be made with proper supporting documents in original like Cash Memo, Invoice with proper prior authorization and approvals/sanctions.

3. All invoices have to be preferably serially pre- printed or serially numbered. However, in case of hiring labor for plumbing, plastering and repair work where it may not be able to obtain invoices are supported by receiver's signature which may be in vernacular language as such people may be illiterate.

4. All vendor invoices need to reflect VAT/ST/Service Tax registration numbers to comply with normal commercial practices.

5. Once the above points are taken care, invoice has to be submitted to

Finance & Accounts for effecting the payment

6. All vendor payments should be effected through account payee cheques. Cash transactions with vendor should be avoided but for petty cash payments of insignificant value. However, there may be cases of repair work, local labor hiring for plastering, digging, repairs etc where, invoices cannot be insisted, should be approved by the Registrar after administration manager authorizes the same.

7. All payment vouchers should be serially numbered and controlled and such records available for verification trail.

8. Finance Controller before effecting the payment ensure above guidelines are fully adhered to. Accounting control should ensure segregation of duties. There has to be different person authorizing and a higher level person approving a transaction. Similarly, recording of asset and reporting have to be different to ensure internal controls.

Approval Matrix (With DOA in Value Terms)

Approval of yearly budget by Finance Committee- Proposal from the Director General once approved & signed needs to be presented to Board for final approval. Singed copy made available with Finance Controller. Finance Controller must also have updated authorized signatories for all operational bank accounts.

1. Purchase Orders up to Rs.1000000 – Concerned department head, Finance Controller, Registrar & CAO.

2. Purchase Orders from Rs.1000001 to Rs. 20 lakh –Committee of Finance Controller, HOD of the user department and Director General's approval but for annual contract cases, advertisement decided by branding committee.

3. All CAPEX purchase orders above Rs.10 lakhs- requires approval of CAPEX Committee consisting of Finance Controller, Registrar & CAO, Director General and HOD of user department or initiator.

4. All Capital Expenditure involving projects / expansions post approval for changes by Registrar and Director General can be presented to Campus Development Committee.

5. All major expenditures like Advertisement/Promotions to be examined by respective committees approved by Registrar & CAO / Director General.

6. All material movements have to be approved by HOD along with requisition slip approval.

7. All material movements including all fixed Assets have to be authorized by Manager Administration and approved by Registrar & CAO.

Vendor Management & Payment Process

1. Vendor selection for placing an order for all purchases, except day to day maintenance expenditure/cash purchases should be based on minimum 3 comparative quotations. However, for certain cash purchases, maintenance and repair related work 3 quotes may not be insisted upon. In case of emergency and niche items with few suppliers this rule may be relaxed provided the Registrar allows an exception.

2. As a prudent commercial practice, IMI should not engage any employee's relatives directly or indirectly in awarding any of the contracts and supplies related. As far as possible all purchases/service Orders /works order etc should be issued to empanelled vendors both based on quotes, credibility of vendor. This is applicable even to Travel booking, which should be done through Central desk at administration but for emergency and exceptional cases. In case of repeat orders at the old rates, a letter of extension or a fresh PO with existing rates to the same vendor can be issued but it has to be approved by the Registrar.

3. After the receipt quotes, user department, the Registrar will scrutinize, discuss on quoted prices, quality of the vendor, past relationship and performance of the vendor. Normally if everything is remaining same price will be the criteria for selection. Means L1 concept will be applied. However, there may be instances where justifiable reasons for quality and timely delivery come into play apart from L1, in which case Registrar & CAO will approve as an exception.

4. If there are committees involved in deciding a work to be done or purchases to be made such written and singed proposals of the same has to be submitted to Administration Executive to initiate the process of inviting quotations.

5. Executive Administration will prepare comparative chart once the quotes are invited and received and once it is finalized, keep such records (including a copy of such approved comparative chart). User department to ensure that the same is attached before sending the final invoice of the vendor for payment as all such approvals should form part of payment vouchers.

6. Proper Purchase Order with all relevant details including terms of payment and penalty if any, to be released for the selected vendor a copy of which has to be maintained by Administration Executive and Finance Controller. All P.O s have to be signed by Finance Controller and authorized by Registrar & CAO.

7. IMI is in the process of introducing a comprehensive vendor evaluation process in which 2 Administrative Staff members will visit major vendors in the areas of Advertisement Agency, Travel Agency, Printing Vendors, Stationery Vendors and arrive at ratings

converted into percentage. This process will ensure timely delivery, competitive pricing, expected service levels, infrastructure capabilities of the vendor, response time and

quality parameters as set by IMI. This process is expected to be done once a year and these ratings will be used in selecting the vendors as L1 concept alone may not be sufficient with market changes. Once this process is introduced a vendor may be asked to continue in the previous PO prices or lower depending on market rates.

8. All Purchase Orders should have a continuous serial number which is centrally maintained by Administration Executive. No other department is authorized to issue any PO and IMI will not take any responsibility for the same.

9. All Purchase Orders have to be released with indication of validity period like One time (OT), Half yearly (HY), Yearly (Y) depending on the nature of transactions. If it is repeat purchase order without changing any terms and conditions, PO has to mention "Price, terms and conditions unchanged" and refer to last PO. PO needs to specify taxes inclusive or exclusive.

10. All payments are subject to prior authorization by concerned head of the department who are authorized to sign such payments and approved by the Registrar & CAO & the Director General.

11. All payments have to be made with proper supporting documents in original like Cash Memo, Invoice with proper prior authorization and approvals/sanctions.

12. All vendor invoices have to be preferably serially, pre- printed or serially numbered.

13. All vendor invoices need to reflect VAT/ST/Service Tax registration numbers to comply with normal commercial practices.

14. Once the above points are taken care, invoice has to be submitted to Finance & Accounts for effecting the payment on the due dates as per agreed PO terms and not prior to that. No vendor will be allowed to directly negotiate anything with Finance and Administration.

15. Finance Controller to accept only fully approved invoices from the user depart after certification of job done. If it is not as per terms invoices so received should be immediately returned to user department with remarks. NO UNSETTLED INVOICES should be lying with finance for more than a week to bring in control on timely settlement of vendor bills.

16. Finance Controller to ensure proper provisioning of invoices so received to avoid any year end or non-budget effect on current year P&L. In other words, no payment for previous year's invoices without provisioning in the books of accounts. Manager Administration to ensure giving details of such provisioning every quarter to avoid surprise hits to P&L at the year end and ensue that a particular head has got positive balance in the YTD estimated figures before effecting the payment. Else, seek additional prior approval with justification from the Director General/Registrar & CAO in writing for such over runs.

17. All vendor payments should be effected through account payee cheques. Cash transactions with vendor should be avoided but for petty cash payments of insignificant value.

18. A vendor will be issued "Duplicate copy" of original Invoice/Works

Order/Work Completion Certificate/ General certificate and any such vendor related documents for prior years subject to

a. Receipt of written request with reasons from the vendor.

b. Clearance from Registrar & CAO & the Director General (depending on the value of transaction, refer approval matrix)

c. If there is a bill or contract value it has to be counter signed by Finance Controller.

Fixed Asset Tracking Process (including Sports equipments)

1. IMI will have location wise fixed Assets register as of August 2007 end which should be updated by F&A with inputs in standard format (FA Register Additions & Deletions updated by Administration function)

2. All fixed assets procurement must be only with CAR (Capital Asset Requirement) properly authorized by Finance and approved by the Registrar & CAO and the Director General.

3. On purchase of any FA, Manager Administration has to send "Additions Note" to Finance Controller with details of location, quantity, value of such asset, date of purchase, invoice date & value.

(XL file to be maintained by Executive administration) (FAR)

4. Sale of fixed assets including scrap should be with minimum 2 comparative quotes authorized by Manager Administration, and approved by Registrar & CAO.

5. All fixed assets movements should be allowed only with proper request from the initiator, authorized by Administration Manager and approved by Registrar & CAO.

6. Manager Administration/Registrar & CAO can assign responsibility of maintaining a "Sports Assets Register" to Executive Administration with a student nominee responsible for assets like Table Tennis Table, Basket Ball moving stand, Rackets and net being fixed assets. However, there has to be an account of purchases like balls, shuttles, etc by ensuring out entry is made before purchasing the new items.

7. Finance Controller to ensure half yearly stock physical stock verification and approved by Registrar & CAO to smoothen year end FA verification for Balance sheet purpose.

EDP/MDP and Consulting Revenue Sharing Process

1. Please refer Faculty Performance Measurement System (Incentive Scheme for faculty members beyond 300 work units) dated 15 September 11.

The performance of the faculty is measured in terms of work units earned by them. There are work units assigned for each of the activities performed by the faculty. A faculty member is expected to perform a minimum workload of 300 work units, which is equivalent to six courses1 in each academic year2. Work units earned by the faculty member over and above the minimum level of 300 will be paid by the Institute @ Rs. 3,000 per work unit. The minimum work units from direct teaching in our long term academic programmes for a faculty member (IMI-D) is 150 work units.

2. Detailed form for consulting approval and budgeting process is available in intranet (consulting approval process forms). These filled up forms with the approval of Dean, MDP & Consulting to be submitted to Finance/Registrar for consulting related revenue recognition and faculty sharing.

3. All EDP and MDP programs should be linked to the revenue projections given as a part of Budget projections from these streams.

4. Program coordinator/ faculty to give projected revenue and expenses to be approved by Dean, MDP & Consulting before start of the program. Actual revenue and expenditure to be tracked vis-à-vis plan to arrive at the contribution margin. Copy of the planned revenue and expenditure to be shared with the Registrar & Finance Controller.

5. IMI to introduce the new formula for revenue sharing that is as under

> Revenue from the program
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> Less: Expenses like taxi fare or any other expense
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> Balancing figure (surplus) IMI share (1/3rd) of surplus Faculty/coordinator share(2/3rd) of surplus Less : Faculty honorarium
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> Net Faculty/coordinators share.

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[1] One course = 3 credits; 1 credit = 10 classroom contact hours
[2] Defined by April 1 to March 31, that is summer term, 1st term, 2nd term, and 3rd term. It will be effective from the academic year April 1, 2011 to March 31, 2012.

6. Every EDP and MDP must result in surplus share to IMI to ensure commercial viability of such programs.

Travel Process (including foreign travel)

1. All domestic and International Travel must be pre- authorized and pre- approved by concerned authority.

2. Travel Rules as per eligibility criteria for various employees will continue to be the guidelines.

3. If the travel involves Airfare, it needs prior approval for Air travel.

Only Economy class should be used for all domestic travel in all such approved cases.

4. As far as possible travel can be planned in advance to make use of check fare or low air fare basis to reduce travel cost to IMI.

5. Net booking is preferred to avoid agency commission and non- availability through booking agencies for certain carriers.

6. If IMI has to go through the existing travel agent/ empanelled vendors- all efforts should be made to book under check fare or low fare. All air travel bookings Centralized booking from Administration from enlisted vendors only. All e-tickets should be sent by vendors to Administration within 48hours of request to take advantage of lower air fare.

7. All foreign travel along with details of tour along with starting and ending date, with customer request details have to be pre-approved. Need to enclose estimated expenses for such trips in advance for arranging foreign currencies.

8. Any extension or preponement of foreign travel for whatever reasons have to be justified and pre-approved by the Director General.

9. Daily Allowance incase of overseas travel (100US$) is given for local conveyance, food and miscellaneous expenses. This is applicable incase of IMI not taking care of boarding. If the Hotel bill includes food expenses, then only actual conveyance can be claimed with the back-up of taxi bills. This DA is applicable incase of Europe and US and Latin American travel.

10. Incase of sponsored program/ conferences where lunch and accommodation is taken care by the sponsors 50% of DA is payable for Dinner and miscellaneous expenditure.

11. All tour Advances have to be settled within 15 days of ending date of travel for both domestic and foreign travel.

12. Any unsettled tour advance for more than 30 days has to be treated as salary advance and subject to recovery from the salary.

13. A separate "Tour advance" account to be opened with details of Employee code, name, Tour place & date, amount. This needs to be reviewed on monthly basis for timely settlement and recovery.

HR Processes- appointment, deployment, Performance monitoring & recognition

1. HR process and policies have to be in alignment with market trends and performance.

2. Selection and appointment process have to be streamlined and records to substantiate such selection process.

3. All appointments should be supported by copies of certificates for all faculty and staff members above attendants. Every employee must have an individual personnel file maintained by Registrar's office.

4. As a normal practice appointment of blood relation should be discouraged, this is also to avoid conflict of interests in IMI. This is applicable to both staff and faculty members.

5. Performance appraisal system, including setting goals in the beginning of the year with KRAs and introducing mid- year and year appraisals for increment and rating system for promotions as well. This is effective from 2011-12.

6. Gain full deployment of secretaries based on the work load of each secretaries and other support staff to enhance over all productivity.

7. Job rotation between staff members and redeployment options needs to be considered for better productivity and performance.