

STMU FINANCIAL RULES 2012

CHAPTER – I

GENERAL PROVISIONS

1. **Short Title, Commencement and Application:**

- a. These Rules may be called “STMU Financial Rules, 2012”.
- b. These Rules shall come into force at once and shall be applicable to provisions in the Recurring and Developmental Budgets.
- c. These rules shall be followed by the authorities of the University in the discharge of the financial powers and functions entrusted upon them under the STMU Act 2012.
- d. These rules shall apply to all financial transactions, decisions, payments, income, expenditure, record, purchase, sale and disposal of stock and non-stock items of the University.
- e. These rules, withstanding anything done or any action taken or any proceedings commenced under any of the provisions of the previous rules, shall supersede previous financial rules.
- f. For procurement of goods, works, and services, in addition to and not in derogation of these rules, “university procurement policy” shall be framed, all amounts in these rules and in associated policies will be reviewed from time to time by the Syndicate.
- g. The Vice-Chancellor may, in case of real hardship, relax these rules for reasons to be recorded in writing for the information of the Finance and Planning Committee / Syndicate.

2. **Definitions.** In these rules, unless the context otherwise requires, the following expression, shall have the meanings hereby respectively assigned to them, that is to say:

- a. “**Authority**” means the authority of the University as specified in the STMU Act 2012 and statutes made there under;
- b. “**Budget**” means the financial estimates of the University for the Financial Year duly recommended by the Finance & Planning Committee and the Syndicate and passed by the Senate;
- c. “**Chancellor**” means the Chancellor of the University;
- d. “**Commission**” means the Higher Education Commission;
- e. “**Convener**” means a senior member of the University Purchase Committee appointed by the Vice-Chancellor on the recommendation of the Treasurer for a fixed period or for a specific purchase under these rules;

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- f. “**Capital Expenditures**” all expenditures of Rupee five thousand or more which benefit more than the accounting period in which they are incurred shall be treated as Capital expenditures.
- g. “**Dean**” means the Dean of a Faculty of the University;
- h. “**Department**” means Department established by the University to teach a branch of learning or administrative/operational unit;
- i. “**Fund**” means the fund of the University;
- j. “**Head**” means the Head of Teaching Department, Institute, Principal of a constituent college and Head of administrative/operational Section in the University, as the case may be;
- k. “**Inspection Committee**” means a Committee appointed by the Vice Chancellor for the purpose of Inspection, under these rules;
- l. “**Non-Stock Items**” means items of specific nature not stocked in the main store and procured as and when required by departments / sections. These would normally include all fixed assets, library books, laboratory chemicals glassware, equipment and workshop tools and materials, computers and their accessories, etc.;
- m. “**Purchase Committee**” means the Purchase Committee appointed for any purchase by competent authority of the University;
- n. “**Project Committee**” means the Project Committee appointed for a project by competent authority of the University;
- o. “**Registrar**” means the Registrar of the University;
- p. “**Secretary Purchase Committee**” means the Secretary of the University Purchase Committee and can be the in charge of the Purchase Section of the University;
- q. “**Senate**” means the Senate of the University;
- r. “**Stock Items**” means, items, which are purchased in bulk and usually consist of general stationery, office stationery, office supplies, items of sanitary, hardware, timber, electrical goods and appliances and other miscellaneous material required for the maintenance and up-keep of structures, moveable and immovable assets. It includes all consumable items also;
- s. “**Syndicate**” means the Syndicate of the University;
- t. “**Treasury Office**” means the Treasury department of the University under the administrative control of the Treasurer, consisting of Accounts Section, Finance

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Section, Pay roll Section, Internal Audit Section and other appropriate section(s) which may be added to it by the competent authority;

- u. **“Treasurer”** means the Treasurer/CFO of the University;
- v. **“University”** means the SHIFA TAMEER - E - MILLAT UNIVERSITY;
- w. **“Vice Chancellor”** means the Vice Chancellor of the University.
- x. **“Works Committee”** mean committee appointed by Vice Chancellor of the University for any Specific work/assignment.

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CHAPTER - 2

UNIVERSITY FUND

1. **Fund Policy.** Shifa Tameer-e-Millat University is a self-financing institution where all developmental and running finances will be generated by the university itself. As a matter of policy the university has to run all its financial matters on meticulous and honest basis and to keep the financial record up-to-date and transparent using all the relevant IT technology and the modern accounting and auditing practices. For achieving these objectives the most important requirement is the 'Financial Rules and Procedures' which were very carefully framed, deliberated upon and approved.
2. **University Fund:**
 - a. There shall be a University fund to which its income from fees, donations, trusts, bequests, endowments, contributions, grant and all other sources shall be credited.
 - b. Bank account(s) for the University fund may be opened and operated by the Treasurer with any scheduled bank / banks.
3. **Sources of Fund.** To meet the development and running expenses Shifa Tameer-e-Millat University is to generate its revenues by tapping all sorts of legal and lawful sources within the country and abroad. Not limited to these, the following shall be the major sources of revenue for the university. However, utmost care is to be taken not to accept any support which may have some strings attached or which is to potentially damage the reputation, prestige and activities of the university, its faculty, students and the administration.
4. **External Sources, Grant in Aid:**
 - a. Grants of the Federal Govt. direct or released through the Higher Education Commission or Provincial Government;
 - b. Development Grants release through the Higher Education Commission by the Federal Govt. for the developmental schemes of the University or Funds released by the Provincial Governments for the development projects;
 - c. Special grants released by the Federal or Provincial Governments for a specific purpose or covering a range of specific / special items;
 - d. Other grants of the Federal or Provincial Government and other Organizations / bodies released for purposes such as scholarships, awards, prizes, study tour and travel, students welfare, provision of amenities, holding tournaments seminars debates, sports festivals and for all other lawful activities of students , staff and the University;
 - e. Support from the sponsoring organizations e.g. Shifa Foundation, Tameer-e-Millat Foundation and Shifa International Hospital.
 - f. Profits from investment of endowment fund and other funds.

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- g. Profit on current and saving accounts.
 - h. Donations and scholarships instituted through national and international philanthropic organizations, financial institutions and overseas Pakistanis.
 - i. Financial support from HEC, Federal, Provincial and local governments and business community.
 - j. Financial support from international development organizations such as CIDA and JICA or any other donor agency.
 - k. Affiliation charges from other institutions.
 - l. Contribution from alumni of the university.
 - m. Support in form of material and property such as equipment, books, furniture, vehicles, land and buildings etc. will also be welcomed.
5. **University's Own Resources:**
- a. Admission fee, Registration fees, Tuition and Examination fee, Self Finance fee, Late fee, Fines, Equivalence fee, Provisional Certificate fee, Detail Marks Certificates fee, Degree fee, Migration fee, Correction in name fee, Proficiency fee, Sports fee, Affiliation fee and any other fee prescribed by the University from time to time.
 - b. Hostel Income: Hostel admission fee, hostel rent, service charges, electricity charges from students and all other user charges.
 - c. Profit and interests or returns on investments.
 - d. Income from staff and students for hiring university vehicles, rents, telephone and electricity charges and any other user charges.
 - e. Donations, gifts, bequests, honors, awards, prizes, and medals to the University.
 - f. Miscellaneous income means all income not covered under the aforementioned sources, which may be accounted for under the miscellaneous head.
6. **Head-wise Classification.** For all the programs the university may charge fees for its academic programs under the following heads.
- a. Admission fee
 - b. Tuition fee
 - c. Examination fee
 - d. Security
 - e. Library fee
 - f. Transcript fee

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- g. Degree/Diploma fee
 - h. Convocation fee
 - i. Special facility/training/field course fee
 - j. Any other legal and lawful source
7. Admission fee, Security, library, degree and convocation fees may be uniform for all the university students whereas other fees may vary depending on the academic program and the college/institute of study. Full fee structures of various academic programs shall be provided in prospectus of the concern department, college or institute at the time of admission.
8. Fee structures are approved, as presented in the proposed budget for the year 2012-13, for the academic programs which have already been launched or to be launched soon. For all other academic programs which are to be launched in future fee structures are to be approved by The Senate.
9. To beat inflation the university may increase admission and tuition fees as well as other charges of its academic programs by an increment of not more 10% at a time under unavoidable circumstances with the approval of the Senate and subject to the limitations of the regulatory bodies.
10. All fees are to be deposited in the university account(s) by deadline specified by the university.
11. On the expiry of deadline or extended period there of an amount, specified by the Vice Chancellor or any other authorized officer, will be charged as late fee per every single day for the first 7 days. Upon expiry of this period the student concerned shall not be allowed to attend the classes up to a period of one month. After this the student will be liable for expulsion from the university provided the Vice Chancellor is convinced that the non-payment is due to serious financial problem and allows the student to continue for a period specified by the Vice Chancellor.
12. The Treasurer/CFO is to ensure that appropriate procedures are in place and being observed to enable the university to receive all income to which it is entitled.
13. All receipt forms, invoices, or other financial documents in use must have the approval of the Vice Chancellor.
14. The Treasurer/CFO is to ensure that all revenues received are accurately and appropriately recorded in the university accounts.

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CHAPTER - 3

FINANCIAL ORGANIZATION, FINANCIAL JURISDICTION AND POWERS

1. **Financial Organization:**

- a. The Financial Organization in these Rules has been structured around the existing administrative set-up of the University. The Treasurer, under the supervision of the Vice Chancellor, administers and manages the Treasury Office of the University.
- b. The Treasury Office will consist of four functional sections, viz; (i) Accounts, (ii) Finance, (iii) Pay roll and (iv) Internal Audit. Each section is supervised by a Section In charge who reports to the concerned Assistant Manager or as may be prescribed.
- c. The Deputy Treasurer will coordinate activities of the Accounts, Finance and Pay roll, Internal Audit Sections will directly report to Treasurer/CFO.
- d. The financial transactions will be coordinated and routed to the Treasurer by their respective heads for authorization or obtaining approval of competent authority. Each of these sections has further been divided into sub-sections to ensure a smooth and efficient working and to exercise sound control at the lower level of the functionaries.

2. **Jurisdiction and Roll of Authorities of the University:**

a. **Syndicate:**

(1) The Syndicate, as provided under Section 20(1) & Section 25 of The Act , is the Executive Body of the University and shall, subject to the provisions of this Act and the Statutes, exercise general supervision over the financial affairs and management of the University.

(2) As provided under Sections 20 (2) of The Act, without prejudice to the generality of the foregoing powers, and subject to the provisions of this Act, the Statutes and direction of the Senate, the Syndicate shall have following powers related to financial affairs of the University;
Consider the annual report, the annual and revised budget estimates and to submit these to the Senate;

(3) Transfer and accept transfer of movable property on behalf of the University;

(4) Enter into, vary, carry out and cancel contracts on behalf of the University;

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(5) Cause proper books of account to be kept for all sums of money received and expended by the University and for the assets and liabilities of the University;

(6) Invest any money belonging to the University including any unapplied income in any of the securities described in **Section 20 of the Trusts Act, 1882 (Act II of 1882)**, or in the purchase of immovable property or in such other manner, as it may prescribe, with the like power of varying such investment;

(7) Receive and manage any properly transferred, and grants, bequests, trust, gifts, donations, endowments, and other contributions made, to the University;

(8) Administer any fund placed at the disposal of the University for specified purposes;

Provide the buildings, libraries, premises furniture, apparatus, equipment and other means required for carrying out the work of the University;

(9) Establish and maintain halls of residence and hostels or approve or license hostels or lodgings for the residence of students;

(10) Institute Professorships. Associate Professorships, Assistant Professorships, Lecturer ships, and other teaching posts or to suspend or abolish such posts;

(11) Create, suspend or abolish such administrative or other posts as may be necessary;

(12) Report to the Senate on matters with respect to which it has been asked to report;

(13) To take actions necessary for the good administration of the University in general and to this end exercise such powers as are necessary; and

Delegate any of its powers to any Authority or officer or a committee.

b. **Finance and Planning Committee.** There shall be a Finance and Planning Committee (FPC) of the university consisting of the following members:

Vice chancellor	- Chairman
Two members of the Senate as proposed by the chancellor	- Member
Registrar	- Member
Treasurer/CFO	- Member

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- (1) The Finance & Planning Committee can be constituted under the First Statutes of the University and may have the following functions:
- (2) To consider the annual statement of accounts, internal audit reports and the annual and revised budget estimates and advice thereon;
- (3) To review periodically the financial position of the University and identify alternate sources of income; -
- (4) To advise the Senate on all matters relating to planning, development, Finance, investments and accounts of the University;
- (5) To prepare short-term and long term academic development plans:
- (6) To prepare a university expansion plan.
- (7) To prepare plan of staff and resource development: and

To perform such other functions as may be prescribed by Statutes.

c. Treasurer:

- (1) The Treasurer, as provided under Section 13(3) of the University Act shall be the chief financial officer of the university.
- (2) The Treasurer in addition to and not in derogation of its functions provided under Section 13 (3) shall have the following duties;
- (3) Power to make payment within the sanction accorded by the competent authorities' lies with the Treasurer, who is answerable to the Vice Chancellor in respect of all payments made out of the University's fund.
- (4) He shall be responsible for providing regularly to the Vice-Chancellor with information on all financial matters and shall bring to the notice of the Vice Chancellor any violation of the financial Rules or decision(s) of the Syndicate.
- (5) The Treasurer, with the approval of the Vice-Chancellor, shall have the power to open bank accounts with any commercial bank or banks for the management of University funds. He shall have the powers to invest the funds of the University in investment schemes and term deposits in any bank with the approval of the Vice-Chancellor and as per guidelines of the Syndicate. Such investments shall be reported to the Finance and Planning Committee.
- (6) He shall jointly sign all cheques drawn on behalf of the University and shall have the authority to sanction the incurrence of the expenditure and allow payment within the authority delegated to him by the vice chancellor.

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(7) He shall sign contracts on behalf of the University to the extend authority delegated to him.

(8) Subject to the control of the Vice Chancellor, he shall be responsible for framing the Rules / statutes on all financial matters, which by the Act are to be prescribed or regulated, by statutes or regulations.

(9) He shall conduct official correspondence of the University on all financial matters.

(10) He shall sanction the refund of Examination fees, tuition fees, security deposits and other dues of the students in line with the policy of the University.

(11) He shall have the power to sanction and allow payment of dues and utility bills payable to Government departments and attached organizations such as telephone bills, taxes, electricity and gas charges.

(12) He shall perform such other duties and exercise such financial powers as may be assigned and delegated to him from time to time by the Syndicate or the Vice Chancellor in addition to those delegated under these Rules.

d. Head:

(1) The Head shall have powers to recommend expenditure out of fund allocated to his / her department / unit in the approved University Budget.

(2) The Head shall arrange for the physical verification / stock taking of the furniture and equipment of his / her department / unit and laboratories every year and submit a report to the Treasurer.

(3) The Head may write off any loss of property, if the amount involved on a single item does not exceed Rs. 1,000/- subject to a maximum of Rs. 12,000/- in a financial year on the condition of proper inquiry into the loss of property. The maximum limit of write off may be increased by the Syndicate from time to time.

3. Delegation of Financial Powers. Financial Delegated Authorities for Operating Expenditure and Capital Expenditure:

Operating Expenditures – Financial Delegated Authority	
Vice-Chancellor	Unlimited within Budget and Up to Rs.2 M for cumulative expenditure outside Budget with the provision that any expenditure in excess of 5% of Budget must be reported to the next meeting of SENATE.

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Capital Expenditures - Financial Delegated Authority	
Vice-Chancellor	Unlimited within Budget and Up to Rs.2 M for cumulative expenditure outside Budget with the provision that approval is granted only after consultation with the Chancellor (or SYNDICATE in the Chancellor's absence).

4. **Commitment and Approval.** The delegated authority frameworks at 3 establish the authority and discretion to commit and approve payment of University funds and opening and operating the necessary bank accounts.
5. **Sub-Delegation of Financial Delegated Authority:**
 - a. The Vice Chancellor has the right to sub-delegate all or part-of the delegated authority within Approved Budget to principal officers in accordance with the Financial Delegated Authorities Policy (to be framed separately).
 - b. Financial delegated authority cannot be sub-delegated to non-University staff.
6. When the post of Vice Chancellor falls vacant due to any reason this position will temporary be filled from within the principal officers of the University.
7. In case of temporary absence of Vice Chancellor the delegated authority (as may be prescribed by the Vice chancellor) will be exercised by the Acting Vice Chancellor.

CHAPTER - 4

UNIVERSITY BUDGET

1. **University Budget.** The University's annual budget is a detailed planning of activities involving financial aspects, which enables the University to exercise an effective control over the actual expenditure, which is measured against the budgeted targets and thus provides a useful guidance in planning future financial activities of the University.
2. **Budget Compilation and Control:**
 - a. The relevant section of the Treasury Office shall carry out the compilation of the budget as per budget schedule- to be issued separately. The relevant section will approach all departments to submit the estimates of their recurring and capital expenditure for the ensuing year. The relevant section shall provide the specified forms in which the information shall be required from each department and shall assist the departments in the compilation of figures.
 - b. On the basis of information furnished by the departments / offices, the relevant section of the Treasury Office shall compile a first draft of the budget. The Budget Committee shall scrutinize the draft and after discussing various aspects of the budget, shall incorporate necessary changes if any. After incorporating the changes, if any, draft of the budget shall be presented to the Syndicate for recommendation to the Senate. The recommended budget shall be scrutinize by the Finance & Planning Committee before it will be presented to the Senate for approval as per budget schedule but in no case latter than 30th June for approval.
 - c. The Budget shall be based on the actual expenditure of 9 months from 1st July to 31st March of the year and probable figures from 1st April to 30th June. The revised estimates shall form part of the budget format and shall be placed before the Finance & Planning Committee, Syndicate and then Senate along with the proposed budget for the ensuing year.
 - d. Before any payment is made, it shall be ensured that provision exists in budget under the particular head of expenditure. Prescribed income and expenditure ledger shall be maintained showing budget targets under various heads of income and expenditure against which the actual receipts and disbursements shall be recorded. Deviation from the budgeted figures shall be highlighted so that the correct action could be taken in time.
 - e. Savings under one or more heads in the approved budget may be utilized by re-appropriation with the approval of Vice Chancellor to meet the likely excess of expenditure under some other heads or to meet expenditures on unforeseen items.
 - f. Savings under any head of the capital expenditure budget or saving in the provision made for debt-serving shall not be re-appropriated to meet revenue expenditures.

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- g. The appropriate and standardized budget format shall be adopted for the budget of the University for the relevant heads of the income and expenditure;
3. **Supplementary Grants.** When it is found during the year that expenditure under one or more heads of accounts is likely to exceed the budgetary provision, because of un-foreseen emergency or under-estimation, and
- a. such excess of expenditure can neither be met by re-appropriation in the budget nor can be covered from the authority available in chapter 3 of these rules,
 - b. such expenses can also not be deferred for the next year,
 - c. funds are required to meet the expenditure on new items or project of emergent nature,
 - d. A request for supplementary grant shall be sent to the senate after recommendation of the syndicate giving,:
 - (1) Reasons as to why sufficient provision was not made in the budget,
 - (2) Details of the factors leading to the growth of expenditure,
 - (3) Justification as to why the proposed expenditure cannot be postponed for the next year.
4. In case of new project, the request for supplementary grant shall be accompanied by the following details:
- a. Name and scope of the project, expected benefit and reasons for its being of emergent nature,
 - b. Total cost and completion period,
 - c. Funds required during the year with percentage completion,
 - d. Allocation of funds for the project in the subsequent years,
 - e. Necessary legal and other administrative formalities required for the execution of the project.
5. No expenditure shall be incurred or commitment made unless the approval of the authority for supplementary grant is communicated in writing. Chancellor in case of extreme urgency can sanction up to Rs. 5 Million supplementary grant.

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CHAPTER - 5

MISCELLANEOUS FINANCIAL MATTERS

1. **Cheque Signing Authorities:**

a. **Primary Signatory.** All cheques will be signed jointly by the Treasurer/CFO and Vice chancellor of the university.

b. **Secondary Signatory:**

(1) **In the absence of Vice Chancellor.** All cheques will be signed jointly by the Treasurer/CFO and Chancellor of the university.

(2) **In the absence of Treasurer/CFO.** All cheques will be signed jointly by the Manager Finance & Accounts and Vice Chancellor of the university.

c. During the temporary absence (up to a period of 1-week) of primary signatory, only urgent payments of routine nature will be processed.

2. **Recording & Book Keeping:**

a. **Receipts:**

(1) All moneys received will be deposited in a prescribed bank and recorded in the cash/bank book on daily basis. If due to unavoidable circumstances the money cannot be deposited on the day it is received, the matter will be brought to the notice of the Treasurer, who may take necessary precautions for the safe custody of the cash.

(2) For all moneys received including through bank challans and money/pay orders, a printed receipt shall be prepared by the cashier and countersigned by the section in charge. In case any receipt is cancelled, it will be defaced with rubber stamps and will be kept properly folded in the receipt book.

(3) All money received by the University Account shall be analyzed date-wise.

(4) Posting to the income ledger will be made as per applicable procedures.

(5) The Accounts section shall maintain its own Bank Ledger for all the transactions of daily deposits in and withdrawal of cheques from the bank. Posting to the Bank ledger will be made from the relevant book.

(6) Deposits of cheques, bank drafts and cash will be made through pay in slip after issuing proper printed receipt duly numbered under the custody of the

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Cashier. A brief description regarding the nature of receipt will also be noted on the counterfoil.

(7) The Cashier will ensure that the Bank statements along with the copy of the counterfoils are received /recorded on daily basis.

(8) Accounts of interest/profit credited by the bank will be properly checked and differences in rates or amounts shall be pursued with the bank till their settlement.

b. Payments / Expenditures:

(1) All cheques issued shall be recorded giving full particulars of the payment in serial order.

(2) Postings to the Expenditure Ledger will be made against audited vouchers.

(3) No over-writing, white fluid and erasures will be allowed in the books/documents/vouchers. In case of any corrections, the incorrect entry will be corrected with proper initials of the authorized person.

(4) Under no circumstances blank cheques shall be signed by any of the signatories.

(5) On receipt of a fresh cheque book from the bank, the numbers of cheques contained therein will be counted before its acknowledgement is signed and sent to the Bank.

(6) The counterfoils of the used cheque books will be preserved and kept in safe custody for a specific period.

(7) Copies of letters containing standing instructions will be filed properly and kept under the custody of the Treasurer or any other authorized officer.

(8) The Bank's advices of direct debit/credit will be obtained and adjusted in the Cash/Bank Book and relevant ledgers.

c. Balancing and Reconciliation:

(1) The bank Balances at the end of each month will be reconciled with the bank Ledger and a reconciliation statement will be prepared by the Finance Section.

(2) A certificate will be obtained from the Bank certifying the balances in each account at the close of the financial year.

d. Main Books of Accounts. All required books shall be maintained in the Treasury Office to maintain proper record and to support accounting software in line with the requirements of International Accounting Standards.

3. **Pay Roll Authority:**

a. **Preparation and Processing of Pay Bills of Establishment:**

(1) The Registrar's office is to intimate to the Treasurer Office all appointments, promotions resignations and terminations of the staff and shall maintain a separate file for every employee to depict any change in his status and pay scale.

(2) The Relevant Section/ Departments of the registrar office will prepare the pay sheets / bills of all employees working in different administrative sections and all teachers working in teaching departments of the University. These bills will be sent to the Treasury Office on or before the 25th of each month for processing and payment on pay day (1st of every month).

(3) The Pay roll Section of the Treasury Office shall scrutinize these bills and will ensure that:

(a) All changes made in pay bills have been duly supported by the order of the competent authority.

(b) A journal voucher has been prepared adjusting various deductions from the salaries.

(4) Appropriate deductions for leave without pay and absence, leave on full pay, leave on half pay if any shall be made on the advice of the Relevant Section of the Registrar Office, which receives such information direct from the concerned department and is responsible for maintaining employee's personal files.

(5) The pay bills summary and the general vouchers shall be pre-audited by the internal auditor before sending them to the Treasury Office for preparation of cheques. The Finance Section will prepare cheques / bank transfer vouchers for all the employees.

4. **Specific Purpose Advance.** When a requisition for a general advance is made for specific expenses, the Treasurer with the approval of the competent authority may allow the advance to the requisitioner. It is important that the advance holder should render the statement of expenses within one month of incurring the expenditure duly supported by cash memos and evidence that all codal formalities wherever applicable have been duly observed. An advance may not be drawn unless it is immediately required.

5. **Research Fund.** The Research contracts and Consultancy funds will be regulated as may be prescribed in detailed policy.

6. **Development Works and Projects:**

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- a. Development Works & Projects shall be a Major Head of Account. A separate Head of Account shall be maintained for Development Works and Projects and shall not be mixed with the transactions of the Recurring Budget or any other fund/grant of the University.
- b. The Vice Chancellor shall have full powers to accord Technical Sanction to 'Estimates of Works' prepared for development Projects and schemes of the University.
- c. The Vice Chancellor may appoint Consultant, Architect and other relevant professionals for consultation and providing technical opinion, advice and guidance on important developmental works of the University and fix their fee and remuneration etc. Depending upon the nature of work, the Vice Chancellor may also appoint a Project Committee for execution of developmental works.
- d. The procedure for calling tenders and payment of Contractors bill shall be the same as given in Procurement Rules.

7. **Sale, Disposal and Writing-off Stores:**

- a. Prior sanction of the Vice Chancellor or a competent authority shall be obtained to write off losses and deficiencies in Stores.
- b. Stores, which are reported to be obsolete, surplus or unserviceable, may be disposed of by sale or otherwise, as directed by the Vice Chancellor or any competent authority.
- c. The Head may write off any loss of articles if the amount involved on single items does not exceed Rs.1000/- subject to a maximum of Rs.12,000/- in a financial year, with the condition of proper inquiry into the loss of items. This report will be submitted to Treasurer Office.
- d. Assets beyond economical repairs in the departments and hostels shall be transferred to the main Store for sale, auction / scrap. A fixed Assets Retirement Advice will be prepared by the transferring department / hostel in triplicate and sent to the store along with the article. The store section will acknowledge the receipt of the article on such advice and will return one copy to the department / hostel concerned and dispatch the second copy to the Treasurer Office, The transferring department will delete the item from its departmental stock register. The main store shall maintain a register of condemned articles to be called scrap register.
- e. When an asset is to be sold /auctioned with prior approval of the Vice Chancellor, the Survey/inspection Committee appointed by the Vice Chancellor shall be responsible for the disposal through sale / auction. The Committee shall decide the mode of sale/auction. The Committee shall prepare a statement of bidders with their rates and make necessary recommendations to the Vice Chancellor.
- f. Authority of approval rests with the Vice Chancellor for assets valuing up to one Million Rupees. When the value of assets is more than one million rupees, final approval lies with the Syndicate.

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g. When the asset is disposed of it shall be deleted from the stock and recorded in detail in the Disposal Register maintained in the main store. A disposal advice showing pertinent detail shall also be submitted to Treasury Office to delete an asset from the record.

8. **Audit and Internal Reviews:**

a. The Accounts of the University shall be maintained in the manner prescribed in these Rules.

b. No payment shall be made from the funds of the University unless a bill for its payment has been pre audited by the University Auditors except for the heads specified otherwise.

c. The year-end accounts of the University shall be audited by an audit firm as per requirements of law of the land.

d. The observations of Auditors, together with such annotations as the Treasurer/CFO may make shall be presented to the Syndicate. The Syndicate shall be the final authority to settle the paras raised by the Auditors in the Audit Note, to drop them or order further necessary action thereon. For this purpose the Syndicate may formulate and delegate its powers to a Committee to be called "University Audit and Accounts Committee" to deal with the Audit Report prepared by the Auditors.

e. The University may have an Internal Audit Section to work under the Treasurer/CFO or as may be prescribed.

f. The Internal Audit section shall be looked after by an officer designated as Manager Internal Audit working under the Treasurer/CFO or as may be prescribed.

g. The Internal Audit shall check the accounts maintained in the teaching departments, hostels, offices, and other cost centers of the University and will report to the Treasurer who may report onward to the Vice Chancellor. However, before making any observation, the internal audit shall, discuss the matter with the concerned Head.

h. The Internal reviews shall be carried out continuously on rotation basis and reports shall be submitted periodically to the authorities.

i. The Internal reviews shall scrutinize important cases referred to it and shall make necessary recommendations to the Treasurer regarding the course of action to be followed or taking up the matter with the Vice Chancellor or any other competent authority. The Internal Audit shall follow-up the queries raised and shall report unsettled cases to the Treasurer for onward reporting to the competent authority or any other appropriate course of action.

j. The Internal Audit shall be charged with the responsibility of looking into the Audit paras of the Statutory Auditors and shall prepare annotation to the Audit Notes.

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k. The Internal Audit shall follow the guidelines for its working, to be framed and issued from time to time through Treasurer Office;

CHAPTER - 6

PROCUREMENT RULES

1. Procurement of Stores, Tenders and Quotations:

a. Subject to any special rule or order of the Syndicate/Vice Chancellor applying to any particular department, an authority of the University, which is competent to incur expenditure may sanction the purchase of stores required for use in the University/Department /Section/Hostels in accordance with the provision contained in these Rules. Such purchases are also subject to the usual restriction regarding the necessary appropriation and to any monetary limits and other conditions prescribed generally or in regard to specific articles or classes of articles. Powers delegated to the University's Purchase Committee, heads of teaching departments/workshops, Dean, Registrar, Treasurer, Controller of Examinations, Head of Works, and other responsible officials are being laid down in university statutes and regulations. All purchases in the University should be regulated in strict conformity with these Rules.

b. Purchase must be made in the most economical manner in accordance with the requirements of the University. Stores should not be purchased in small quantities, but at the same time care should be taken not to purchase supplies much in advance of actual requirements, if such purchase is likely to prove unprofitable to the University.

c. Purchase order should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders. For this purpose the Constituent units/Departments will route their requirements through the Principal/Director of the constituent college to the Registrar office being the In-charge of the store section, where all the requirements of various departments and sections will be considered, consolidated and forwarded to Purchase Dept. for further process as per procurement rules.

d. In case of stock & non stock items the Store dept. will raise the **"PURCHASE REQUISITION"** as per applicable procedures.

e. The relevant section of the Treasurer office after it's checking and scrutiny will prepare a complete case showing the necessary details and will forward the case to the competent authority for obtaining proper approval.

f. After approval of the competent authority is obtained, the Treasurer office will advise the concerned dept. to commence the formalities required for the purchase in question.

g. The purchase dept. shall prepare and maintain lists of approved firms, contractors and other suppliers, and keep the Treasurer and Vice-Chancellor informed whenever a new agency is enlisted as per applicable procedures. The firms enlisted must be of good standing and actually doing business, have physical existence in the market with definite business premises (preferable registered vendor) and not by label only.

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- h. Purchase up to Rs. 25,000/- may be made from the local market without inviting quotations on the usual certificate by the officer authorized by the Treasurer to purchase the item(s) that the value paid is at the lowest market rate.
- i. Any Spot purchase between Rs. 25,000/- to Rs. 100,000/- may be made by the Purchase Committee in the open market after a survey of the market on the basis of three quotation collected by the Purchase Committee. The Purchase Committee shall ensure genuineness of the rate and quality of material.
- j. Purchase above Rs. 100,000/- and up to Rs. 300,000/- shall ordinarily be made on the basis of at least 3 quotations by the Secretary Purchase Committee from the approved suppliers or those with a reputation in the market. When the quotations are invited from several firms but there is a poor response and only one or two quotations are received, the purchase may be made from the lowest one. When there is no response, the purchase may be made from any firm by the Purchase Committee with prior permission of the Treasurer. The Convener, Purchase Committee will certify that the purchase made is at the minimum market rate.
- k. If the amount exceeds Rs. 300,000/- the transaction will be advertised and sealed tender/quotation obtained by open tender system. Vice Chancellor in case of urgency may relax the rules and approve the procurement up to Rs.500,000/ as per sub section (j).
- l. If the purchase is to be of a patented article of required specifications available from an authorized dealer or the manufacturer, it can be purchased from him with the prior approval of the Vice Chancellor without calling other quotations. However, if the article is available with more than one dealer at competitive rate quotation shall be invited in the usual manner.
- m. Quotation should be preferred from sole distributors and direct manufacturers to ensure quality at competitive rates.
- n. In case of rates of fresh quotation are higher than rate of last purchase, efforts should be made to place repeat orders.

2. **Tender/Quotations:**

- a. The Competent authority shall at least 21 days before entering into contract or date of material required date will give public notice of tender.
- b. The Competent authority may accept any of the tenders so made which appears to him the most advantageous, provided that;
- c. If he rejects the lowest tender or all the tenders made in pursuance of the public notice, the reasons for his doing so shall be recorded;
- d. The competent authority up to Rs.2 million may, in case of emergency or if otherwise deemed fit and beneficial in the interest of the University, invite gallop (spot) tender or dispense with conditions of inviting tenders and enter into contract with any person/firm for the execution of any work or the provision of any supply with due regard to the quality of work, supplies and speedy execution of the contract.

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3. **Valid Tender/Quotations:**

- a. No tender shall be deemed a valid tender unless:
 - (1) It is sealed.
 - (2) It is accompanied by earnest money / call deposit equal to two percent of the amount of tender.
- b. All sealed tenders/quotations shall be opened by the competent authority at the place and time specified in the public notice, in the presence of the Convener and members of the Committee and such suppliers/contractors as may be present. The Convener and members of the Committee shall affix their signatures and date on every tender/quotation so opened. The lowest tender/quotation shall be noted on the record.
- c. A comparative statement of rates shall be prepared by the Secretary of the Committee, and submitted to the competent authority along with recommendations of the Committee, for seeking proper approval of rates and obtaining sanction of the amount involved. The competent authority shall issue proper sanction giving description of the amount involved, the rates approved and the head of expenditure.
- d. A formal deed of agreement shall be executed between the University and the contractors where the circumstances so demand:
 - (1) Which is to be made after inviting tenders.
 - (2) For the acquisition, purchase, sale or transfer of property.
- e. All agreement by or on behalf of the University shall be signed by the competent authority and attested by two witnesses and shall bear the seal of the University and shall be executed in such form as would bind him it were made on his own behalf and may in the like manner and form be varied and discharged.
- f. All agreements shall be written on a stamped paper of appropriate value and shall, where necessary, be registered under the law in force for the registration of documents.

4. **University Purchase Committee:**

- a. The University shall have a “University Purchase Committee” to be formed, by the Vice Chancellor comprising the officials as considered appropriate depending upon the nature of the procurement. This committee shall consist of suitable number of members and must have one member from treasurer office.
- b. The term of the Committee shall be for each financial year. The Vice Chancellor, however, is competent to dissolve it at any time during its term and constitute a new Committee for the remaining term. The Vice Chancellor may also extend the term of an existing Committee for any period.

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- c. Quorum for spot purchase shall be three members including the Convener. If the purchase is meant for a particular department, one member must be the Head of the department concerned or his nominee. A nominee of the Treasurer shall invariably accompany the Committee in all purchases.
- d. If due to any reason the convener is not in a position to accompany the Committee, the Vice-Chancellor shall nominate any of the members to act as Convener for any spot purchases in the market.
- e. The Vice Chancellor may authorize the Purchase Committee of the University to visit the market and purchase any kind of stores for the University to the extent of any amount allowed (Rs.500,000 as per current rules). Similarly the Treasurer may authorize the Purchase Committee to purchase items of prescribed stores in the local market only up to Rs.300,000/- provided proper sanction from competent authority exists.
- f. The Committee may, when allowed by the competent authority, visit the market and look for required items. Market means markets / shopping centers and stores situated anywhere in Pakistan.
- g. The Purchase Committee shall make a survey of the products in the market, study the supply position, compare and assess the rates prevailing in the market, determine the quality of products, their brand and manufacturing mark etc. The Committee, after satisfying itself with the rates, quality and genuineness of the product, may place orders with any firm.
- h. If the Committee has been given an “ADVANCE” for such purchase, it shall have the authority to make full payment on the spot to the suppliers against delivery of goods or service by obtaining proper bills/cash memos of the amount.
- i. When goods are received in the University, normal procedure of stock taking and issuance shall be adopted as prescribed under these Rules.
- j. After completing the process of stocktaking, the Convener Purchase Committee shall render proper accounts of expenditure, showing the details of items purchased, their rates, total cost, the unspent balance and the stock entries. The unspent amount shall be immediately refunded and the refund slip shall be attached and submitted with the rest of the vouchers for adjustment.
- k. The Account will be adjusted only when the Vice Chancellor or any other competent authority approves it.
- l. When the Account is approved by the competent authority recording process will be initiated as per applicable procedures.
- m. The Rules for calling quotations and adoption of open tender system may not be applied to the spot-purchase made by the Purchase Committee of University in local and national markets on the approval of the competent authority.

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n. In order to avail themselves of the economies of bulk purchases the heads of the departments, sections and hostels etc. shall submit their anticipated requirements at least 3 months in advance to the Treasurer.

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CHAPTER - 7

STORE KEEPING & PAYMENT PROCESS

1. **Receipt of Stores:**

- a. On the receipt of stores, the Inspection Committee shall examine, count, measure or weigh, as the case may be, when the delivery is taken. The Committee or a person taking charge of the store shall record a certificate to the effect that the quantities and quality is according to the purchase order(s). The Store officer receiving the items shall also be required to complete required documentation as per applicable procedures.
- b. Each department shall maintain suitable registers to record receipt and issue of consumable items. These registers will be made available to audit for inspection as and when required.
- c. For non-stock items each department shall maintain a departmental stock register in order to exercise an effective control over the assets and to facilitate their physical verification as and when required. A proper inventory of stock shall be maintained in all the departments showing the number of assets received, the number of assets disposed of (by transfer, sale, written off and loss etc.) and the balance of each kind of article.
- d. For contingency items a separate register shall be maintained to record the receipts, issues, and losses pertaining to contingency of the department.
- e. If an asset is gifted to the University, the receiving department will prepare a "Gift Receiving Advice" (to be finalized separately) in triplicate and send one copy each to store section and Treasury Office for stock entries of gift in the relevant stock registers. The receiving department will retain one copy of advice for its record and will enter the gift in the departmental stock register.

2. **Payment of Bills:**

- a. When the bills are submitted by the suppliers / service providers for the supplies/services made to the University, Manager Purchase or the Purchase Committee with the assistance of the Stores Section, shall forward the bills to the Treasury Office. The bills must be supported by the documents as required under the departmental procedures and may include:
 - (1) Copy of sanction issued by the Treasurer on the approval of the Vice Chancellor or a competent authority.
 - (2) Copy of comparative statement indicating that the Vice Chancellor or competent authority has approved the rates and suppliers. Comparative statement shall be approved by the Treasurer/CFO being the competent authority.
 - (3) Copy of the purchase order placed by the competent authority.
 - (4) Material Receiving Report and evidence of stock entries.

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- (5) Inspection Report.
- (6) Copy of the advertisement, if any.

b. The Treasurer/CFO shall arrange payment from the relevant head with the assistance of the relevant branch of Accounts Section on receipt of bills complete in all respect. If the amount is within the limits of the original sanction already accorded by the Vice-Chancellor, or any other competent authority, the Treasurer shall be competent to sign and pass payment order without seeking a duplicate reference for sanction of the Vice Chancellor / Competent authority.

c. When the amount of bill exceeds the original sanction due to certain genuine reasons to be recorded on the bill by the relevant authority, a revised sanction will be obtained from the Vice Chancellor / Competent Authority.

d. General Sale Tax and Income Tax or any other applicable tax at the rate prescribed by the Government shall be deducted from the bill.

e. Security and other admissible deductions as per agreement will be deducted from the bill of the contractors to ensure the performance of the contract, the Vice Chancellor may however waive off the condition of deduction of security in special and unavoidable cases.

f. When a bill complete in all respects is presented to the Treasury Office, it shall ordinarily be cleared within two weeks.

3. **Books of Main Store:**

a. The books shall be maintained in the Main Stores of the University as per requirement of the University and may include:

- (1) Stock Register Machinery & Equipment (Non Stock)
- (2) Stock Register Apparatus & Chemicals
- (3) Stock Register Furniture
- (4) Stock Register Consumable
- (5) Stock Register any other stock items
- (6) Stock Register Property
- (7) Issue Register Non stock item
- (8) Issue Register Stock items
- (9) Scrap Register
- (10) Disposal Register.

b. Preferable appropriate software be used for all recording purposes.

4. **Issue of Stock and Physical Verification:**

a. When materials are issued from stock for departmental use, the Store Officer shall see that material requisition on the prescribed form has been made by a properly

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authorized person and examine it carefully with reference to the Purchase order(s). When materials are issued, a written acknowledgement shall be obtained from the person or his authorized agent receiving the items.

b. The in charge of store department should ensure that Physical verification of all stock is made at least once every year and certificate of verification of store with its result should be recorded thereon and communicated to the Treasurer Office.

c. Verification must always be made in the presence of officer responsible for the custody of the stores or of a responsible person authorized by him.

d. All discrepancies, shortages and damages as well as unserviceable stores shall be reported immediately to the Treasurer for taking up the matter with the competent authority for fixing the responsibility or to write off the losses. Full justification and reasons shall be given while declaring a stock item unserviceable.

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CHAPTER - 8

REPAIR AND MAINTENANCE

1. Annual Maintenance and Repairs of Building and Infrastructure:

- a. The University shall incur expenditure on the preservation of its building and structures under the classified head with any suitable title.
- b. The University building includes academic blocks of classrooms, laboratories, workshops, library, cafeteria, offices and sections.
- c. Residential building consists of staff residence of all categories of employees and hostels or the buildings meant for lodging and boarding of students and teachers.
- d. "Other structures" include all roads and those buildings and infrastructures which cannot be covered in the aforementioned classifications. They also include minor works for which separate and individual estimates are made by the Head of Works department and approved by the Competent Authority.
- e. The Head of Works department shall work out and prepare a detailed estimate of quantities of items under all the classified heads of expenditure as per allocated budget except minor works. The estimates so prepared shall be submitted to the Treasurer Office who shall check the proposed estimate of expenditure and will process it for obtaining approval of the Competent Authority.
- f. Consequently upon the approval, the Head of Works department may call tenders (in line with procurement rules) for items and quantities approved by the Vice Chancellor.
- g. Tenders must be invited in the most open and public manner possible or by advertisement in the press after the estimate has been approved and the amount has been sanctioned by the Competent Authority.
- h. Tenders may be opened by the Secretary Works committee in the presence of the University Works Committee and representatives of the bidders.
- i. In case the lowest tender is not recommended for acceptance, reasons should be recorded in writing. In selecting the tender to be accepted, the financial Status of the individuals and firms tendering should be taken into consideration in addition to all other relevant factors.
- j. The Vice Chancellor/ Competent Authority may appoint a "WORKS COMMITTEE" to scrutinize and check the tenders received for works and make necessary recommendations thereon. Total estimate shall be based on the tenders and rates recommended by the Head of Works department / Works Committee which will be forwarded to the Treasurer for obtaining specific Sanction of expenditure and approval of rates from the Vice Chancellor. When the rates are approved and the amount involved is sanctioned, the Treasurer shall issue proper "SANCTION OF EXPENDITURE".

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Depending upon the nature of work, the Vice Chancellor / Competent Authority may appoint Project Committee for execution of a work departmentally.

k. After receiving the sanction of expenditure, the Head of Works department shall issue “work order” to the contractors and advise them to execute proper agreement with the University on proper stamp papers.

l. The agreement with the approved contractors must be in writing and signed by the Head of Works department and the Contractors, after the competent authority approves it. The agreement should state the quantity and quality of the work to be done, the specifications to be complied with, the time within which the work is to be completed, the conditions to be observed, the security to be put in, and the terms upon which the payment is to be made and penalties to be imposed. It should contain provisions necessary for safeguarding the property entrusted to the contractors.

m. The terms of a contract once entered into, should not be varied without the prior consent of the Vice-Chancellor or any other competent authority.

n. Security for due fulfillment of the contract shall invariably be taken. The security may be taken in the form of a cash deposit or call deposit at the prescribed rate generally adopted in government contracts. The Vice Chancellor is however, empowered to permit or condone deviations from the conditions of call deposit / security deposit in specific cases where such deviations are unavoidable.

o. Addition and excess if necessary while a work is in progress must be covered by a revised estimate accompanied by a full report of the circumstances which rendered it necessary.

p. When excess over a sanctioned estimate is foreseen and there is likely to be unavoidable delay in preparation of a Revised Estimate, an immediate report of the circumstances shall be submitted by Head of Works department through the Treasurer to the Vice-Chancellor / Competent Authority whose sanction will ultimately be required. When a revised estimate is submitted it must be accompanied by a statement comparing it with the original sanction of the work and by a report showing the progress made up to date and the total of the sanction required including the revised amount.

2. **Contractors Bills:**

a. No payment to any contracting firm shall be allowed unless the work carried out is measured and recorded in the Measurement Book (M.B). The Head of Works department of the University must record measurements in the Measurement Book on the spot and bills of the contractors shall be prepared on the authority of such measurements.

b. The bill and the Measurement Book duly signed by the Head of the Works department shall be submitted to Treasurer for payment to the contractors. The Head of Works department shall record a certificate to the effect that all the measurements, quantities, rates and calculations have been checked in detail, compared and found correct according to the approved rates and that he thus holds himself responsible for all payments made on this basis.

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c. On receiving the bill, the Treasurer shall process it for payment by first presenting it for pre-audit to the University Auditor. Security and income tax at the prescribed rates and other deductions as the Head of Works department may intimate, shall be retained from the bills. All the running bills shall be processed for payment on the certificate of the Head of Works department but the final bill must accompany an Inspection Report of the work either by a Committee / Competent Authority .

d. Generally, the bills may be paid by the Treasurer Office if they are within the limits of the sanctioned amount and estimate approved by the Vice Chancellor and duplicate reference to Vice-Chancellor for seeking individual sanctions for each running bill will not be required. If the running bill exceeds the sanctioned amount and the approved estimate, it will be necessary to seek the approval and Sanction of the Vice Chancellor before any payment on final bills. Similarly, approval of the Vice Chancellor is a must for any payment on final bill.

e. The Treasury Office shall maintain a proper contractor's ledger and debits and credits on this account must be recorded and preserved as per accounting system.

CHAPTER - 9

STMU EMPLOYEES' GRATUITY FUND RULES

1. A fund by the name of **SHIFA TAMEER - E - MILLAT UNIVERSITY EMPLOYEES' GRATUITY FUND** will be established and managed by the University. This fund will be an approved fund by the Commissioner of Income Tax as per requirements of the Approved Gratuity Fund under the Income Tax Ordinance 2001. This fund will be equally effective for all the employees of the university including those of constituent units. Drafted rules are reproduced below and are subject to changes by the requirements of lawful approving authority and keeping in view the complexities of the transformation process.
 - a. **The Fund.** The Fund shall be called Shifa Tameer - e - Millat University, Employees Gratuity Fund ("the Fund") and shall consist of all sums contributed by Shifa Tameer-e- Millat University ("the University") for the purposes of establishing Gratuity Fund.
 - b. **Objects.** The object of the Fund is to accumulate certain sums for benefit of the employees of the University and their families in the event of employees leaving service of the University, due to but not limited to, termination of service, resignation, retirement, or death.
 - c. **Effective Date.** These Rules shall become effective from 1st day of July ***** and notwithstanding the date on which fund is recognized by the Commissioner of Income Tax.
2. **Definitions.** For the purpose of these Rules, unless there is anything repugnant in the subject or context, the term:
 - a. **"Accumulated amount due"** shall mean the amount due to the Member or such portion thereof as may be payable to him under these Rules on the day his Membership ceases in this Fund;
 - b. **"University or employer"** shall mean Shifa Tameer - e - Millat University;
 - c. **"BOT"** means the Board of Trustees constituted under the Trust Deed;
 - d. **"Employees"** shall mean all employees of the University whether regular or on contract (provided the contract is not for less than 12 months);
 - e. **"Family"** shall mean Member's lawfully wedded spouse, but shall not include a divorced spouse, his children and parents;
 - f. **"Member"** shall mean a full time employee of the University who shall be eligible to the benefits under these Rules;

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- g. **“Net Assets”** shall mean net realizable value of all assets minus all liabilities of the Fund other than liability towards members of the Fund in accordance with the provisions of these rules;
- h. **“Normal retirement date”** shall mean the date on which the employee reaches the age of 60 years; or the date of superannuation as approved by the Senate of the University;
- i. **“Retirement”** shall mean in relation to a member ceasing to be in the University’s service at the normal retirement age or thereafter or earlier;
- j. **“Rules”** mean these Rules as in force for the time being;
- k. **“Salary”** shall include all allowances, if the term of employment so provide, but exclude all non-cash allowances and perquisites;
- l. **“Trust Deed”** means Shifa Tameer - e - Millat University Gratuity Fund Trust Deed;
- m. **“Trustees”** mean the Trustees of the Fund for the time appointed in accordance with the Trust Deed.
3. **Management of the Fund.** The management of the Fund shall be vested in a Board of Trustees who shall administer the Fund in accordance with the provisions and directions of the Trust Deed and these Rules.
4. **Expenses of Management.** All the expenses including auditor’s fee, costs of professional as well as clerical staff, account books and stationary and all other costs, charges and expenses to which the Trustees shall be put in connection with the Fund for any reason whatsoever, shall be borne by the University. Neither Member nor any representative of a Member shall have any claim upon the Fund in respect thereof.
5. **Gratuity Payable:**
- a. An employee who has completed a minimum of two years continuous service with the University shall be entitled to Gratuity.
- b. The condition of two years’ continuous service shall not apply when an employee dies or has to leave service on medical grounds, redundancy or in case of Female Employees’ marriage.
- c. An employee shall be entitled to Gratuity at the rate of one Gross salary for each completed year of service.
- d. In exceptional cases, where terms and conditions of the employee changes due to change of status or contract, the competent authority can recommend the trustees to pay the Gratuity with the gross pay of the respective periods.
- e. Gross salary shall be deemed to be the salary for the last month immediately preceding the month in which Gratuity becomes payable.

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- f. For calculation and payment of Gratuity, all period shall be taken on monthly pro rata basis.
6. **Period of Service.** For the purpose of calculation of the gratuity, an employee's eligible service shall be counted from the date as was admissible at the time of joining the fund and the employees who join after 1st July 2012, from the date of his joining in the University (including the period of probation) but does not include the period served as a trainee, or internee.
7. **Eligible Service.** A member's eligible service means all periods of service with the employer and shall include:
- a. all periods of leave of absence with pay;
 - b. all periods of leave of absence without pay:
 - (1) up to a maximum of one year on account of illness or disability;
 - (2) for educational purposes with the express approval of the employer; or
 - (3) for any other purpose for such time as the employer may expressly approve and certify to the Trustees.
 - c. All periods of leave of absence due to any national emergency as the employer may expressly approve and certify to the Trustees;
 - d. Subject to employer's express approval, any period of service with the employer on probation provided that at the end of the period of probation, the employee was Authorized in the employer's service;
 - e. Subject to employer's consent, all service with the employer prior to the commencement date including such service as defined in (a) to (d) above.
 - f. In the event of a former employee of the Employer re-entering the Employer's service, his eligible service shall not for any purpose whatsoever of these rules and theses present includes any service prior to such re-entry.
 - g. Unless specifically provided to the contrary elsewhere in these presents, eligible service shall be calculated and expressed in years and fractions of a year and in term of months (more than 14 days of a month will be counted complete month and up to 14 days, ignored), and any reference to the number of year of eligible service shall mean the period of eligible service so expressed.
 - h. However, employees who are dismissed from the service of the University for cause including but not limited to misconduct, dishonesty, or gross negligence resulting in loss to the University shall not be eligible to participate in the Fund.

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- i. The Gratuity will be granted to an employee on his ceasing to be in the University's service, or in the event of his death before grant of the Gratuity, to his legal heirs.

8. **Membership:**
 - a. Any employee of the University, subject to these Rules and subject to approval of the BOT, may apply to become Member from the date of the establishment of the Fund on the prescribed Form 'A' appended to these Rules. An employee who is appointed as Trustee shall not by this reason alone be disqualified from becoming a Member.
 - b. If the Trustees grant an approval for membership of the Fund, the applicant shall become a Member of the Fund subject to the provisions of these Rules, and the applicant shall be informed accordingly as per Form "B" appended to these Rules.
 - c. Membership shall not cease except when the Member ceases to be an employee and the Gratuity which the Member earned has been paid to him by the Trustees.

9. **Investment.** The moneys of the Fund shall be invested in the name of the Fund, as the Trustees may select in accordance with the provision of Rule 118 read with sub-rule (1) of rule 102 of the Income Tax Rules, 2002. The Trustees shall have the power to dispose off the investments and to reinvest the sale proceeds and profit, if any, only in such other securities as are authorized by Rule 118 of the Income Tax Rules, 2002. All investments and bank accounts of the Fund shall be in the name of the Fund.

10. **Accounts.** The accounts of the fund shall be maintained by the Trustees in such form and for such period and shall contain such particulars as may prescribe from time to time. A statement of accounts shall be made as at the end of each financial year, and furnished to each Member.

11. **Audit.** A firm of Chartered Accountants who shall be appointed by the Trustees shall audit the accounts of the Fund. The Auditors shall have access to all books, papers, voucher's, accounts and documents connected with the Trust and who shall in writing report to the Trustees on the annual Balance Sheet and Revenue Account and shall verify the correctness thereof.

12. **BANK ACCOUNT.** The Trustees shall authorize the opening and operating an account or accounts in the name of the Fund with any scheduled bank or banks for the deposit of moneys belonging to the Fund. The Trustees will nominate the signatories for the bank account subject to such terms and conditions as may be approved for operating the account.

13. **Nomination of Beneficiary:**
 - a. Each Member on joining the Fund shall nominate in Form 'C' (as will be drafted separately) to any person or persons who shall be entitled to receive the accumulated dues in the event of the Member's death while in the service of the University and receipts

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from any such nominee or nominees to whom the said amount may be so paid shall operate as and be considered as valid receipt, discharge and release to the Trustees;

b. If a Member nominates a person who is a minor as per Form 'D' or under disability to give legal receipt or discharge to the Trustees, the Member shall at the time of such nomination appoint a person of full age and ability who is capable of giving a legal receipt and discharge, to receive payment of the amount standing to the credit of the Member for and on behalf of the nominee if he should still be a minor or under disability at the time the payment is to be made, and the receipt of the said person of full age and ability shall be a good discharge to the Trustees, in the aforesaid case the Member shall make nomination in Form "C". If a Member nominates more than one person under Rules as specified above he shall specify the amount or share payable to each of the nominees in such a manner as to cover the whole of the accumulated balance due;

c. The Member may change their nominations from time to time and inform the Trustees accordingly in writing. Notification in the change of nomination(s) without employee's signature shall be considered invalid and prior nomination(s) shall not be cancelled;

d. In the absence of a nominee, on the death of a Member, payment of the accumulated balance due to the estate of the deceased Member shall be made to his legal heirs; executors or administrators, as determined by the Trustees and such payment shall be deemed to be a good discharge against all claims on the Fund.

e. Every nomination or change in nomination by a Member shall, to the extent that it is valid, take effect on the date on which it is received by the Trustees.

14. **Assignment, Etc:**

a. Except so far as the nomination prescribed by these Rules operates as such, no assignment, mortgage or other disposition of money standing to a Members' credit shall be recognized by the Trustees.

b. The contribution of the University shall not be liable to attachment under any decree or order of any civil, Revenue or Criminal Court of law in respect of any debt or liability incurred by the Member and neither the Official Assignee or any Receiver appointed under the provincial Insolvency Act of 1920 shall be entitled to, or have any claim on any such compulsory deposit or contribution.

15. **Payment:**

a. The accumulated amount due to a Member shall be payable to him or to the person or persons nominated by him as soon as the accumulated amount due can reasonably be determined in accordance with these Rules, and the amount subsequently shall be paid after the day on which such Member ceased to be in the service of the University, or has left the service of the University, due to permanent or total disability, or has died; or after winding up of the Fund;

b. If payment is not claimed within ten years from the date such payment is due, the accumulated balance due to the Member shall lapse absolutely to the Fund and will be credited to the Fund Lapses and Forfeiture Account.

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- c. The amount payable at the time of final payment will be ascertained and determined by a certificate signed by three of the Trustees and payment of such amount so certified to the Member or other person entitled hereto under these Rules shall operate as a full and sufficient discharge of all liabilities of the Fund and of the Trustees in respect thereof.
16. **Lapses and Forfeitures.** All Lapses and Forfeitures occurring at any time, all profits earned at any time on the sale of investments, and all balances due to former Members of the Fund remaining unclaimed after five years shall be transferred to the Fund and always belong to the Fund. No member shall have a right on such lapses and forfeitures.
17. **Meeting of Members.** A meeting of the Members may be convened by the Trustees on the request in writing by the Board of Members (BOM) or by any ten Members. The procedure at such a meeting may be prescribed by the Trustees. Any Member may authorize any other Member as proxy to vote for him in which case the Member so appointed shall have one vote for himself or herself and one vote for the Member for whom he acts as proxy. Provided that notice of such appointment is given to the Fund by the member on Form "G" (to be drafted separately).
18. **Winding up of the Fund:**
- a. The Trustees may at any time, with the consent of the BOM, and shall if so directed by the BOM, on giving at least six months' notice in writing to each Member personally or by sending the same by registered post to his last known address, or by posting such written notice in a prominent place in the office of the Trust, wind-up the fund and distribute its net assets as determined according to these Rules to the Members, and thereafter the Fund shall cease to exist and these Rules shall cease to have any effect other than for the purposes of determining any right or title or exercising any power or discretion in relation to the winding up or the distribution of the assets. No person, not already a Member of the Fund, shall be admitted as a Member of the Fund after the issue of notice as aforesaid. In the event of the University going into liquidation whether voluntary or compulsory (save for the purpose of reconstruction or amalgamation), the Fund shall automatically cease and the Trustees shall thereupon wind up the Fund and distribute its assets as provided in these Rules;
- b. The surplus balance available after distribution to the Members on winding up of the Fund shall be transferred to the University arising out of the sale proceeds of the investments of the Fund and the proceeds of realization of its other assets. The deficit in the amounts to be distributed to the Members on winding up of the Fund shall be met by the University. The costs, charges and expenses incidental to the winding up of the Fund and realization and distribution of assets shall also be borne by the University; and
- c. Prior to the final distribution of its assets, the Fund's accounts shall be audited and the value of distributable assets shall be certified by the Fund's Auditors.
19. **Notices.** For the purpose of these Rules, a notice to a Member may be given by exhibiting the same in a conspicuous place in the Registered Office of the University. A

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notice to the Trustees may be given by sending the same through the post or by delivering the same by hand to the Chairman of the Trust or to the Secretary of the Trust.

20. **Arbitration.** Any dispute or difference which may arise between any Member or his nominees or legal representative and the Trustees or between any Member or his nominees or legal representative and the University or between the University or its nominees or legal representative and the Trustees as to the meaning or effect of these Rules or to any matter relating to or arising out of the same, shall be referred for arbitration at Islamabad in accordance with the provisions of the Arbitration Act, 1940.

First Trustees

Signatures

- 1. Registrar**
- 2. Member SCM**
- 3. Member SCN**
- 4. Manager (Accounts & Finance)**
- 5. Manager (Admin)**

WITNESSES:

1. _____

2. _____

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CHAPTER - 10

ENDOWMENT FUND RULES

SHIFA TAMEER - E - MILLAT UNIVERSITY (STMU) was established under “SHIFA TAMEER - E - MILLAT UNIVERSITY ACT, 2012” as a non-profit University having perpetual succession with common seal and with powers to acquire hold and dispose off property in its own name vide Clause 3 (3) & (4) of the Act has to “establish an endowment fund for higher education with contribution from all the legal and lawful sources including government as well as non-government resources.

Draft Rules of University Endowment Fund. In exercise of the powers entrusted under section 4, the University prescribes following Endowment Rules for carrying out business of the university economically and efficiently by the authorities responsible for discharging the functions.

Section 1: These rules shall be called the SHIFA TAMEER - E - MILLAT UNIVERSITY– (Endowment Fund) Rules, 2012.

Section 2: Definitions. In these rules unless there is anything repugnant to the subject or context:

- a. **“Appropriation”** means the assignment to meet specified expenditure of funds at the disposal of the assigning authority;
- b. **“Bank”** means the Bank approved by the University;
- c. **“Vice Chancellor”** means the Vice Chancellor of the University;
- d. **“University”** means the SHIFA TAMEER - E - MILLAT UNIVERSITY;
- e. **“Internal Auditor”** means In charge of Audit Section of the University;
- f. **“Fund”** means SHIFA TAMEER - E - MILLAT UNIVERSITY Endowment Fund;
- g. **“Act”** mean SHIFA TAMEER - E - MILLAT UNIVERSITY Act 2012;
- h. **“Recurring Expenditure”** means all expenditure which is not non-recurring;
- i. **“Re-appropriation”** means the transfer of funds from one unit of appropriation to another such unit;
- j. **“Month”** means the calendar month;

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- k. **“Financial Year”** means the year beginning on the 1st July and ending on the 30th June following;

Section 3: Aims & objectives of Endowment Fund:-

- a. For performing functions as described under Section-4 of the University Act 2012.
- b. To promote, organize, establish, finance, administer, manage and maintain academic programs & research, technical/ professional institutes of higher learning, universities, research organizations for imparting knowledge and for undertaking studies and research for the advancement of various General and medical Sciences, as well as Arts, Humanities and Management Sciences.
- c. Capacity building of teachers, professors, University employees, instructors and experts of universities & constituent Colleges/Institutes of University.
- d. To bring out, encourage and develop research faculties of the University.
- e. To provide for the graduates and education of the highest possible academic standard and internationally recognized professional excellence in various fields through constituent colleges/Institutions.
- f. To encourage, promote, support and undertake academic and scientific investigations, innovative research, inventions and developments in various fields of study.
- g. To establish and maintain well equipped libraries for general use.
- h. To provide scholarships to deserving students, UNIVERSITY employees, their families and other Welfare purposes.
- i. To take such other steps as may be necessary for the promotion of research and training in identified intellectual academic and scientific fields by maximizing the use of local resources of men and materials.
- j. Others/ such allied activities as determined by the University.

Section 4: The Endowment Fund:

- a. The Endowment Fund shall come into existence/operative/ effective/created immediately from the date of its approval by the University.
- b. The Endowment Fund shall be strengthened by the following sources:
- (1) Contribution from UNIVERSITY.
 - (2) Contribution from Federal and Provincial governments.
 - (3) Donations/Contributions from other sources, national or international, acceptable to the Board of Trustees and

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- (4) The Income generated by the investment of the Endowment fund after allocation of admissible expenditure to be paid out of that income.
- c. The amount financed to the Endowment Fund, from time to time, shall remain in perpetuity and only the income derived there from shall be applied towards meeting the operating expenses.
- d. The Endowment Fund shall be non-transferable and shall be invested in the name of SHIFA TAMEER - E - MILLAT UNIVERSITY ENDOWMENT FUND.

Section 5: Board of Trustees. The profit from Endowment Fund shall be managed by the Board of Trustees, to be appointed by the University, consisting of the following members:-

- a. The Vice Chancellor,
b. A person with financial background to be nominated by the University
c. Three nominees of the University may be from amongst the Donors also.

Section 6: Chairman Board of Trustees. The Vice Chancellor of the UNIVERSITY shall act as the Chairman of the Board of Trustees of UNIVERSITY Endowment Fund.

Section 7: Appointment and Discharge of Members:

- a. The Official Members shall hold office during their service against the office and hold the post, and in case of death or departmental transfers or termination or fulltime assignment outside Pakistan, then the post of shall deem to be vacant. The Board of Trustees in consultation with UNIVERSITY may appoint any other person as a Member provided that vacancy is likely to continue for a continuous period of six months.
- b. Nominee of the University shall hold office for four years or until completion of tenure as members of the University, whichever is earlier.
- c. A Member shall be discharged from the office on becoming bankrupt, insolvent, insane or if found guilty of any offence involving moral turpitude or resigns or retires from his office or is otherwise mentally or physically incapacitated from discharging his duties as a Member, however, BOT will forward the recommendation to University for the removal. University will appoint the new Member in place of such Member.

Section 8: Responsibilities & Powers of the Board of Trustees:

1. Subject to the advice and general supervision of the University, the BOT shall have and may exercise at any time the following powers:
- a. Power to effect or concur in effecting any transaction concerning or affecting any part of the Endowment Fund or any other property whatsoever if the BOT think the transaction is for the benefit of the Endowment Fund or the persons interested in it as if the BOT was a sole absolute beneficial owner of the Endowment Fund and for the purpose of this paragraph „transaction“ includes any sale, exchange, assurance, grant,

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lease, surrender, re-conveyance, release, reservation or other disposition and any purchase or other acquisition and any covenant, contract, license option or right of pre-emption and any compromise, partition, insurance or other dealing or arrangement and „effect“ has the meaning appropriate to the particular transaction and references to property include references to restrictions and burdens affecting property.

b. Power to acquire moveable/immovable property and make improvements to or to develop any land or building or other structure, to erect, enlarge, improve or rebuild any building or other structure on such land if the BOT think it will be for the furtherance of the purposes of the Endowment Fund and to pay the cost of such improvement and development and all incidental costs out of the Endowment Fund.

c. Power to borrow money for any purpose and objects of the Endowment (including the making of investments to be held as part of the Endowment Fund) and to mortgage, charge, assign or pledge the whole or any part of the Endowment Fund by way of security for the repayment of any money borrowed in the same unrestricted manner as if the BOT was absolute beneficial owners thereof.

d. Power to purchase any movable property to be held subject to the Endowment hereof and for that purpose to enter into contracts and to bind themselves by promissory notes or by any other security for the purchase price and generally to acquire such additional property as fully and as freely as a beneficial owner might do.

e. Power from time to time as they may in their absolute discretion think fit to collect or accept donations (whether periodical or otherwise) and to issue appeals for donations and periodical reports on the work of the Endowment..

f. Power to carry on or assist in carrying on whether by themselves or in partnership with any other corporation (whether or not such persons or corporation shall be beneficially or otherwise interested under the trusts of this Endowment Deed) any business which they shall in their absolute discretion consider to be for the benefit of the Endowment and for that purpose may employ in any such business any part or parts of the Endowment Fund as they shall from time to time see fit to advance for the purposes of such business and for this purpose may engage or concur in engaging on such terms as they shall think fit any managers (whether corporate or not) and other employees of the business.

g. Power to enter into and execute any agreement, contract, joint ventures, partnerships and any other business arrangements and dealing whatsoever with companies, corporations, associations, organizations, agencies, authorities or other bodies and things whatever which the BOT may in their absolute discretion think expedient in the interests of the Endowment Fund.

h. Power to make and approve the rules and regulations for the management and administration of the Endowment Fund.

i. Power to appoint and constitute such committees or other bodies as the BOT may think fit for the purpose of defining the functions, powers and organization of any such

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committee or body and power also (if the BOT think fit) to pay expenses to any member of any such committee or body incurred while executing such functions.

- j. Power to delegate from time to time to any such committee or body or to any other person or persons all or any of the powers and duties relating to the management and administration of the Endowment except management and application of the Endowment Fund.
 - k. Power to appoint such officers, servants, consultants and advisers as it may consider necessary for the achievement of aims / objectives on such terms and conditions as may be prescribed.
 - l. To raise the funds;
 - m. To prescribe the policies regarding investment of funds;
 - n. To prescribe the general terms and conditions of funds management;
 - o. To appoint, promote, remove and exercise discipline and control over its employees;
 - p. To approve the Annual Audited Accounts of Endowment Fund;
 - q. To approve the annual budget of Endowment Fund.
 - r. Exercise all such powers as may be necessary or incidental to the performance of any of its functions or the exercise of any its powers.
 - s. To make the rules, regulations, pay scales for the employees of Endowment Fund and approve it.
 - t. To make the policy regarding donors acknowledgement.
 - u. Power to make or support or finance or contribute to any appeal for funds to be added to the Endowment Fund and by any other means to raise or seek to raise funds to be so added.
 - v. Power to:
 - (1) Incur costs and pay expenses for running the forum, holding discussions, consultations, training workshops advertisements and all other necessary expenses to pursue the purpose of the Endowment Fund; and
 - (2) Pay out of pocket expenses and all other expenses incurred by the BOT for executing the objects of the Endowment, the management and administration of the Endowment and any other matters ancillary thereto.
2. Power to open and operate one bank account of the Endowment fund in a local bank in local currency

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3. Power to invest the Endowment Fund in the Government approved profitable securities, term finance certificates (TFC) or in any other form of investment in accordance with the law of the land.

Section 9: Meetings:

Meeting of Board of Trustees:

- (1) That the General Meeting of the Board of Trustees of the Endowment Fund may be held at least once in a year or as required.
- (2) The Board shall meet as often as necessary for carrying out the objects of this Endowment Fund and shall conduct their affairs according to their mutual agreement.
- (3) A prior notice of seven (7) days of a meeting of the Board shall be given to each Member. This prior notice requirement can be dispensed if agreed by the BOT at the start of the meeting.
- (4) Presence of 2/3 Members in any meeting of the Board shall constitute a valid quorum for the board meeting.
- (5) Manager/Secretary of the BOT shall be appointed by BOT. The Manager of the Board of Trustees shall be responsible for the operational matters, administrative control over the employees of the Endowment Fund and day to day working of the Endowment Fund as may be assigned by the BOT.
- (6) The Manager/Secretary of BOT shall record all the proceedings in writing and all resolutions passed or decisions taken at the meetings and shall maintain minutes thereof duly signed by Chairmen of BOT.
- (7) Any member may submit the resignation to Chairmen of BOT.
- (8) Services of Members shall be on honorary basis however expenses of TA/DA etc may be reimbursed as prescribed.
- (9) The decision of the BOT shall be taken with the consent of at least 2/3 of the Members present in meeting.
- (10) Any fraction will be counted as one.

Section 10: Indemnification of Board of Trustees. The Board of Trustees shall be indemnified out of the Endowment Fund, in respect of any loss arising from or contingent upon any investment made of any of the monies of the Endowment Fund, unless such loss shall have been occasioned by their own willful negligence, theft or fraud. The Board of Trustees shall also be indemnified out of the Endowment Fund, against all proceedings, suits claims, damages and expenses occasioned by any claim in connection with the Endowment Fund, not arising from their own willful negligence, theft or fraud.

Section 11: Account And Audit Of The Endowment Fund:

- a. The existing system of accounting, procedures, policies, internal audit and all other systems as applicable in the University shall be applicable, mutatis mutandis, for accounting and reporting of the Endowment Fund.
- b. The accounts of the Endowment Fund shall be scrutinized by the UNIVERSITY internal auditor to ensure that the profit of endowment is being spent in accordance with the aims & objectives of Endowment Fund.
- c. The accounts & balance sheet of the Endowment Fund shall be prepared at the end of each financial year and audited by a firm of Professional Accountants appointed by the Board of Trustees and shall be placed before the Board and University.
- d. All expenses including auditors fee, cost of clerical staff, remuneration of the secretary, account books and stationery and all other costs, charges and expenses to which the Board of Trustees shall be put in connection with the Endowment Fund shall be borne out of profit of the Endowment Fund.

Section 12: Remuneration and Expenses of Board of Trustees. No Members shall receive any salary or remuneration from the Endowment Fund for acting as such except such honorarium and allowances as may be prescribed.

Section 13: Life of the Endowment Fund. The endowment Fund shall be irrevocable save by the University on the recommendation of the Board of Trustees except in the event of the Endowment Fund being wound up in accordance with the provisions of Clause 14 hereof.

Section 14: Winding up of the Endowment Fund. The fund shall not be dissolved except in extremely critical and adverse liquidity position, the Board of Trustees, at any time, shall if so decided in the meeting windup the Endowment Funds. In case of winding up of the Endowment Fund, its assets left after meeting its liabilities, if any, shall be transferred to the fund of University immediately.

Section 15: Delegation:

- a. The Board shall have power to appoint in writing any one or more of the Members for the purposes of operating any bank account of the Endowment Fund, collecting any rents or income (if any) received from the Endowment Fund, managing or administering any property comprised in the Endowment Fund, conducting day to day business of the Endowment Fund or for any other purpose for which the Members is appointed provided that such Member shall fully and promptly report all acts and proceedings to the Board.

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b. The tasks delegated to the Members under this clause for any of the purposes above can be revoked, modified and varied as per rules and regulations adopted by the Board from time to time.

Section 16: Committees:

1. The Board of Trustees shall be authorized to constitute as many committees as they deem fit and proper for the management and operations of the Endowment Fund.

2. The Members may prescribe in writing the rules of business for the proper performance of the committees. The rules of business may prescribe, inter-alia, the following:

a. Rules relating to management and operations of the investments of the Endowment Fund.

b. Rules prescribing the mode and manner of reporting to the Board of Trustees.

c. Rules relating to recommendations to the Board of Trustees for investment opportunities.

d. Rules relating to appointments of external financial consultants.

e. Rules relating to appointments, resignations, terminations and disciplinary issues of the employees of the Endowment Fund.

f. Rules relating to investment strategy, asset allocation, custody of securities, investment performance evaluation and liquidation of securities.

g. Rules relating to contributions; and rules relating to membership of Endowment Fund and

h. Any other matter, which the committee(s) deem proper in the interests of the Endowment Fund.

3. At least one Official Member shall be the member of any committee constituted by the Board of Trustees under this clause.

Section 17: Relaxation of the Endowment Fund Rules. Unless there is anything repugnant to the aims & objectives of the Endowment, the Board of Trustees, may in exceptional cases for reasons to be recorded in writing, may relax any of these rules.