

INTERNAL AUDIT REPORT FOR THE MONTH OF MARCH 2017

ICFAI Foundation for Higher Education

BY

G S MURTY & ASSOCIATES
CHARTERED ACCOUNTANTS

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FINANCE OFFICER
THE ICFAI FOUNDATION FOR HIGHER EDUCATION
(Deemed-to-be- University Under Section 3 of the UGC Act, 1956)



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TO
GENERAL MANAGER – FINANCE
IFHE
HYDERABAD.

**Internal Audit Report of ICFAI Foundation for Higher Education (IFHE)
for the month of March, 2017**

We M/S G.S.MURTY & ASSOCIATES, Chartered Accountants have carried out Internal Audit of IFHE for the period from 01.03.2017 to 31.03.2017.

We are herewith submitting the internal audit report for your perusal. The Audit has been carried out by us in accordance with the guidelines stipulated to us. Our report on irregularities/discrepancies observed in the working of the IFHE is given in enclosed report.

G.S. Murty
Partner

Place: Hyderabad
Date : 05.04.2018

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INTRODUCTION:

SCOPE OF THE AUDIT :

- ☐ The Internal Audit of IFHE was conducted WITH AN EMPHASIS AND FOCUS ON PRE AUDIT OF TRANSACTIONS in accordance with the terms of the offer and the scope agreed upon.
- ☐ This report covers the audit for the period from 1st March 2017 TO 31st March 2017.
- ☐ The audit accordingly includes such tests of Accounting records, internal controls, and discussion with various personnel of the company and other procedures as are considered essential for the due performance of this audit.

AREAS COVERED DURING THE AUDIT:

- ☐ Fee Reconciliation
- ☐ Bank Reconciliation
- ☐ Pre Audit of Transactions
- ☐ Statutory Payment
- ☐ Rent
- ☐ Incentives Calculation
- ☐ Post Audit of Transactions
- ☐ Verification of Cash and Bank Transactions –Only Payments/Fee Collections.
- ☐ Verification of TDS Journal vouchers

➤ Pre Audit of transactions

We have verified the journal vouchers which are produced to audit from **01.03.2017 to 31.03.2017** and observations in this regard are attached to the Report

➤ Audit of Rental Vouchers

We have done the pre audit of rental vouchers (including maintenance of buildings) against rental agreements & found in compliance with each others. Also TDS have been deducted properly

➤ Bank Reconciliation Statement

We were provided with BRS for all IFHE Bank accounts. All the bank accounts are found reconciled till date.

➤ Audit of Transactions

Procedure adopted:

- ✓ We have verified the Fee receipts with the student data base and bank statements.

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- ✓ We have verified transactions w.r.t agreements, Purchase Requisition Quotations, Approvals, Purchase order, Invoice, Delivery Challan (Security seal), MRV , Statutory deductions i.e. TDS, WCT etc..
- ✓ Expenditures like Tour Bills, Conveyance, mobile, internet, Daily Allowance, Lunch Allowance; Imprest expenses etc. are verified in accordance with the Travel Rules and with the ceiling specified in respect of different categories of employees.
- ✓ Expenditure in the nature of Annual maintenance Contract , Car Hire Charges , Mess Payments , Xerox charges ,software renewal , Courier Charges, Security Charges etc are verified in accordance with Contract (agreement)
- ✓ Payments regarding, Telephone Bills, Recruitment Consultancy Bills, Professional Fee, Advertising, honorarium expenses, Books & Periodicals , Online Campaign , Computer , Printers are being verified in accordance with the Bills produced and the rate contracts & purchase order , entered into with the specific party and approvals , MRV thereto.
- ✓ Payments regarding Electricity , water , Promotional expenses , Seminar Expenses , Office expenditure, Campus Activity Expenses , Examination Expenses are verified in accordance with bills (invoices) produced
- ✓ Payments regarding Housekeeping , Pest control services etc are verified in accordance with bills , rate contracts entered with specified parties , service reports

SUMMARY OF AUDIT OBSERVATIONS:

- ☐ Most of the posting, clerical errors are being rectified on time to time basis.
- ☐ The amount of profession tax deducted and remittance made are duly verified and found to be in order
- ☐ Boarding passes are not being attached (in some cases) in travel vouchers. However the same has been duly complied post audit.
- ☐ In some of the travel vouchers instead of Hotel bills for lodging, booking confirmation is being enclosed. On observation the proper hotel bills were duly produced to audit
- ☐ MRV has been verified on sample basis and found to be in order.

➤ Post Audit of Transactions:

Audit Procedure:

- **Review of vouchers of revenue expenditure**, under post audit, for which the payments are made from Head office, is carried out to determine whether they are properly accounted in tally under the relevant heads of accounts and grouped properly in the final accounts.
- The vouching for the period of 1st March 2017 to 31st March 2017, Pertaining to the, Bank payments, bank receipts & Journal Vouchers were undertaken and same was found to be in order.

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AUDIT OBSERVATIONS

PERIOD: 01.03.2017 TO 31.03.2017

The following observations are based on verification of payment/expenses vouchers provided to us during the period:

Audit Para No	Date /Vr No	Nature of expenses	Amount	Audit observation	Reply of management
26/2017	01.03.2017	Structural steel case on terrace at Plot no 52 Sridhar furniture's TDS/03/34	61750	Wt note / Wt slip not enclosed in support of wt of 450 kgs(as per PO). The same be obtained to evaluate the bill	Duly furnished
27/2017	03.03.2017	Travel expense of Tathagata Ghosh T/03/37	25000	Cab bills not attached for Rs.5400/- claimed Rs.30636.	Duly furnished
28/2017	03.03.2017	Travel expense of Aditya Shankar Mishra T/03/34	25000	Provide copy of invoice of Hotel rather than booking confirmation	Duly furnished
29/2017	03.03.2017	Travel expense of Rajneesh Ranjan Jha T/03/35	14109	Provide copy of invoice rather than booking confirmation. Cab bills not provided for Rs 3000/- (Rs.900, Rs.300, Rs.600, Rs.1200)	Duly furnished
30/2017	06.03.2017	Ritunestham Press-printing & Stationery TDS/03/28	38115	a)In requisition mail, it has been ordered that goods to be received on or before 5th January but the same were received on 6.2.2017 b)PO has been raised on 1.2.2017 and quotations are being provided on 1.2.2017	Noted for future compliance.
31/2017	07.03.2017	Travel Expenses of ankit kesharwani T/03/40	25000	Provide copy of invoice of Hotel rather than booking confirmation	Duly furnished
32/2017	02.02.2017	Abhimanyu Tourist-car Hire Charges TDS/03/70	9804	Agreement has been lapsed. Please provide rate for swift desire	The necessary document has been duly furnished
33/2017	09.03.2017	House Keeping Services- KL technical services TDS/03/60	51335	1. Service report not enclosed 2. Wage sheet ,PF,ESI details are not provided to audit 3. Management Approval In The Work Order not evidenced	The necessary document has been duly furnished
34/2017	02.03.2017	incentives claims of publications of authors from august to December	196000	Annexure -1	As per the Management reply furnished in annexe.

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Audit Para No	Date /Vr No	Nature of expenses	Amount	Audit observation	Reply of management
35/2017	10.03.2017	Travel Expenses- A V Narasimha Rao T/03/97	17056	Conveyance exp. Claimed Rs.4795. Out of which cab bills amounting to Rs.2500 & Rs.1500 do not have Opening and closing meter reading & Time	Duly clarified
36/2017	08.03.2017	Travel expenses - Vara Prasad Rao K T/03/59	20314	Cab bill on 16.02.17 amounted Rs.650/- doesn't contain opening & closing meter reading , time 2.The dates for which D.A. has been claimed is not mentioned	Duly clarified
37/2017	27.02.2017	Honorarium to faculties for all batches	301600	A Suneetha rajesham claimed 24 sessions but details given for 23 sessions only in claim form. deducted Rs.800	Duly clarified

AUDIT NOTE: THE REPLIES FURNISHED ALONGWITH NECESSARY BILLS/ RECEIPTS AND POST COMPLIANCE BY THE IFHE IS FOUND TO BE IN ORDER

INTERNAL AUDITOR

ENCLOSURE :

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Ratna Krishna
FINANCE OFFICER
THE ICFE FOUNDATION FOR HIGHER EDUCATION
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PRE AUDIT OBSERVATIONS : PAYMENT OF INCENTIVES CLAIMS :

Dt 02.03.2017 (Produced to audit on 09.03.2017)

On perusal of the Note for approval of Incentives for publications in Scopus-indexed journals for Faculty members & Research scholars the following are noticed:

We have verified the incentive claims –7Nos amounting to Rs 1, 96,000/- and our observations are noted below:

Audit Para No	Name of the faculty	Employee ID	Vr SL no	Audit comments	Management response
15/Incen/2017	Sudheer H	----	1	Unique number for Scope not mentioned in the claim application form	Duly updated
16/Incen/2017	Kumar Abhishek	-----	3&4	Clarification regarding eligibility for incentive to be given Since he has resigned on 15.12.2016	Furnished required data for audit.

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