

INTERNAL AUDIT REPORT FOR THE MONTH OF SEPTEMBER 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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Chartered Accountants

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TO
GENERAL MANAGER – FINANCE
IFHE,
HYDERABAD.

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

We M/S G.S.MURTY & ASSOCIATES, Chartered Accountants have carried out Internal Audit of IFHE for the period from 01.09.2017 to 30.09.2017.

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.N Murty
Partner

Place: Hyderabad
Date : 05.10.2017

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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 September 2017 TO 30th September 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 Receipts.
- ☐ Verification of TDS Journal vouchers

➤ Pre Audit of transactions

We have verified the journal vouchers which are produced to audit from **01.09.2017 to 30.09.2017** 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, Hoarding 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 (invoice) 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.
- ☐ 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 September 2017 to 30th September 2017, Pertaining to the, Bank payments, bank receipts & Journal Vouchers were undertaken and same was found to be in order.

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The List of expenditure related vouchers audited during the period are as follows:

Nature of Exp	Amount Involved
Travel Exp	1238468
Xerox	35254
Honorarium	23600
Repairs & Maintenance	495694
AMC	1215628
Telecommunication	146625
Transportation & Car Hire	493244
Rents & Maintenance	2898925
Courier	318377
Housekeeping	683453
Printing & Stationery	1837467
Promotional expenses	2475037
Professional Charges	259260
Online Campaign & Advertisement	13472598
Electricity & Water	297734
Mess Charges	167093
Security Charges	477828
Imprest Settlement	141768
Foreign Travel	236646
EXAMINATION EXPENSES	227282
Prepaid Exp accounted	14676901
Fuel Exp	448942
Taxes	1082910
Equipment	13688871
Computers	4879522
Furniture	2153600
medicines	219661
Office Maintenance	395935
Consultancy Charges	59474
Books & Course Material	308518
Event & Farewell	295647
Total	65351962

Note: Equipment Includes lab equipment, office equipment etc., Others & taxes include TDS payment, etc., Transportation includes car Hire Charges, Student & Staff Transport

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Ratna Kumar
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AUDIT OBSERVATIONS

PERIOD: 01.09.2017 TO 30.09.2017

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
89/2017	12.09.2017 TDS/09/23	Arjun Travels Car Hire Charges	34412	GST RCM to be applied & Invoice to be raised	Duly complied with
90/2017	11.09.2017 TDS/09/20	Time Tech Computers AMC	195525	GST RCM to be applied & Invoice to be raised	Duly complied with
91/2017	11.09.2017 TDS/09/21	T Vinay Consultancy Charges	7200	GST RCM to be applied & Invoice to be raised	Duly complied with
92/2017	11.09.2017 TDS/09/22	M Neerati John Stephen Consultancy Charges	52274	GST RCM to be applied & Invoice to be raised	Duly complied with
93/2017	14.09.2017	R J Cooling Systems – AMC	104940	GST RCM to be applied & Invoice to be raised	Duly complied with
94/2017	18.09.2017 TDS/09/76	Arjun Travels	51304	GST RCM to be applied & Invoice to be raised	Duly complied with
95/2017	18.09.2017 T/09/209	Travel Exp – Venkateswarlu P	6214	lodging exp claimed Rs.3540 but eligible for Rs.3000	Duly complied with
96/2017	25.09.2017 TDS/09/173	Sri Dhana Laxmi Tent House	14650	GST RCM to be applied & Invoice to be raised	Duly complied with
97/2017	25.09.2017 T/09/291	Travel Exp – T V V G Satyanarayana	10698	lodging claimed 7080 but eligible for Rs.6000	Duly complied with
98/2017	25.09.2017 TDS/09/175	Veenela nandury- Maintenance Charges	79000	GST RCM to be applied & Invoice to be raised	Duly complied with
99/2017	25.09.2017 TDS/09/174	Tejaswini Nandury – Maintenance Charges	79000	GST RCM to be applied & Invoice to be raised	Duly complied with
100/2017	25.09.2017 G/09/110	Gayatri Electrical works – Repairs & Maintenance	6400	GST RCM to be applied & Invoice to be raised	Duly complied with
101/2017	27.09.2017 G/09/117	P Karunkar reddy Repairs & maintenance	9500	GST RCM to be applied & Invoice to be raised	Duly complied with
102/2017	27.09.2017 TDS/09/185	Anjali Creations	15800	GST RCM to be applied & Invoice to be raised	Duly complied with
103/2017	28.09.2017 G/09/119	Rexine Sale – G/09/119	7800	GST RCM to be applied & Invoice to be raised	Duly complied with

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Ratna Dhanu
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AUDIT REPLY :

The revised invoices/bills/ vouchers produced to audit (post compliance) has been found to be in order.

Internal Auditor

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