

# INTERNAL AUDIT REPORT

Report submitted to AQAR Coordinator by Internal Audit Committee -  
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Date: 10th July 2018

The committee conducted a selective audit of Accounts and Administrative departments of Janki Devi Memorial College. The findings and recommendations with respect to Accounts are highlighted below:

## I. FINDINGS

### **1. Pay Book Register (Teaching) (Date of last audit: 19/06/2018)**

- (i) Software is being used for calculating salary. Format is satisfactory.
- (ii) Monthly salary file for 2018-19 is not yet prepared.
- (iii) Individual pay registers have not been updated after July, 2017.
- (iv) TDS is not being deducted on uniform basis every month.
- (v) Salary software is not updated as per requirements of Finance Act, 2018, as reported by the person in chair.

### **2. Pay Book Register (Non-Teaching/ Library Staff/ Class IV Staff/Pension of Retired Teachers) (Date of last audit: 19/06/2018)**

- (i) Two registers are being maintained – Individual and Month-wise. Both are complete and satisfactory except signatures of authorized signatories are missing for some months.
- (ii) Salary software is not updated as per requirements of Finance Act, 2018, as reported by the person in chair.
- (iii) Pay slips are being given in hard copy.

### **3. LTC (Teaching and Non-Teaching)(Date of last audit: 14/06/2018)**

Records of LTC (teaching and non-teaching) are being maintained in Tally software. However, LTC register is not updated w.e.f June, 2017.

### **4. Provident Fund (Teaching) (Date of last audit: 18/06/2018)**

- (i) Entries in the PF Register are not made every month. However, they are updated over a period of time.
- (ii) PF Pass Books are neither stamped nor signed by the authorized signatory.
- (iii) Any entry related to earlier years if left unfilled, are not filled subsequently.

### **5. Provident Fund (Non-Teaching) (Date of last audit: 19/06/2018)**

Entries in the PF Register are not made every month. However, they are updated over a period of time.

### **6. JDM – Main Account and SS (Student Society) Account**

# INTERNAL AUDIT REPORT

- (i) Cheque registers with respect to both these accounts are found to be in place.
- (ii) Tally Software was used for maintaining these accounts till 2017-18. The new software is being used w.e.f 2018-19. However, so far entries have been made only till 17<sup>th</sup> April, 2018, for the SS Account. Entries for the Main Account are yet to be posted in the new software.
- (iii) Tally records for the SS Account were checked for 2017-18. It was observed that ledger accounts were not created properly. For instance, current assets are appearing on the liabilities side of the Balance Sheet. Moreover, entries for Receipts and Payments were also found to be wrongly posted, when checked on random basis.

## **7. Proposal Register**

Entries are not complete.

## **II. RECOMMENDATIONS**

### **1. Pay Book Register (Teaching) (these recommendations have been complied with)**

- (i) Monthly salary register should be updated on regular basis and duly signed by authorized signatories.
- (ii) Individual pay registers also need to be updated.
- (iii) Pay slips should be mailed to concerned teachers up to 10<sup>th</sup> of next month.
- (iv) TDS should be deducted on average basis. In some cases, TDS is more than tax payable so employees have to claim refund. Due care should be taken to avoid this.
- (v) Updating of software needs to be looked into.

### **2. Pay Book Register (Non-Teaching)**

- (i) Monthly pay registers should be duly signed by authorized signatories.
- (ii) Updating of software needs to be looked into.
- (iii) Though pay slips are given in hard copy, it is recommended that software be updated to link pay slips with individual email ids. This will save time, as every person's id would not have to be individually located for mailing the pay slip.
- (iv) Pay slips should be given in hard form/ mailed by 10<sup>th</sup> of next month.

### **3. LTC (Teaching and Non-Teaching)**

LTC register should be regularly updated and duly signed.

### **4. Provident Fund (Teaching)**

- (i) Entries should be updated more frequently and duly signed.
- (ii) The PF Pass Book should be stamped and duly signed annually, after updating.
- (iii) Any outstanding entries for earlier years should be made in subsequent updating.
- (iv) There should be an additional column for showing interest calculation as interest is revised every quarter by the Government.

# INTERNAL AUDIT REPORT

## **5. Provident Fund (Non-Teaching)**

- (i) Entries should be updated more frequently and duly signed.
- (ii) Any outstanding entries for earlier years should be made in subsequent updating.
- (iii) There should be an additional column for showing interest calculation as interest is revised every quarter by the Government.

## **6. JDM – Main Account and SS (Student Society) Account**

The committee strongly feels that a technical person should single handedly, manage the software for these accounts.

### **III. OBSERVATIONS WITH REGARD TO FINANCIAL STATEMENTS (FOR 2016-17)**

- (i) (a) Statutory audit was done on 9<sup>th</sup> February, 2018, which is beyond the stipulated timeline prescribed by the Act.
- (b) Also, for 2014-15 and 2015-16, audit was done beyond the due date. Consequently, Income Tax Returns must have been filed after the due date. This practice, if continued, may attract fine under the Income Tax Act.

(ii) Scrutiny of **Income and Expenditure Account** revealed that the following items have been reported as nil.

- Transportation Expenses
- Repairs and Maintenance
- Other Expenses

It seems impossible that no amount was spent under these heads.

#### **(iv) Schedule III to Balance Sheet**

(a) Under the head 'Students Society Fund', total expenditure of Rs. 2,63,44,074 has been reported as 'other capital expenditure' and revenue expenditure has been reported as nil. However, this amount does not seem to be capital expenditure. It is advised that this amount be shown under appropriate heads and not as a consolidated figure under one head.

(b) Under the head 'Grants for Sports', an amount of Rs. 4,72,874 has been reported as 'other capital expenditure' and revenue expenditure has been reported as nil. However, this seems to be a consolidated figure for capital and revenue expenses. Hence, it is advised that such amounts be segregated appropriately.

#### **(iv) Schedule VII to Balance Sheet**

- (a) No depreciation has been charged on Fixed Assets.
- (b) Some assets, which may not be physically present, have been reported in the Balance Sheet. Some of them are:

# INTERNAL AUDIT REPORT

- Calculating Machine
  - Cement Benches
  - Halogen Lights
  - Washing Machine
  - Record Players and Records
  - Typewriters
  - TV,VCR, Stabilizers
  - RTV-Van
  - Rickshaw
- (c) Some items such as CCTV have not been reported in the Balance Sheet.
- (d) Assets should be classified under proper heads as prescribed under the Income Tax Act.
- (e) With reference to b) above, a Disposal Committee should be constituted to physically verify and scrap/dispose off the obsolete assets.
- (f) The committee recommends that physical verification of Fixed Assets should be conducted at least once a year.

## ***(v) Schedule XII to Income and Expenditure Account***

(a) There is discrepancy between the head of Academic Receipts appearing in the Balance Sheet and the fee structure designed by the college. For instance, medical fees has been reported as nil under Academic Receipts, however, a positive figure appears for the same in the fee structure of the college.

(b) Annual examination fees has been reported as nil in Academic Receipts appearing in the Balance Sheet. This should be looked into.