INTERNAL AUDIT MANUAL



बाबासाहेब भीमराव अम्बेडकर विश्वविद्यालय

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(Accredited with NAAC Grade A++)

PREAMBLE

Internal Audit Function is an important tool for a sound financial management. The Babasaheb Bhimrao Ambedkar University (BBAU) has its own Internal Audit Wing, which is mandated to conduction pre-audit and post audit as well to help the Controlling Officer of the University to run the University in efficient, economical and effective manner. Internal audit also provides an assurance to achieve the vision and mission of the University as well as short/long term goals set by the University Grant Commission (UGC) and Ministry of Education (MoE).

This Internal Audit Manual (IAM) is an effort in this direction. This Internal Audit Manual has been prepared considering the best practices adopted by the Central University of Gujarat, Banaras Hindu University (BHU), Central Sanskrit University, New Delhi etc. and considering the criteria of the General Financial Rules (GFRs), Central University (CU) Act and Statutes, UGC's, MoE's and other Government of India's guidelines, notifications and circulars applicable to the University.

This IAM is intended as a tool to guide the internal audit engagement and to that extent, is extensive in its coverage of the various aspects of such engagements, from developing internal audit work programme, to planning, performing, reporting and following up on the audit engagements. It seeks not only to explain the complexity associated with the internal audit and its function but also facilitates the entire process by providing audit process templates, guidelines and checklist.

I would like to acknowledge the sustained effort of the Internal Audit Section and Finance Section of the University for having brought out the long felt Internal Audit Manual to enrich the knowledge of audit with the officers and staff of the University. My appreciation is also due to all the members of Internal Audit Committee (IAC) who have given valuable suggestions and feedback, contributing to the shaping of this IAM.

Dated: 26-11-2025

(Prof. Raj Kumar Mittal)
Vice-Chancellor

Lucknow

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1. Introduction

The Institute of Chartered Accountants of India (ICAI) *defined, Internal Audit as "an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control system."*

1.1 Overview

The Babasaheb Bhimrao Ambedkar University was established by an Act passed by the parliament (No. 58 of 1994). The University came into existence on 10.01.1996 vide GOI, Ministry of HRD, Education Department Notification No. 8-16/GOI/desk/U-1 dated 05.01.1996. The basic philosophy and policies of the University are spelt out and enshrined in the University Act and Statutes. The University offers graduate and post-graduate students the knowledge and skills needed to succeed as persons and professionals, and the values and sensitivity necessary to serve the society. The University distinguishes itself as a socially responsible learning community of high quality scholarship and academic rigor sustained by social justice and equity principles for which Babasaheb Bhimrao Ambedkar worked during his lifetime. The University draws from the cultural, intellectual and economic resources of Uttar Pradesh and other states to enrich and strengthen its educational programs.

1.2 Background

The Comptroller & Auditor General of India (CAG) is the statutory auditor of this University under section 30 (1) of **Babasaheb Bhimrao Ambedkar University, Act 1994** for conducting statutory audit. It conducts Financial Audit (audit of the annual accounts) and Compliance Audit (audit of transactions) of the Institute every year. Report on the financial audit termed as 'Separate Audit Report' is laid before both the houses of the Parliament, where as the result of compliance audit termed as 'Inspection Reports' are pursued till final settlement.

In addition, pre-audit of the major transactions of the University including prior vetting of purchase proposals etc. are to be conducted by the Internal Audit wing of this University on a regular basis. Pay fixation, arrear claims etc. are also pre-audited. In the University, Internal audit is being conducted in pre-audit system by the Internal Audit Officer.

In the Separate Audit Report on the accounts of the University, CAG has commented on not updation of Internal Audit Manual, Not available Annual Internal Audit Plan, Internal Post Audit Report etc. Thus, the University considered the need for introducing a system of post-audit in-addition to the existing pre-audit system, developing an Internal Audit Manual and Annual Audit plan for post-audit and preparation of Internal Post Audit Report. As a compliance measure and to further strengthen the existing internal audit system, this Internal Audit Manual has been prescribed for documenting the internal audit process of the University including the pre-audit, post-audit, preparation of annual Internal Audit Plan and annual Internal Audit Report.

1.3 Need for Internal Audit

Rule 70 of the General Financial Rules (GFRs) 2017 prescribes the duties and responsibilities of the Head of the Institute and It states that the Head of the Institute shall: -

- Be responsible and accountable for financial management of the Institute;
- Ensure that the public funds released to the Institute are used for the purpose for which they were meant;
- Be responsible for the effective, efficient, economic and transparent use of resources of the Institute in achieving the stated objectives of the Institute, while complying with the performance standards;
- Be responsible for preparation of expenditure and other statements relating to the Institute as required by Regulations, guidelines or directives issued by the Administrative Ministry, Government of India;
- Shall ensure that the Institute maintains full and proper records of financial transactions and adopts systems and procedures that will at times afford internal controls;
- Shall ensure that the Institute follows the Government approved procedure for execution of works, as well as for procurement of services and suppliers and implements it in a fair, equitable, transparent and cost effective manner;
- Shall take effective and appropriate steps to ensure: - (a) collect all money due to the Institute/ Government and (b) avoid un-authorised, irregular and wasteful expenditure.

Thus, an independent internal audit would help the Head of the Institute to discharge all of these functions in effective manner. Internal audit should, therefore, aim at

looking both at the financial and non-financial aspects of the Institute operations and providing an assurance on achievement of the vision and mission of the Institute as well as short/long term targets set by the University Grant Commission (UGC) and Ministry of Education (MoE).

Internal Audit would help the Institute in improving economy, efficiency, effectiveness and transparency in Institute's administration in general and financial administration in particular. It will also help in maintaining a sound record keeping system with adequate checks and balances to ensure a sound information system for decision making by the Executives.

1.4 Purpose of this Manual

This Internal Audit Manual is developed to guide/assist the internal audit wing of the University to provide independent, objective, value-added and advisory services to the executive authority in various wings/ schools/ sections of the University in order to improve the financial management, process efficiency and transparency. More specifically this manual is intended to provide internal audit wing with tools and information for assessing risk in processes and activities, developing an appropriate internal auditing work programme and planning, performing and reporting on internal audit engagements.

This Manual is intended to:

i. Act as a handbook for internal audit
ii. Identify roles & responsibilities of the members of the internal audit wing for prevention and control mechanism along with the detection of anomalies
iii. Ascertain the focus of internal audit on prevention & control,
iv. Introduce the annual plan and programme for post-audit through risk based assessment,
v. Develop the concept of systematic sampling,
vi. Standardize conduct of audit and reporting mechanism to improve audit effectiveness.

1.5 Applicability

This manual is designed for the IAO & other staff of Internal Audit Wing who are primarily responsible for carrying out the internal audit function across different wings/ schools/ sections of the University.

Each of the wing/ section/ school is involved in different functions assigned to them and hence the scope of operation of these wing/ section/ school differs from one to another on various aspects. This manual contains guidance of a generic nature and

outlines common procedures for conduct of internal audit in these wings/ sections/ schools.

1.6 Amendments

The provisions of this Manual will be subject to amendment with the approval of Board of Management (BoM) as per changing environment. The manual is intended for internal use in the University.

2. Internal Audit Approach

2.1 Internal Audit Mechanism

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the operation of an organization. It helps an organization to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Thus, Internal Audit and Internal Controls are integral part of a sound financial management system.

Independence of Internal Audit is established by the organizational and reporting structure. Objectivity is achieved by an appropriate mindset.

The internal audit activity evaluates risk exposures related to the organization's governance, operations and information systems, in related to:

- Efficiency and effectiveness of operations within the defined policies,
- Reliability and integrity of financial and operational information;
- Safeguarding of assets;
- Compliance with laws, regulations and contracts

Based on the result of the risk assessment, the internal auditors evaluate the adequacy and effectiveness of how risks are identified and managed / mitigated in the above areas,

The Internal Auditors are expected to provide recommendations for improvement in those areas where opportunities or deficiencies are identified. While management is responsible for internal controls, the internal audit activity provides assurance to the management that internal controls are effective and working as intended.

2.2 Position & Mission of Internal Audit

Internal Audit Team has to work as **'PARTNERS'** with the wings/ sections/ schools to strengthen financial management systems, build capacities of the audit/accounts personnel of the Institute and to guide them in achieving their objectives /targets in a more efficient manner.

The services of internal auditor should be utilized by all levels of management in the investigation of any special problem/function.

2.3 Duties and responsibilities of Internal Audit

The duties and responsibilities of an internal auditor are wide. It is difficult for an internal auditor to ascertain the extent to which his appraisal should go and where his responsibility ceases while appraising a particular operation. A conscientious internal auditor with good imagination and practical experience can render valuable service to the management.

With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice. **The Internal Audit serves as a "THIRD EYE' for the management to control and watch the efficiency and working of various units under them.**

Major duties and responsibilities of internal audit functionaries are summarized as below:

- Study of accounting procedures, including maintenance of records in the University with a view to ensuring that they are correct, adequate and free from any defects or lacunae;
- Reports risk management issues and internal controls deficiencies identified directly to the Vice-Chancellor and provides recommendations for improving the organization's operations,
- Provides support to the institute's anti-fraud programs;
- Watch over the implementation of the prescribed procedures and the instructions/ orders issued from time to time;
- Scrutiny and check of payments and accounting work of the accounting units;
- Investigation of important arrears in accounting and other connected records;
- Periodical review of all accounts including cash book, bank reconciliation statement and store records as well as physical verification of stores;
- Pursuance/settlement of objections taken in test audit notes issued by statutory audit offices and other matters relating to statutory audit;
- To examine the contracts and agreements executed by the University.

2.4 Role of Internal Audit Wing

The role of Internal Audit Wing of the University are as envisaged below:

2.4.1 System Strengthening

Internal audit should aim at strengthening of the procedural systems in the University. It includes review of established systems like accounting procedures, procurement procedures, internal control mechanisms and any other system operating in the University. Suitable recommendations shall be given for strengthening of the existing system for better management of the office and achievement of the set goals.

2.4.2 Financial Compliance

Internal Audit should focus on financial compliance, considering the following approaches:

(i) **Transaction audit** includes examination of all relevant vouchers of receipts and expenditures establishes the admitted expenditure with reference to the activities.

(ii) Compliance audit means examination of documents as to whether applicable Rules/ Regulations/ Instructions issued by the competent authority/ administrative Ministry/ Government of India have been duly complied with.

(iii) **Pre-audit:** means conducting audit prior to release of payment. This includes examining the process of purchase (e.g. tendering, evaluation, comparisons etc.) before the issuance of Purchase Order/ Work Order.

2.4.3 Financial Performance Review

Performance review is an assessment of efficiency and effectiveness of the programmes, with due regard to economy and addresses the issues of inputs, processes, outputs (Products) and outcomes (impact). Internal Audit functions on the principle of 3Es:

- **Economy** – means acquiring resources at the lowest cost by observing financial proprieties keeping in view the objectives of the Auditee.
- **Efficiency** – refers to the relationship of inputs and outputs in terms of goods, services or other results and the resources used to produce them.

- **Effectiveness** –means the extent to which an auditee has achieved the objectives and the relationship between intended impact and actual impact of any activity.

2.4.4 Capacity Building

Internal Audit shall also support in building capacities of the University staff and strengthen financial management within the University. Suitable recommendations shall be given for strengthening the existing system for better office management and achievement of the set goals.

3. Goals, Objectives, scope and Methodology of Internal Audit

3.1 Goal of Internal Audit

Goal of Internal audit is to

- Facilitate reduction of statutory audit observations by (i) Identifying system weakness and bottlenecks in implementation of the plans/ programmes; (ii) recommending suggestions to improve the system; and (iii) Monitoring the compliance on recommendations.

3.2 Objectives of Internal Audit

The internal audit would be conducted with the objectives to assess whether:

- Planning and budgetary mechanism is in place, adequate and effective;
- Funds are utilized in an economic, efficient and effective manner for the intended purpose;
- Procurement is being made in a transparent and fair manner and were effectively utilized;
- Assets have been created in economic, efficient and effective manner and they are being taken care of regularly to avoid any losses;
- Statutory provisions of law and administrative instructions issued by the University are being duly complied with;
- The system of internal control exists and is working effectively;

3.3 Criteria for Internal Audit

Audit criteria for conduct of internal audit will be the extent of compliance with the following provisions / documents:

- Babasaheb Bhimrao Ambedkar University Act and Statutes as amended from time to time.
- Decisions of the Board of Management (BoM), Finance Committee (FC) and other statutory committees of the University and guidelines / office orders issued by the University from time to time.
- Rules framed and Instructions / Guidelines / Office Memorandum issued by the UGC and MoE time to time as are applicable to the University;
- General Financial Rules 2017 and latest amendments, CVC guidelines, Receipt and Payment Rules and Manual for Procurement of Works/Goods prescribed by the Government of India as amended from time to time;
- Conditions mentioned in the Grants-in-Aid sanction order; Memorandum of

Understandings /Agreements, contracts executed by the University with other organizations, Consultants, agencies and contractors,

- Income Tax Act, Goods and Services Tax Rules/ orders, Provisions under the labour laws and other Statutory Acts and Rules.

3.4 Scope of Internal Audit

The scope of internal auditing within an organization is broad and may involve topics such as the efficiency of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations.

Internal auditing frequently involves measuring compliance with the entity's policies and procedures. However, internal auditors are not responsible for the execution of University's activities; they advise management and the Internal Audit enjoys reasonable freedom in the discharge of its functions.

The appraisal of past transactions and happening probing into deviation from established policies and procedures, detection and prevention of errors and frauds, proper utilization of assets or safeguarding them and assessing the effective control in operations, to preserve the entire organization against wasteful operations are included in the protective functions of the internal audit.

The broad scope of internal audit activity would be:

- Planning and execution of Annual Audit Programme
- Assessment of Internal Controls within the Institute
- Risk Assessment and Sampling to narrow down areas of focus
- Tracking audit objections and monitoring compliance
- Pre-auditing procurement activities with special reference to economy, efficiency and effectiveness
- Ensure/Suggest adequate Capacity Building measures to the Accounts and other staff
- Strengthening of Financial Management System

3.5 Audit Methodology of the Internal Audit

Audit methodology would include:

- pre-audit of purchase proposals, payment proposals, arrear payments, pay fixation and any other cases referred by the Registrar/Finance Officer/Vice-Chancellor through examination of concerned files/ documents;
- Any audit advice sought by the schools/section/wing on examination of concerned Act/ Rule/ instructions /guidelines issued by the Government of India and by the University;
- Post audit of sampled cases through visit to the schools/ wing/section concerned with prior intimation and examination of accounts and other all records maintained therein including log books of equipment/ vehicles/ telephone, budget control register, stock registers, annual physical inspection reports, bio-metric attendance, student attendance sheets, adjunct faculty attendance sheets, leave records, etc.
- Joint physical inspection of any equipment/ asset along with concerned Lab-in- charge /representatives of Heads concerned and document the same as a part of audit evidence;
- Collection and analysis of information / data (including electronic data) at Internal Audit Cell centrally;
- All records requisitioned by the Internal audit team must be produced as quickly as possible and should not be denied. Any other cases of non-production of records would also be brought to the notice of the Vice-Chancellor by the Internal Auditor on quarterly basis and would be mentioned in the Annual Internal Audit Report as a separate paragraph;
- Internal Auditor would follow all ethical standards and confidentially, as prescribed in this Manual.

3.6 Internal Audit plan

Internal Audit Plan would be prepared for audit during the year and duration of audit. Same will be put up to the Hon'ble Vice Chancellor through Finance Officer, well before the end of the preceding financial year.

In-addition, existing system of pre-audit would continue to be conducted on concurrent basis preferably by the Internal Audit Wing as advised by Hon'ble Vice Chancellor & Finance Officer.

3.7 Constitution of Committee for Physical Verification and Performance Review

- At the University level Vice Chancellor of the University shall appoint ten faculty members on the recommendation of Internal Audit Wing for the physical verification and performance review.

University Level Internal Audit Committee:

S. No.	Name	
01	Dean o School/ Professor/any other officer of equivalent rank to be nominated by the Vice Chancellor on the recommendation of Internal Audit wing for period of three years	Chairman
02	Four Professor, Three Associate Professor and Two Assistant Professor to be nominated by the Vice Chancellor on the recommendation of Internal Audit wing for period of three years	Members

Auditable Unit Level/Departmental Level Internal Audit Committee:

- At the Auditable Unit level/department level, a three members committee will consist of: one from within department, one from other department and one representative from Audit Section/Finance Section. Constitution of departmental audit committee will be done by the Internal audit wing, on annual basis, with the approval of the Vice-Chancellor. The plan of verification and performance review will also be notified on annual basis by the Internal Audit Wing.

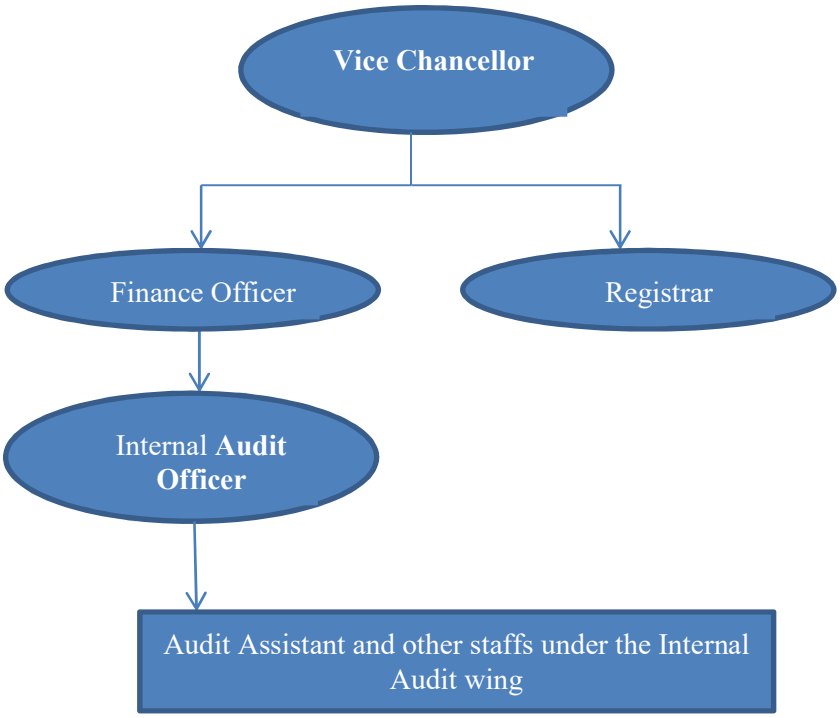
S. No.	Name	
01	One Professor/ Associate Professor/ Assistant Professor from the Department	Member
02	One Professor/ Associate Professor/ Assistant Professor from the other Department	Member
03	one representative from Audit Section/Finance Section	Member

The committee shall seek cooperation of the concerned Director/Head responsible for maintaining accounts / records for smooth conduct of review. For that purpose, an Open-meeting / Introductory meeting may be conducted with Head of Office and other staff, on the date of commencement of audit.

4. Internal Audit Structure

Organizational set up

The organizational set up of internal audit wing in the University is to be as under:



Note: - Internal Audit Wing will function under the control of the Vice Chancellor. The Internal Audit Officer would report to the Vice Chancellor through the Finance Officer.

5. Professional Standards of Internal Auditor

5.1 Professional Standards

Professional Standards prescribe the norms, principles and practices, which the Internal Auditors shall adhere to during the course of audit. These standards shall act as a guide to internal auditors and overall audit function, thereby ensuring efficiency in operations and professional conduct.

The Auditors are expected to maintain the following professional standards:

- **Objectivity:** Auditors should acknowledge and incorporate all information received from the Auditee without withholding any information which may distort the reporting of activities under review. Auditors shall be fair in reporting and any improper activities and transactions noticed should be reported without fear or favour.
- **Competency:** They should possess thorough knowledge of the audit process, applicable rules and orders and objectives of the audit. They should continually engage in improving their proficiency in audit procedures and techniques by attending training sessions, reading rules, manuals and instructions issued by the Institute/ Government of India from time to time.
- **Confidentiality:** Auditors should not disclose the information acquired during audit to any person unless there is a legal or professional obligation to do so. They should not use the information for any personal gain or in any other manner, which is detrimental to the Institute.
- **Integrity**: Auditors should comply with **ethical principles** and code of conduct governing the auditor's professional behavior and responsibilities, which include; Integrity, Objectivity and fairness, Confidentiality and Technical Standards.

5.2 Audit Quality Evaluation

CAG of India reviews the quality, adequacy and effectiveness of the Internal Audit available in the University and comment on the same in its Separate Audit Report each year. Such evaluation is to be considered by the University and effective step may be taken on its recommendations.

5.3 Use of Experts

While conducting audit, auditors might come across certain specialised areas which require help of an expert. The nomination of expert may be taken from the Competent Authority.

6. Initiating an Audit

It is the responsibility of Internal Auditor to take necessary steps to initiate the audit as planned in annual audit plan/ Quarterly programme. Before proceeding to conduct the audit they shall ensure that below mentioned steps are taken.

6.1 Planning Individual Audits

While planning individual audits, due considerations should be given to the information available in previous audit files of the auditee. In case of first audit, sufficient time should be given to the audit team to gain knowledge on the working of the Wing/ unit/school. Preliminary planning involves:

- **Gaining an understanding of the Auditee functions:** Auditor should have fairly good knowledge of the organization and its operations. This includes understanding the rationale behind establishing the school/unit, structure of the school/unit and functions of the said school, wing, unit. Primary source of information about the unit can be obtained through Previous Internal Audit Report, CAG's Inspection Report, Budget/Revised Estimate, Actual Expenditure, nature of expenditure, working environment, internal control mechanism, management information system etc.;

- **Understanding Controls**: The Auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal controls in place in the unit. After gaining understanding of the organization/wing, auditor should identify key control areas in the wing/ school/section. He / She may examine and evaluate the existence and operation of control systems specified in the various codes, manuals and government orders relating to the accounting and other procedures.

- **Analysing the earlier audit reports:** Analysis of the earlier audit reports are needed to verify the wing/schools' compliance on the recommendations of the internal audit. Following issues needs to be verified to understand the environment:

  (i) Errors corrected at the instance of audit,

  (ii) Remedial recourse or penal actions taken on the recommendation of the audit,

  (iii) Improvements in internal control systems in response to auditor's recommendations

- **Identifying legal compliances to be made:** Auditor should acquaint himself with the applicable legal provisions like adherence to Acts, Rules, Codes and various government orders;
- **Sharing and finalizing the areas of the audit in discussion with the Auditee:** Based on the understanding of Auditee functions and environment, detailed scope of audit will be finalized;
- **Providing an overview of the audit process to the Auditee:** Once the areas of Audit are finalized, the Auditor shall provide an overview of the audit process to be carried out. Requirements, support or any other information or disclosures required from the auditee may be obtained.

6.2 Risk Based Assessment

Risk assessment is the process of Identifying and analysing potential risks posing threat to the Wing/school/unit's financial aspects as well as achievement of its objectives, and developing response to address the identified risks and prioritizing audit focus in the risk potential areas.

For illustration, in Government Institutions one of the potential risk area is tendering and award of contracts for procurement of goods or services, where high level of risk is involved. The activities like award of contract to the right person whether followed or not, keeping in view technical and financial aspects provided in the tender document, guidelines of the Chief Vigilance Commission needs examination. The auditor may identify those areas which pose risk and evaluate the effectiveness of the operations in those areas.

Following may also be followed for risk based assessment:

Financial: Auditors shall select those areas, accounts, schemes or programmes where maximum financial amount is involved and those areas shall be selected for detailed testing.

Non-Financial: Auditors shall give high priority to the areas having high significance due to its nature of operations irrespective of the financial amounts involved. For example, i.e. areas where several and persistent irregularities are reported through previous audits (CAG / Internal), several grievances or complaints are registered, assembly questions raised etc.

Analytical findings: Audit areas can also be identified by doing analytical studies between certain facts to locate any discrepancies. Unusual or abnormal observations noticed while comparing data can be a risk parameter for detail audit.

- *Budgeted provisions vs. Actual expenditure*
- *Fund received vs. Fund utilised*
- *Percentage of targets achieved (Target fixed if any)*
- *Achievement on Work Development/completion Schedule*

Random review / Selection: Auditors shall select certain areas randomly based on their professional judgment or experience within the Wing, school, unit. In random selection, priority shall be given to the areas which are not covered in previous year audits or not yet audited. For example, different months may be selected from one to another year. Internal Auditor shall not set a uniform pattern of selection every year but shall introduce an element of surprise.

After identification of risk areas, Auditors shall finalize the individual audit plan and more attention is to be given to potential risk areas where deployment of internal controls systems are weak or not existing at all. In-depth checking shall be undertaken in those focus areas.

6.3 Assessment of Internal Controls

Internal control mechanism is an integral process operated by an organization, designed to address risks and to provide a reasonable assurance in pursuit of organization's mission. Following general objectives are achieved by the process of Internal Control:

- Execution of orderly, ethical, economical, efficient and effective operations;
- Fulfilling of accountability obligations;
- Compliance with applicable laws and regulations;
- Safeguarding resources against loss, misuse and damage.

Auditors shall do an assessment of Internal Controls to ensure that an adequate internal control framework is in existence and operating as designed by the Institute and errors, if any, to be located with the operation of established internal controls. Internal Control Assessment will help Auditors to know the following:

- Reliability of records and registers maintained by the auditee unit;
- The extent and the depth of the examination that needs to be carried out in the different areas of accounting;

- What are the areas where controls are weak and where it is unnecessarily excessive;
- Whether suggestions can be given to improve the control systems.
- Whether the internal controls are sufficient
- Whether the internal controls are followed

6.3.1 Types of Controls

(i) Preventive Control: This type of internal control would prevent a risk from occurring. For example:

a. All transactions and events are initiated on proper authorizations and approvals.

b. Segregation of functions/ duties among the official as far as practicable to prevent risk.

c. Control over access to resources and records to prevent unauthorized or improper use of resources.

(ii) Detective Control: Detective controls are measures that would point to any loss/ misdeeds/ misappropriation that is taking place in the organisation. Any kind of reconciliation (bank reconciliation), analytical reviews, post audit, etc. would fall under this category as they help to detect if something had gone wrong. Some examples of such control activities are:

Verifications: Transactions or events are verified to ensure correctness and validity. Personal records / service books etc. are periodically verified to ensure their correctness.

Reconciliations: This is one of the most commonly used and effective control measure. Reconciliation of one set of records with another are made to ascertain correctness of the transactions or facts.

6.3.2 Tests of Internal Controls

Through audit procedures the effectiveness of the Auditee's internal control systems are assessed. The Auditors should make a list of internal controls which are in operation in the Auditee. Then Auditors shall perform tests of controls to assess the existence and adequacy of internal controls. However, the Auditor may not be required to test all the internal controls, he may select some sample controls based on the results of the risk assessment and professional judgment.

The Auditors may initially check the controls by conducting a compliance testing that is, testing to assess compliance with the internal control. Substantive testing is

required to obtain evidence to ensure the completeness, accuracy and validity of the data produced by the accounting system.

The Internal Auditor after assessing controls shall give his recommendation (in Internal audit Inspection Report and Internal Audit Report) on the operation of the internal controls, whether operation of internal controls is satisfactory or needs improvement or is not in existence

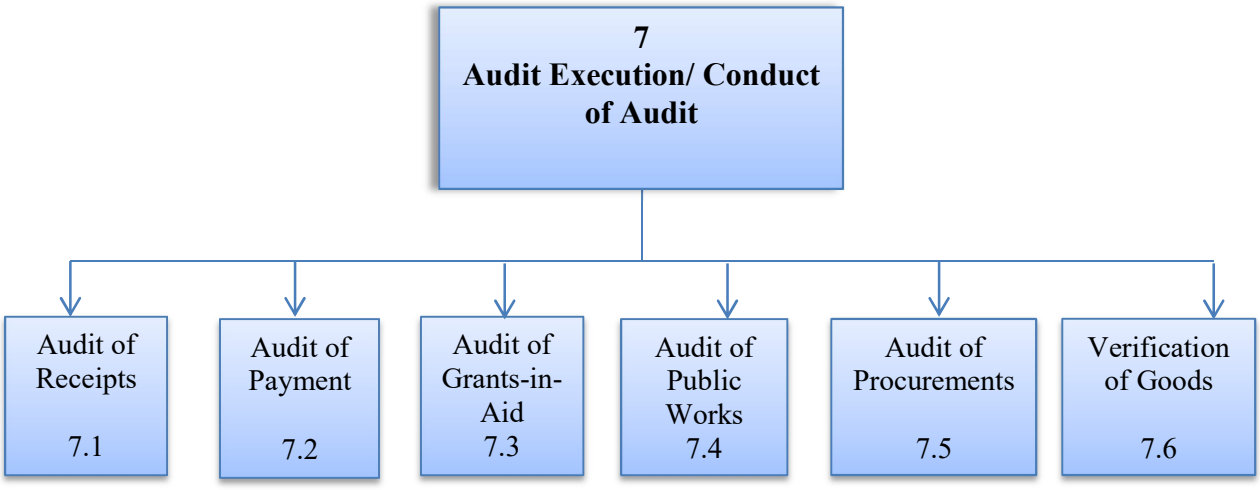
7. Audit Execution/Conduct of Audit

While conducting audit (other than pre-audit), Internal Audit team are required to visit various Campus, wings and sections. Further, field audit involves verification of accounts, relevant records and compliance to rules, codes and various orders; however, the responsibility of the Auditor is not limited to verification of accounts and procedures but also to give recommendations to improve the financial management system of the auditee.

Any discrepancies noticed while conducting audit or non-production of any record or non- cooperation by any Head of Department/ Officer-In Charge shall be brought to the notice of the Concerned Dean by way of issue of Internal Audit Observation Memos. In case there is non- compliance even after the intervention of the Concerned Dean, the matter may be reported to the office of the Hon'ble Vice Chancellor and then included in the Internal Audit Report.

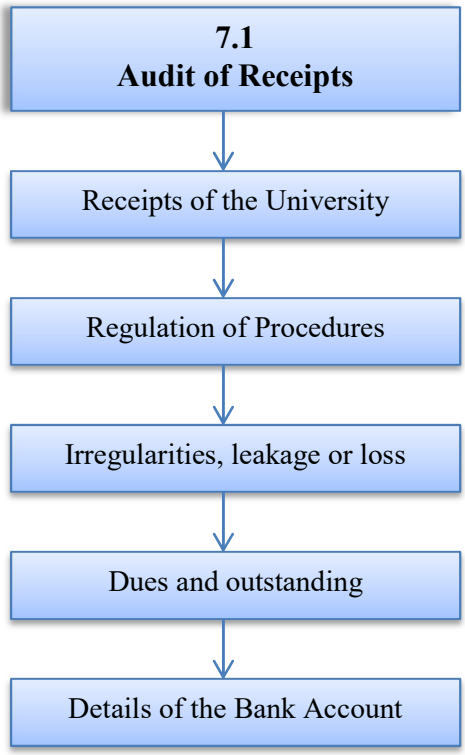
Whenever any loss of money or stores is detected by means of any mis-appropriation or fraud, the fact shall be reported promptly through an Interim Report to the Finance Officer/ Vice Chancellor who shall consider the gravity of the case and take appropriate actions.

Audit Team members are expected to continually update themselves with the various instructions and other guidelines issued by the University/UGC/MOE/Central Government from time-to-time concerning audit.



7.1 Audit of Receipts

- The receipts of the University mainly consist of government grant as well as revenue derived from fees, fines, penalties, rents of University's buildings and lands, receipts of loans, advances and deposits, interest or any other receipts.
- During audit of receipts, the principal aim is to ascertain that adequate regulations and procedures have been framed to secure an effective check on the assessment, and collection and to see that such regulations and procedure are being followed. The Auditor shall also ascertain the adequacy of compliance with regulations and procedures for effective receipt, remittance, reconciliation and accounting of receipts.
- Audit shall also be diligent in detection of irregularities, leakage or loss, fraudulent and forged receipts, other types of omissions or commissions in the process of levy and collection of taxes, fees, fines etc.
- Auditor shall carefully verify any dues of the University left outstanding and suggest to the appropriate authorities for effecting the recovery.
- Auditor shall verify the details of all bank accounts and deposits hold by the Campus and obtain a certificate from the competent authority regarding no fraud, theft, cash embezzlement etc. in the bank accounts.



7.2 Audit of Payments

Payments made by the University are normally classified as revenue and capital expenditure, payment of loans and advances etc. All payment files are sent to audit section for vetting except the files given in Appendix-C

As major sources of finance of the University is Government grants, it is necessary to comply with the provisions of GFR and other instructions issued by the Government of India in Ministry of Finance and the administrative ministry (MOE). The procedure for incurring expenditure from the Govt. grant required:

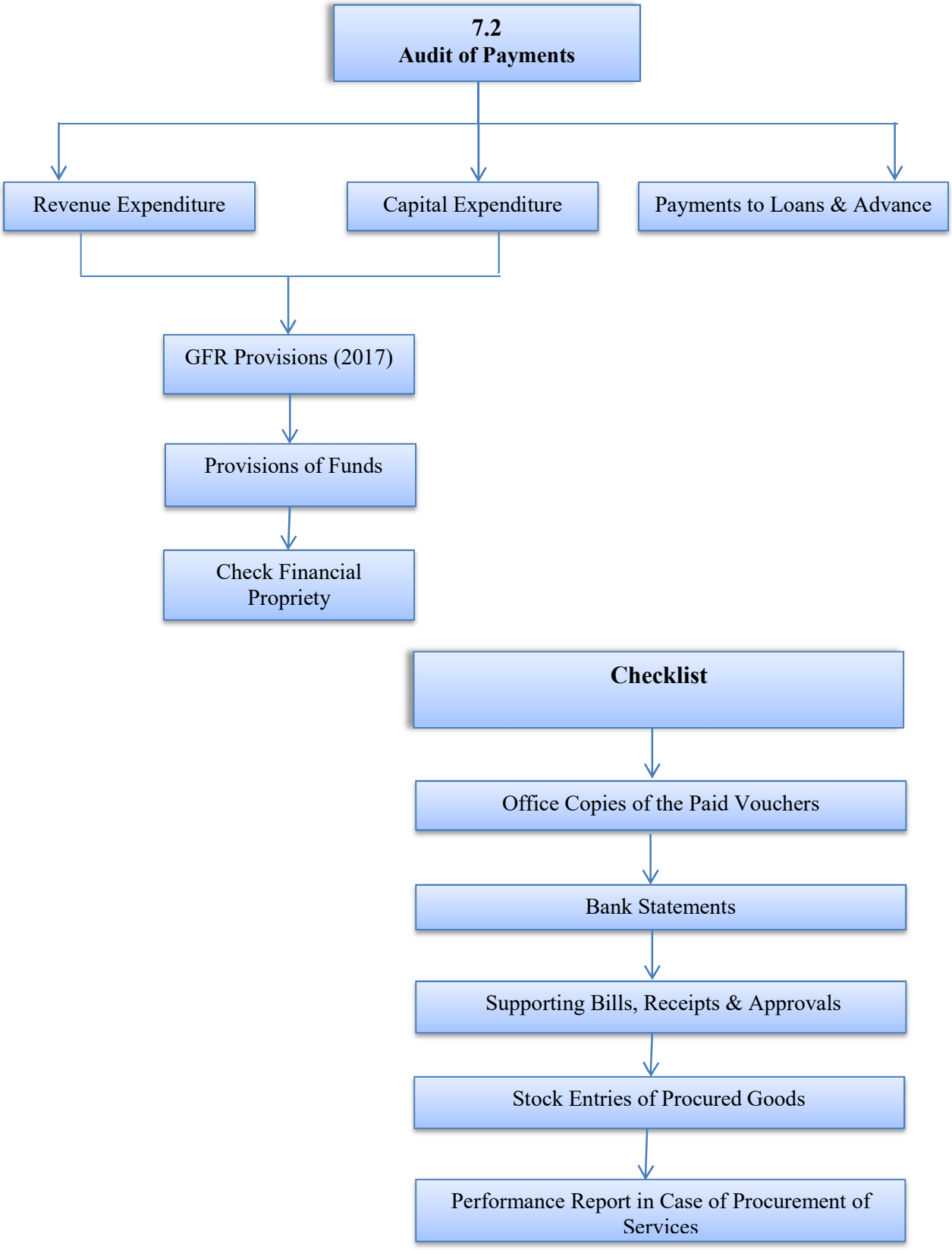
- **Provision -** Competent authority should make provision of funds and fix limits for incurring expenditure;
- **Sanction –** There should exist appropriate administrative and expenditure sanction accorded by a competent authority, authorizing the expenditure;
- **Propriety –** Expenditure should be incurred with due regard to cannons of financial propriety Auditors should verify the above-mentioned procedures apart from verifying accounting aspect of expenditure while auditing.

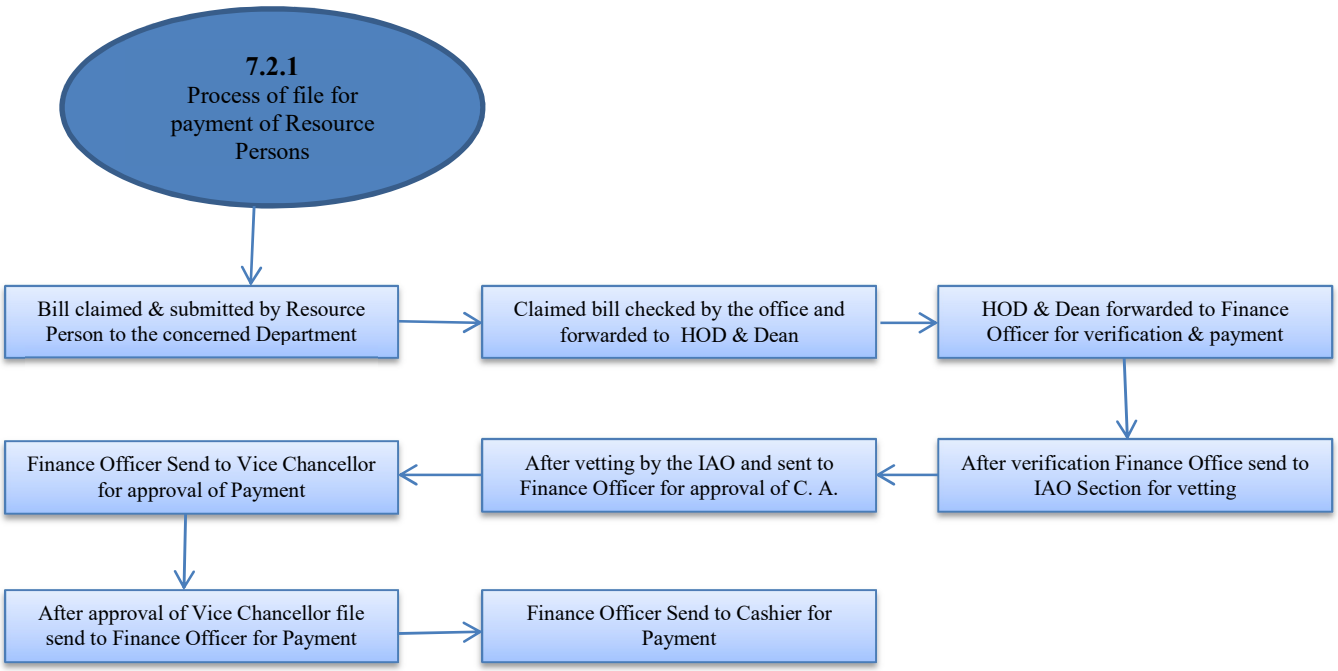
  Audit of expenditure should not merely be confined to see that the expenditure is covered by a sanction; but should also verify that the authority according the financial sanction is empowered to do so by virtue of powers vested in it by the constitution, laws and rules governing the Institute (in Act and Statutes) or by delegation.

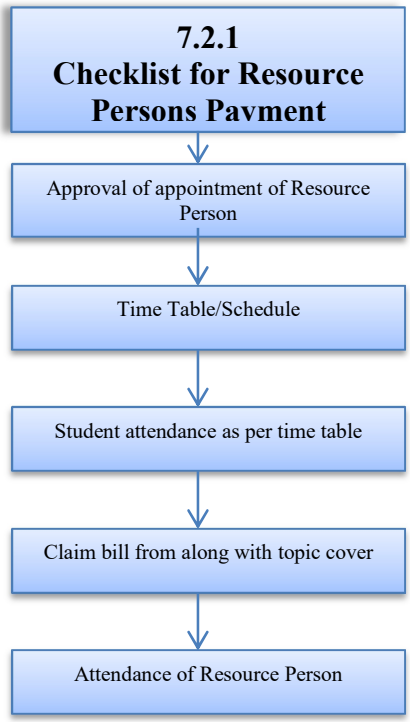
  Auditors shall verify the payments made by the Auditee with reference to the following documents:

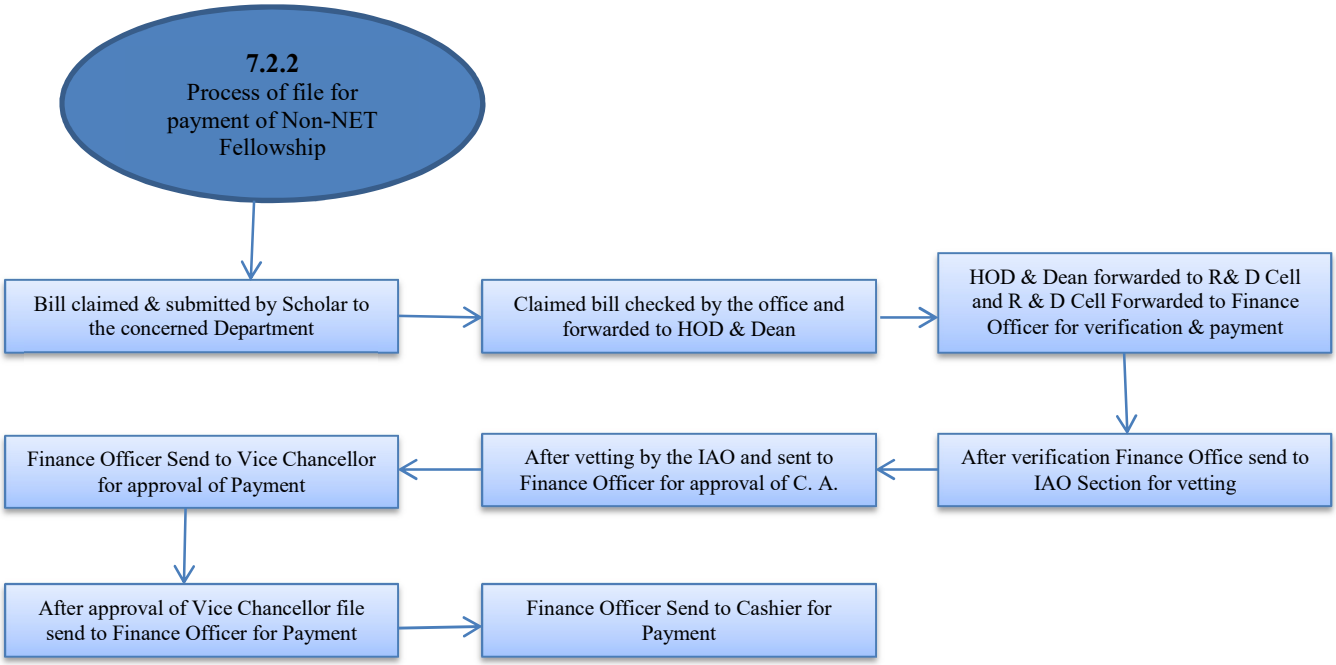
- the office copies of the paid vouchers / journal vouchers;
- Counterfoils of cheques
- Copies of bank scrolls /statements;
- Supporting bills, receipts and Approvals;
- Stock entries in respect of procurement of goods;
- Performance reports in respect of procurement of services.

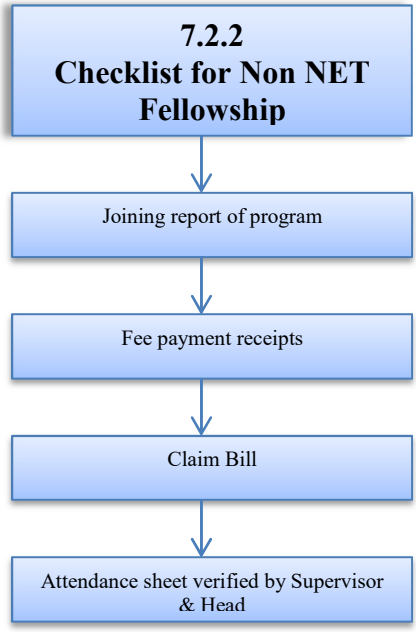
While checking each payment, Internal Auditors shall also check the procedures of the payments. Whether cash transaction has been stopped and digital payments are ensured in all cases is also to be examined and deviation, if any is to be reported.

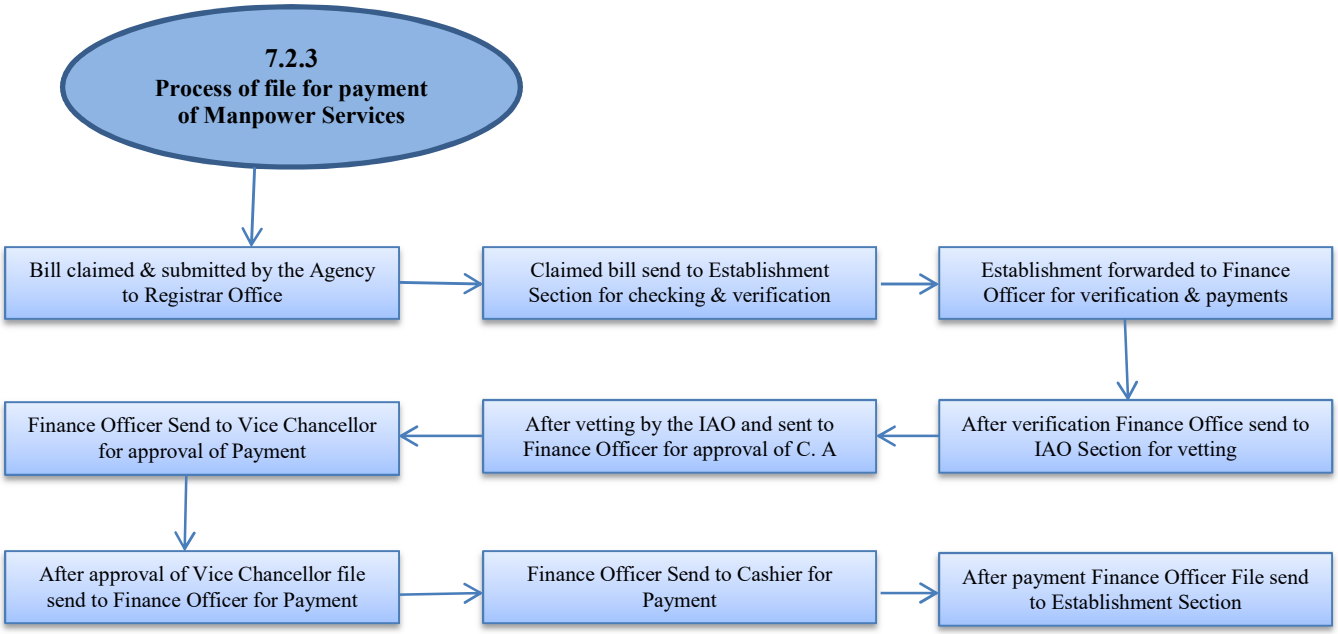

7.2
Audit of Payments
Revenue Expenditure
Capital Expenditure
Payments to Loans & Advance
GFR Provisions (2017)
Provisions of Funds
Check Financial Propriety
Checklist
Office Copies of the Paid Vouchers
Bank Statements
Supporting Bills, Receipts & Approvals
Stock Entries of Procured Goods
Performance Report in Case of Procurement of Services

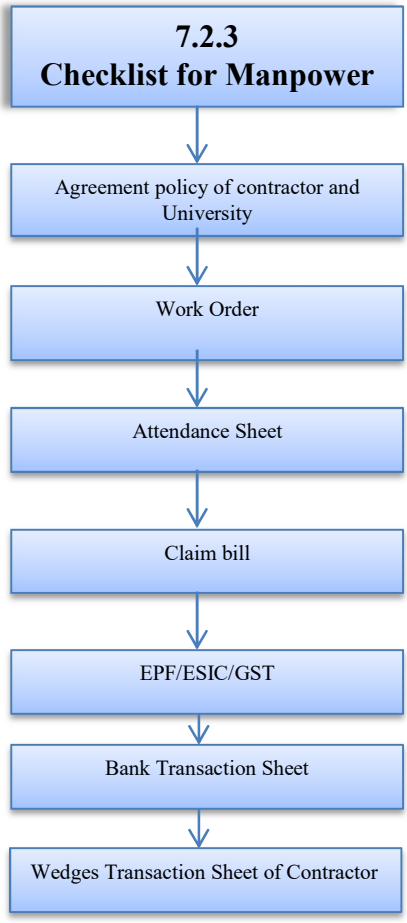

7.2.1
Process of file for payment of Resource Persons
Bill claimed & submitted by Resource Person to the concerned Department
Claimed bill checked by the office and forwarded to HOD & Dean
HOD & Dean forwarded to Finance Officer for verification & payment
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A.
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment

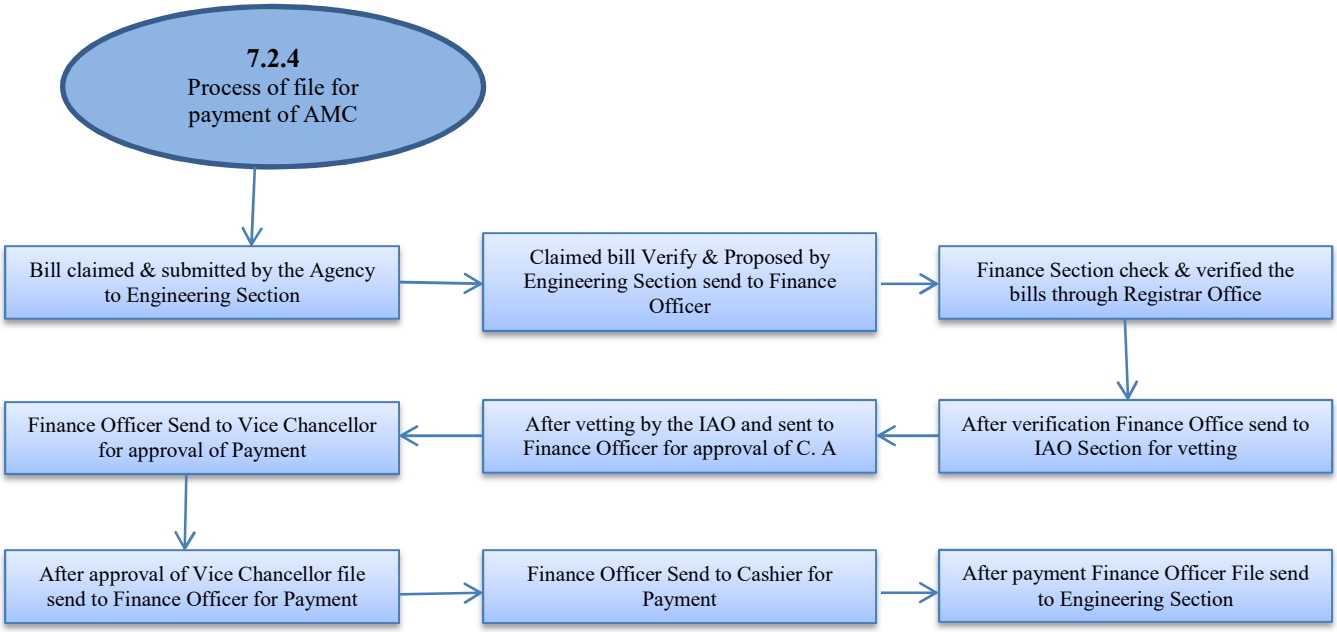

7.2.1
Checklist for Resource Persons Pavment
Approval of appointment of Resource Person
Time Table/Schedule
Student attendance as per time table
Claim bill from along with topic cover
Attendance of Resource Person

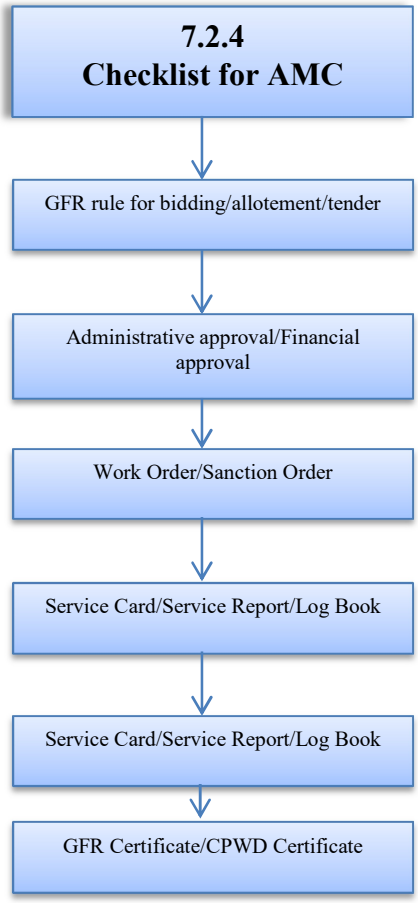

7.2.2
Process of file for payment of Non-NET Fellowship
Bill claimed & submitted by Scholar to the concerned Department
Claimed bill checked by the office and forwarded to HOD & Dean
HOD & Dean forwarded to R& D Cell and R & D Cell Forwarded to Finance Officer for verification & payment
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A.
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment

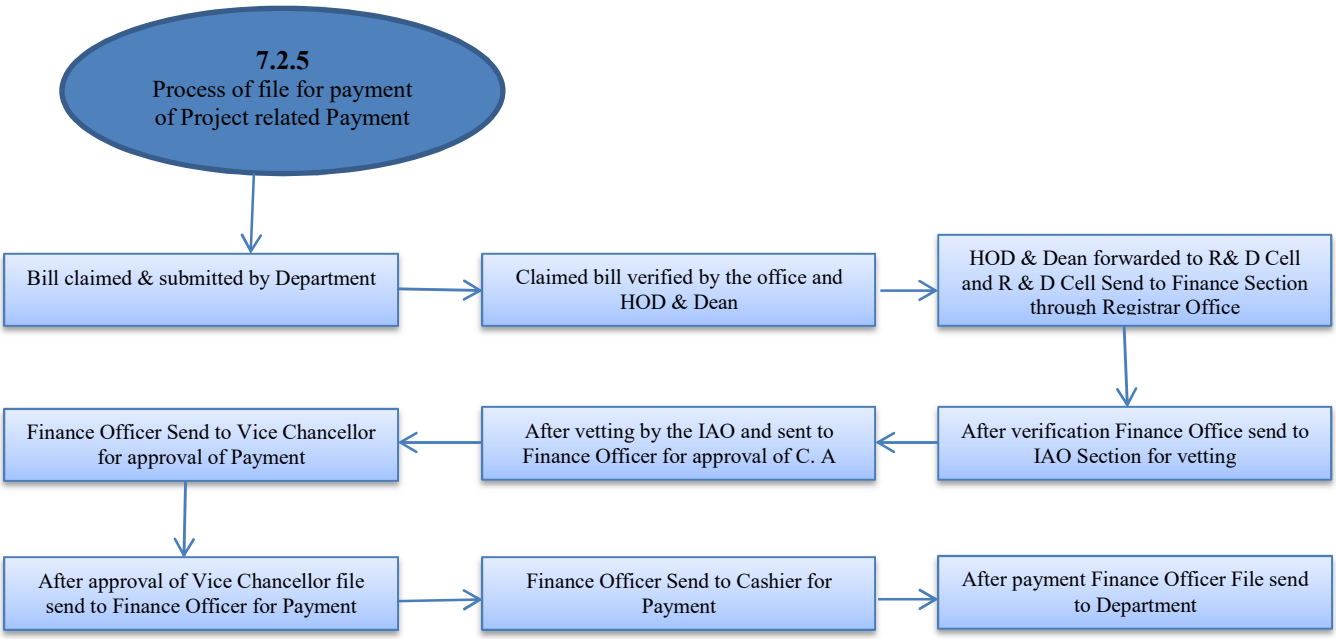

7.2.2
Checklist for Non NET Fellowship
Joining report of program
Fee payment receipts
Claim Bill
Attendance sheet verified by Supervisor & Head

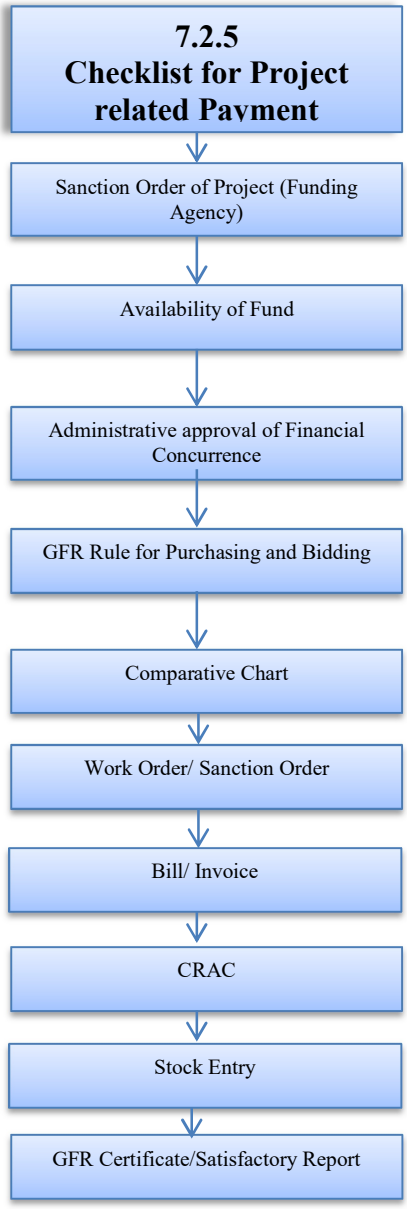

7.2.3
Process of file for payment of Manpower Services
Bill claimed & submitted by the Agency to Registrar Office
Claimed bill send to Establishment Section for checking & verification
Establishment forwarded to Finance Officer for verification & payments
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment
After payment Finance Officer File send to Establishment Section

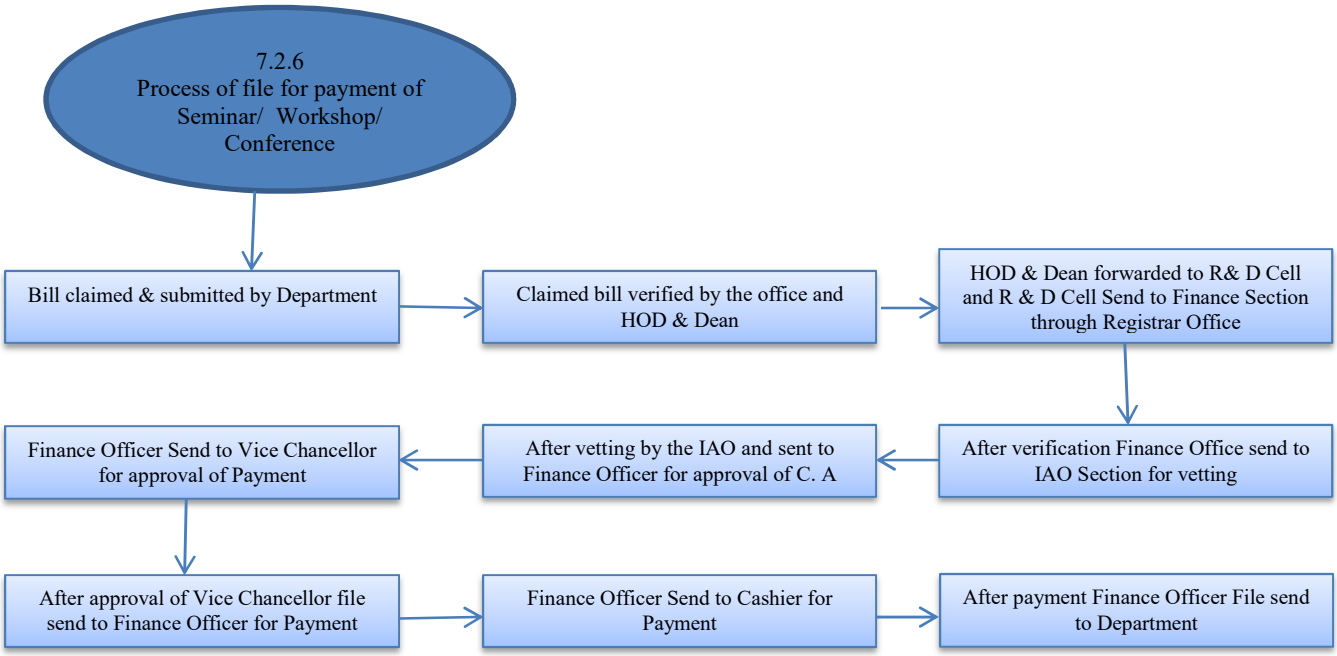

7.2.3
Checklist for Manpower
Agreement policy of contractor and University
Work Order
Attendance Sheet
Claim bill
EPF/ESIC/GST
Bank Transaction Sheet
Wedges Transaction Sheet of Contractor

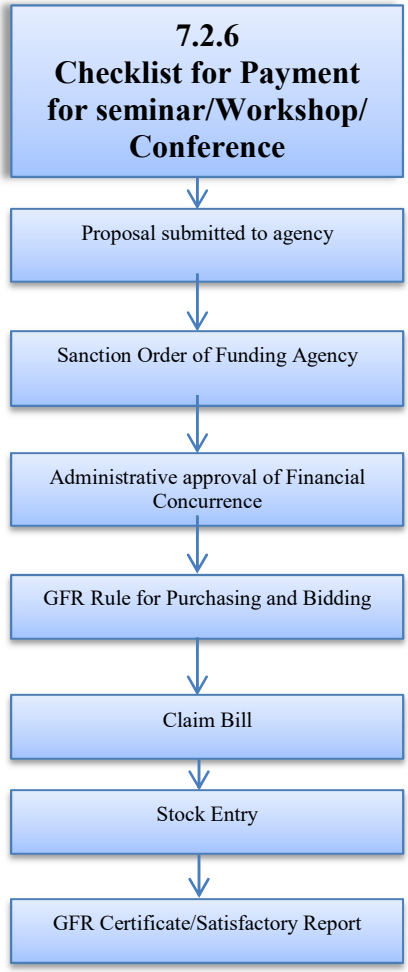

7.2.4
Process of file for payment of AMC
Bill claimed & submitted by the Agency to Engineering Section
Claimed bill Verify & Proposed by Engineering Section send to Finance Officer
Finance Section check & verified the bills through Registrar Office
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment
After payment Finance Officer File send to Engineering Section

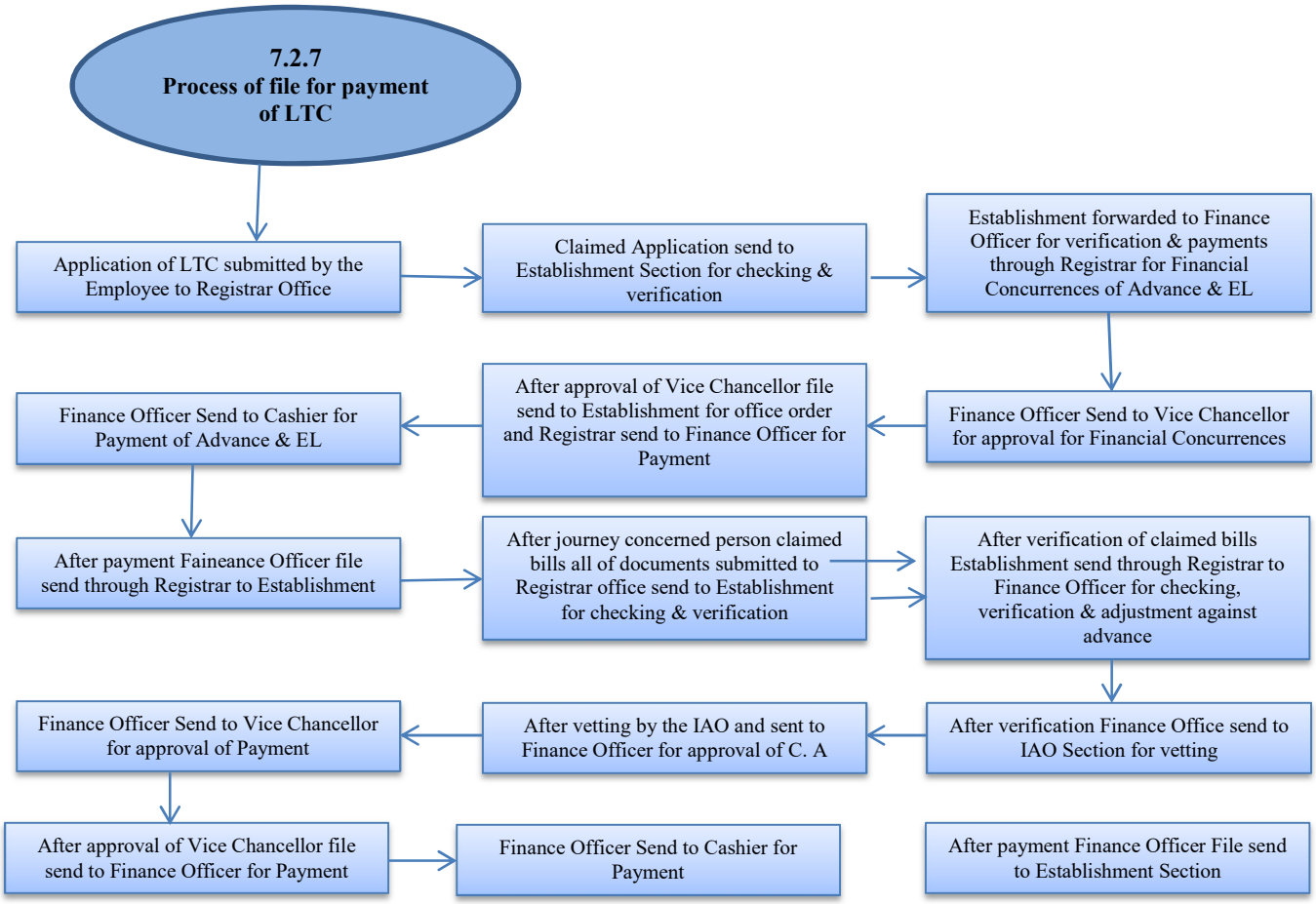

7.2.4
Checklist for AMC
GFR rule for bidding/allotement/tender
Administrative approval/Financial approval
Work Order/Sanction Order
Service Card/Service Report/Log Book
Service Card/Service Report/Log Book
GFR Certificate/CPWD Certificate

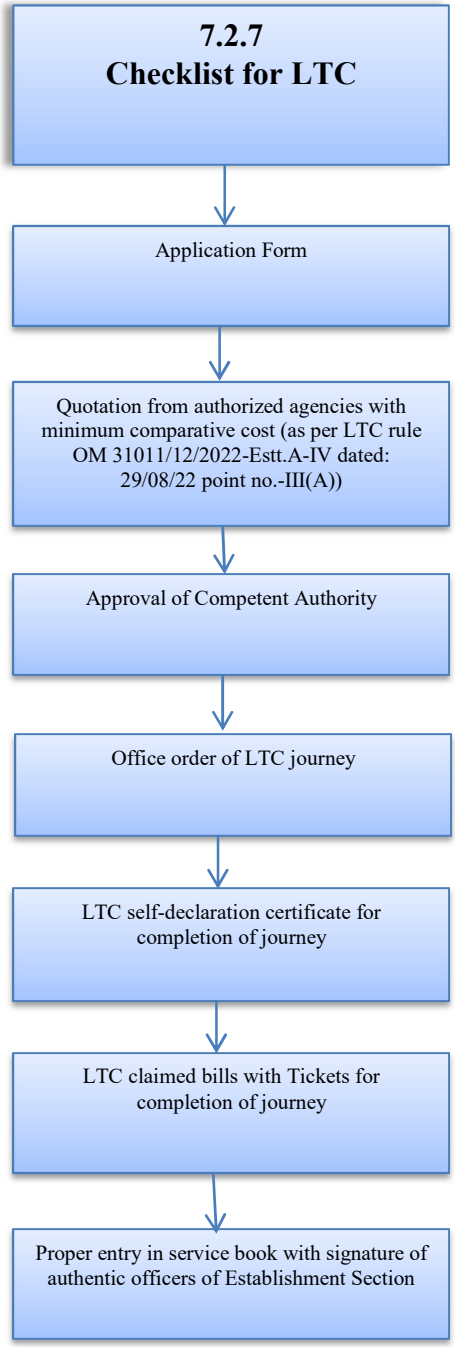

7.2.5
Process of file for payment
of Project related Payment
Bill claimed & submitted by Department
Claimed bill verified by the office and HOD & Dean
HOD & Dean forwarded to R& D Cell and R & D Cell Send to Finance Section through Registrar Office
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment
After payment Finance Officer File send to Department

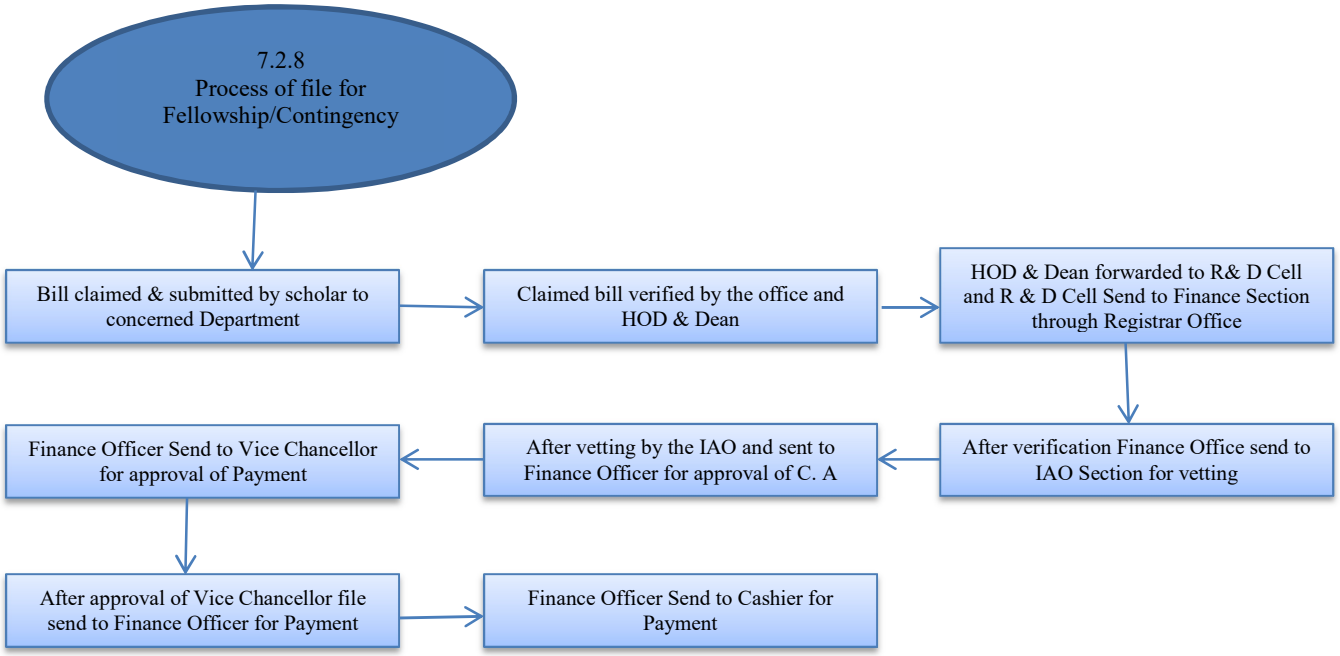

7.2.5
Checklist for Project related Payment
Sanction Order of Project (Funding Agency)
Availability of Fund
Administrative approval of Financial Concurrence
GFR Rule for Purchasing and Bidding
Comparative Chart
Work Order/ Sanction Order
Bill/ Invoice
CRAC
Stock Entry
GFR Certificate/Satisfactory Report

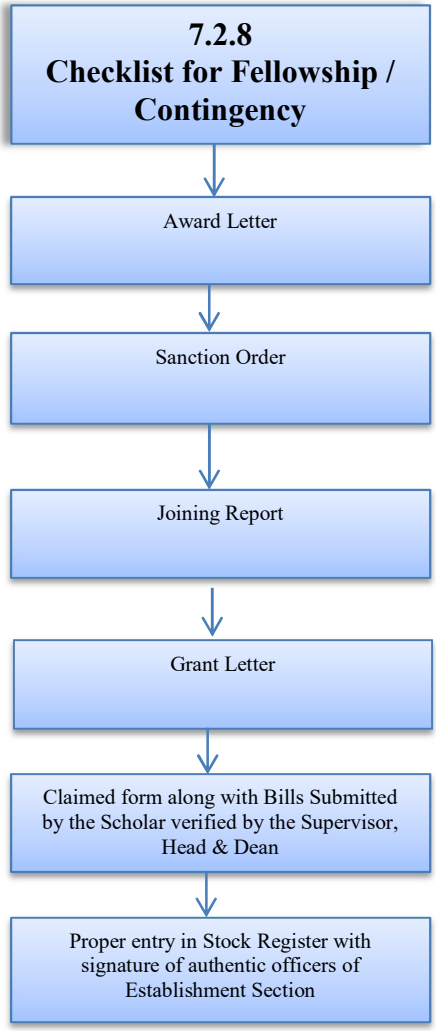

7.2.6
Process of file for payment of Seminar/ Workshop/ Conference
Bill claimed & submitted by Department
Claimed bill verified by the office and HOD & Dean
HOD & Dean forwarded to R& D Cell and R & D Cell Send to Finance Section through Registrar Office
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment
After payment Finance Officer File send to Department


7.2.6
Checklist for Payment for seminar/Workshop/ Conference
Proposal submitted to agency
Sanction Order of Funding Agency
Administrative approval of Financial Concurrence
GFR Rule for Purchasing and Bidding
Claim Bill
Stock Entry
GFR Certificate/Satisfactory Report


7.2.7
Process of file for payment of LTC
Application of LTC submitted by the Employee to Registrar Office
Claimed Application send to Establishment Section for checking & verification
Establishment forwarded to Finance Officer for verification & payments through Registrar for Financial Concurrences of Advance & EL
Finance Officer Send to Vice Chancellor for approval for Financial Concurrences
After approval of Vice Chancellor file send to Establishment for office order and Registrar send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment of Advance & EL
After payment Faineance Officer file send through Registrar to Establishment
After journey concerned person claimed bills all of documents submitted to Registrar office send to Establishment for checking & verification
After verification of claimed bills Establishment send through Registrar to Finance Officer for checking, verification & adjustment against advance
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment
After payment Finance Officer File send to Establishment Section


7.2.7
Checklist for LTC
Application Form
Quotation from authorized agencies with minimum comparative cost (as per LTC rule OM 31011/12/2022-Estt.A-IV dated: 29/08/22 point no.-III(A))
Approval of Competent Authority
Office order of LTC journey
LTC self-declaration certificate for completion of journey
LTC claimed bills with Tickets for completion of journey
Proper entry in service book with signature of authentic officers of Establishment Section


7.2.8
Process of file for
Fellowship/Contingency
Bill claimed & submitted by scholar to concerned Department
Claimed bill verified by the office and HOD & Dean
HOD & Dean forwarded to R& D Cell and R & D Cell Send to Finance Section through Registrar Office
After verification Finance Office send to IAO Section for vetting
After vetting by the IAO and sent to Finance Officer for approval of C. A
Finance Officer Send to Vice Chancellor for approval of Payment
After approval of Vice Chancellor file send to Finance Officer for Payment
Finance Officer Send to Cashier for Payment


7.2.8
Checklist for Fellowship / Contingency
Award Letter
Sanction Order
Joining Report
Grant Letter
Claimed form along with Bills Submitted by the Scholar verified by the Supervisor, Head & Dean
Proper entry in Stock Register with signature of authentic officers of Establishment Section

7.3 Audit of Grants-in-Aid

The main aim of audit of grants-in-aid is to ensure that:

(i) the amounts sanctioned as grants by GoI / MoE has been utilised for the purposes for which those are sanctioned,

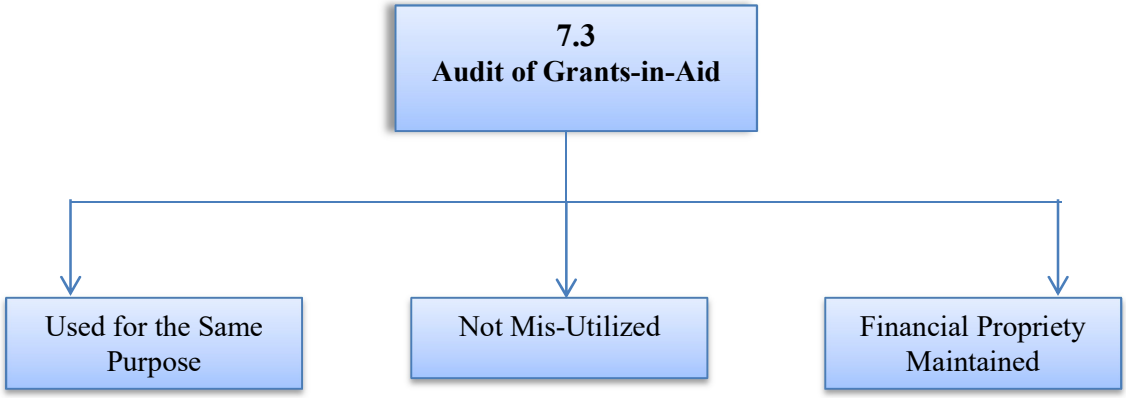
(ii) they are not mis-utilized and,

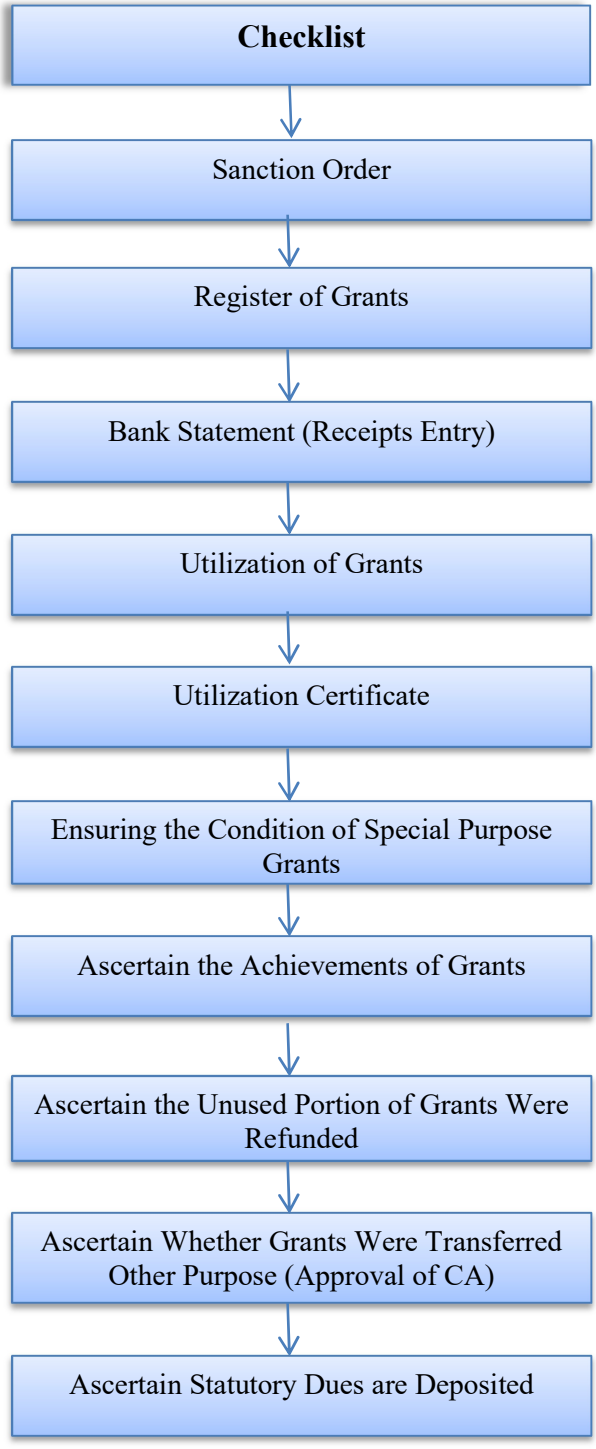
(iii) standards of financial propriety are maintained in expending of those resources.

Audit can be applied to the original grant itself or to the expenditure which is subsequently incurred out of the grant. Audit of the grant shall be conducted according to the general principles/rules laid down for the expenditure as indicated in preceding paragraph.

Following documents and registers are to be verified during the audit of grants in-aid:

- Order sanctioning the grants,
- Register of grants,
- TSA Statements, Details of lapsed grants
- Bank statement and receipt entry in electronic cash book/bank book,
- Ledger indicating utilization of grants (budget head wise-separate for revenue and capital)
- Utilization Certificates (UCs).
- The nature of grant should be verified from Grants-in-aid sanction orders specifying normal grants or special purpose grants. If it is of special in nature, then auditor must see that the circumstance under which grant was sanctioned continues to exist and the expenditure was made for the said purpose only.
- Whether grant has been utilised for the intended purpose (separately for Capital and recurring expenses).
- Ascertain the achievement of overall objectives of the project for which grants-in-aid are sanctioned and there is no wasteful expenditure.
- Utilization Certificates (UCs) whether furnished for all the sanctioned grants.
- Ascertain whether any unused portion of grants were refunded after completion of the project or not.
- Ascertain whether grant-in-aid is transferred and utilised for any other purposes, without prior sanction of the competent authority.
- Ascertain whether University / Campus have duly deposited all statutory dues with appropriate authorities in time.


7.3
Audit of Grants-in-Aid
Used for the Same Purpose
Not Mis-Utilized
Financial Propriety Maintained


Checklist
Sanction Order
Register of Grants
Bank Statement (Receipts Entry)
Utilization of Grants
Utilization Certificate
Ensuring the Condition of Special Purpose Grants
Ascertain the Achievements of Grants
Ascertain the Unused Portion of Grants Were Refunded
Ascertain Whether Grants Were Transferred Other Purpose (Approval of CA)
Ascertain Statutory Dues are Deposited

7.4 Audit of Public Works

The Public Works includes buildings, roads, structures, their construction, maintenance and repairs, etc. In audit of Works expenditure, Auditor shall examine whether the expenditure has been incurred as per the procedure prescribed under the Central Public Works Accounts Code, MOU/ Contract agreement. As in this University, execution of major capital works has been entrusted to Central Public Works Department (CPWD), the UCs and statement of accounts furnished by the CPWD and certified by the Internal Works Department (IWD) of the University is to be examined.

In respect of repair or maintenance work, construction of temporary structure for convocation/meetings etc., following routine audit checks would be applied by the internal auditor depending on the nature and volume of such transaction:

- Whether administrative approvals and technical sanctions have been accorded by the competent authority and provision of funds have been made?
- The procedures of calling for tenders and allotment of the work is to be examined to verify transparency in the system.
- Whether the rate paid for the work done are as per the rates allowed in the contract agreement?
- Scrutiny of Measurement books in respect of work done with value as per contract.
- Recoveries like Security deposit, liquidated damage etc. from the contractors are made at the correct rates.
- Advances given to CPWD are as per proper sanctions and are adjusted timely.
- Whether final payment is made on obtaining completion report of work or not?
- In the absence of contract agreements, the manner of release of payments and rates thereon needs to examined with reference to the schedule of rates prevalent
- Whether payments in excess or in contravention of the terms of the contract causing undue financial aid to the contractor have been made.
- Cases involving financial loses to the Institute and undue financial aid to the contractors are to be specially examined.
- Payments for deviations in the work made with due approval and rate of payment whether correct or not.

- Penalty levied if any for non-completion of work in time as per agreement.
- Extension of time and extra payments for that if any whether, as per rules.



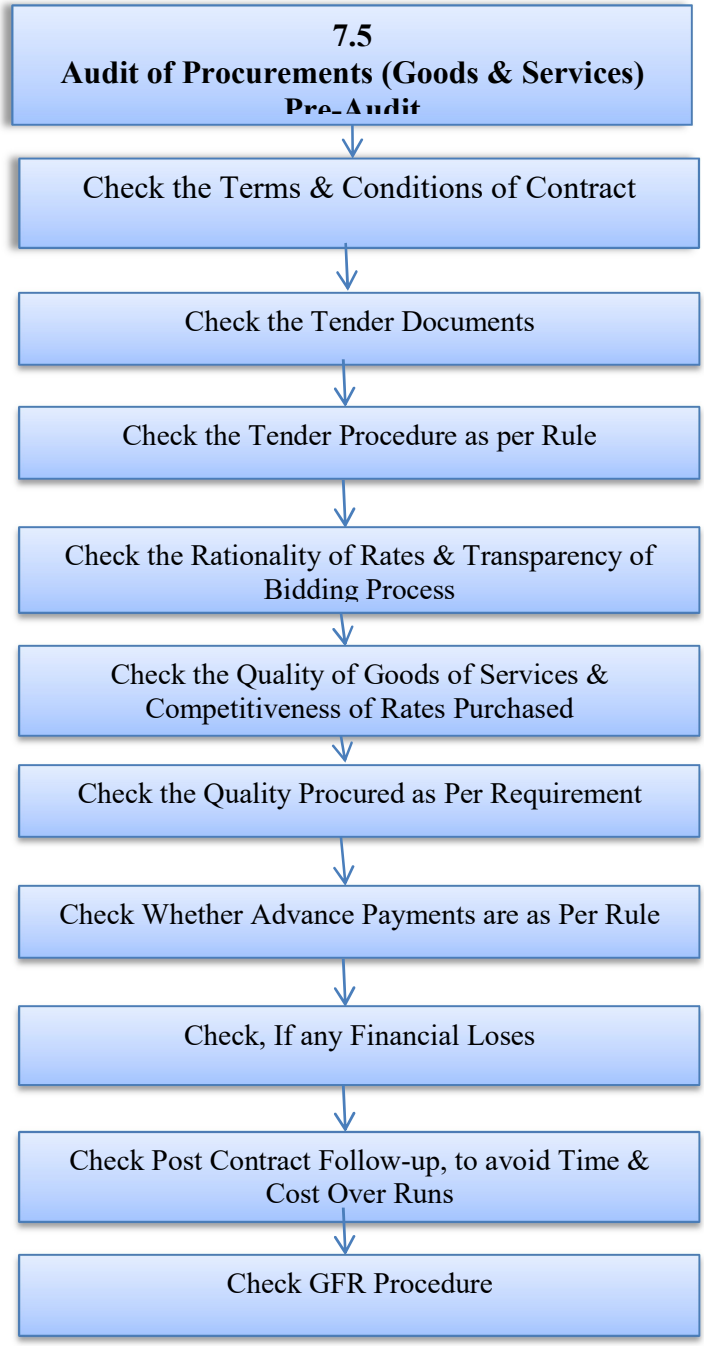
7.5 Audit of Procurements (Goods and Services)

Procurement Audit sometimes also termed as pre-audit and conducted for purchase of both goods and services.

Scope of Procurement Review (Pre-audit of purchases)

In Procurement review, Internal Auditor shall assess whether:

- The contract terms and conditions for procurement of goods and services were comprehensively drawn up, and was unambiguous, free from uncertainties, indefinite liability, mis-interpretation and serve to protect interest of the Institute;
- The tender documents are comprehensively prepared, adequately addressed the interest of the Institute and ensured evaluation of bids on equitable and fair basis in a transparent manner;
- Equal opportunity has been given to all bidders;
- The system is tamper proof while receiving tenders;
- The system ensures complete transparency in Opening of Tenders;
- The procurements are of specified quality and are made at competitive rates;
- Rates finalized are reasonable and were arrived after due justification based on earlier Purchase Orders or Manufacturers price list;
- Quantities purchased are not in excess of requirement (more than indented quantity) so as to avoid wasteful expenditure;
- Advance payments made if any, were un-avoidable and was done with suitable safeguards to fully protect interest of the Institute;
- Adequate measures were taken to avoid loss to Institute in the event of non-performance by the supplier (performance guarantee whether provided or not in the contract);
- Priority was accorded to post contract follow up so as to avoid time and cost over runs, loss to Govt. and/ or un due benefit to suppliers;
- Provisions of GFR 2017, Manual of procurement of Goods 2017 and Purchase Manual of the University (if available) were duly complied with.

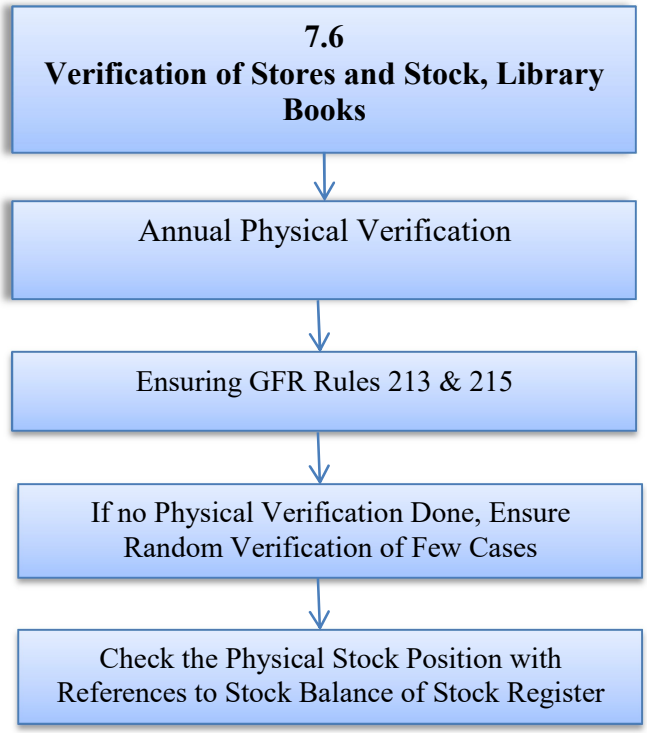

7.5
Audit of Procurements (Goods & Services)
Pre-Audit
Check the Terms & Conditions of Contract
Check the Tender Documents
Check the Tender Procedure as per Rule
Check the Rationality of Rates & Transparency of Bidding Process
Check the Quality of Goods of Services & Competitiveness of Rates Purchased
Check the Quality Procured as Per Requirement
Check Whether Advance Payments are as Per Rule
Check, If any Financial Loses
Check Post Contract Follow-up, to avoid Time & Cost Over Runs
Check GFR Procedure

7.6 Verification of Stores and stock, library books.

The Auditee is required to carry out annual physical verification of stores and stock as well as library books as per Rule 213 and 215 of GFR 2017 and record certificate of such verifications in the stock register. If no physical verification of stock is done at all, the Auditor shall undertake random verification of stock to ascertain the actual position of stock in few cases.

The Auditor is to ascertain that the regulations / guidelines prescribed by the University, provisions of GFR 2017 governing purchase, receipt and issue, custody, condemnation, sale and stock-taking of stores are properly carried out. He/she should bring to the notice of university any important deficiencies noticed during verification of stores or any grave defects in the system of control.

During physical verification undertaken, if any, Auditors shall compare the physical stock position with reference to stock balance of the stock register.



7.7 Audit of draft annual accounts

Internal audit will examine the draft annual accounts prepared by Finance & Accounts Section before its submission to the Independent Auditor and the Vice Chancellor. Compliance with the applicable Accounting Standards and guidelines (format of accounts) issued by the MoE would also be examined. Deficiencies / omissions noticed would be rectified with proper documentation before submission to Independent Auditor.

7.8 Frequency of Internal Audit

A list of auditable units with frequency of conducting internal Audit is indicated below:

A.	**Accounts**	
1.	Salary (F&A Section)	Quarterly
2.	Supplier Payments Section (F&A section)	Quarterly
3.	Stipend /Scholarship Payments (F&A section)	Quarterly
4.	Project Accounts (R&D Section)	Quarterly
B.	**Administration**	
5.	Establishment	Annually
6.	Store Purchase Section	Quarterly
7.	Transport	Annually
8.	Central Library	Annually
8.	Academics	Half yearly
9.	Security	Annually
10.	Hindi Cell	Annually
C.	**Works**	
11.	Maintenance Units (Civil & Electrical)	Half yearly
12.	D.G. Sets	Annually
13.	Electric Bills	Quarterly
14.	Horticulture & Sanitation	Annually
D.	**Others**	

15.	Hospital	Annually
16.	Hostel	Half yearly
17.	Guest Houses	Half yearly
18.	Gymkhana	Annually

E. Schools

Checking of Leave account of staff/ Stock Registers of Consumables & Non-Consumables, Project Registers, Log books of equipment, deployment of adjunct faculties, Performance of various projects executed vis a vis expenditure incurred there against etc.

1. Different Schools of the University as per Audit Plan Annually
2. Central Instrumentation Facility

Any other unit/ work with the approval of the Vice Chancellor.

7.9 Sampling

Audit sampling means the application of audit procedures to less than 100% of the items to enable the auditor to obtain audit evidence and evaluate some characteristic of the items selected, in order to form a conclusion concerning the population / total items. Selection of a sample is influenced by the size of the population, objectives, complexity, type of activity, transaction frequency and level of comfort expected from the test.

Since verifying each and every transaction is quite time-taking, the Internal Auditor may use sampling techniques to verify events, records, controls etc. so that the audit conclusions would apply to the entire population.

Sampling methods shall be applied in the cases where the controls are found existent and operating effectively and books of accounts / records are maintained properly.

8. Reporting of Internal Audit Finding

The audit is treated as concluded once all the audit procedures and checks are completed. The Auditor shall finally review the working papers to see that the audit has been conducted according to plan and it has achieved its objectives. He should make note of any audit procedures that could not be completed due to non-production of records by the auditee unit or due to lack of time.

8.1 Internal Audit Memo

After audit of Campus, Internal Audit Memo (IAM) showing the observations of audit along with action taken on previous year's observations, if any, is to be issued to the Registrar of the University / Director of the Campus for compliance. No objection shall be booked or reflected in Draft Internal Audit Inspection Report without issue of an Internal Audit Memo.

8.2 Compliance to IAMs

The IAMs issued by audit team shall be complied by the Concerned Head of Campus/Division promptly. Compliance/ Replies to the IAMs should be furnished within time frame of audit duration to the Internal Audit team under the signature of the Head of Campus/Division. Wherever satisfactory compliances would be received, same would not be included in the final Internal Audit Report.

In case the reply of the auditee office is found to be satisfactory, the objection need not be incorporated in the Internal Audit Report (IAR). The original audit memos with reply thereon shall be appended with the Internal Audit Report for reference. IAR would be issued, whenever considered necessary, considering the nature and gravity of audit finding.

If IAM is not returned within stipulated time or returned with unsatisfactory replies, the Auditor shall incorporate the objection in the Internal Audit report.

9. Internal Audit Report

After completing the Inter audit, considering the compliances furnished and action taken on audit observations raised, Internal Audit Team would prepare an **Internal Audit Report (IAR)**, which it would place before the Vice Chancellor, with recommendations for improvement, if any.

9.1 Qualities of a good Internal Audit Report

The Auditors should exercise due professional care to ensure that the internal audit report, inter alia, is:

- Clear and not ambiguous
- Factual – presents all significant matters with disclosure of material facts
- Specific
- Concise
- Timely, and
- Complies with generally accepted audit procedures

9.2 Content of the Internal Audit Report (IAR)

The content of the IAR would be as under:

Part-IA

a. **Introduction:** Period covered under Audit, duration of audit, name of the Internal Audit Team members, scope and objective are to be mentioned.

b. **General activities of auditee campus:** General activities done by concerned campus during the period of audit are to be mentioned.

c. **Budget & Expenditure:** The details of total Budget, Grant-in-aid received during the period of audit and Grant utilized are to be mentioned therein under different Grant head i.e. Salary, Recurring & Capital etc.

d. **Organizational setup:** The details of concerned auditee Campus Director, Finance division head, Cashier etc. with duration of charge is being mentioned therein.

e. **Status of Previous Internal audit paras:** The status of year wise pending paras of previous Internal audit reports with remarks has been taken in this section.

f. **Status of Previous CAG reports:** The status of year wise pending paras of previous CAG reports along with remarks has been taken in this section.

g. Details of projects completed, ongoing and started during the period of audit.

h. Course-wise list of students enrolled in the campus during the year.

i. Subject-wise list of teachers in the campus during the year.

j. List of bank accounts and deposits in the auditee unit.

k. Furnishing of details as per

Part-IB

Other Irregularities, Audit Observations and Recommendations:

Audit criteria (what should be done), fact (what has been done), deviation, impact and recommendation of Auditors on each audit observation shall be detailed out. This Section shall further be divided into three parts viz internal control review, major irregularities and minor irregularities.

i. **Internal Controls Review:** Internal Controls assessment results i.e. adequacy and effectiveness of the existing internal controls shall be mentioned in this section, with recommendations for improvement, wherever found necessary.

ii. **Major Irregularities:** All major irregularities noticed during the course of audit shall be mentioned separately in this section. The Auditors shall also report consequences for non- compliance of the same.

Some examples of major irregularities are mentioned below:

- Fraudulent withdrawal from bank accounts / double payments
- Bogus payment and non-payment to beneficiaries
- Misappropriation of cash and stocks
- Any excess payments /excess or extra liability
- Irregularities in procurement involving excess or irregular payments or extra liability
- Loss in revenue and fee realization
- Irregularities in revenue and fee collections and utilizations
- Any un-authorized expenditure
- Statutory violations involving Income tax/ GST (non/ short collection, non/ short remittances, delayed remittances including penalties etc.

Part-II

iii. **Other Irregularities:** Here Auditor shall report the observations on irregularities noticed while conducting audit. On each item of verification as mentioned below, separate observations will be given on irregularities.

- Physical Verification of assets, Stock and other items

- Receipts
- Payments
- Contingencies
- Grants-in Aid
- Execution of works
- Contracts
- Stores
- Procurements
- Reconciliations
- Utilization Certificate Review
- Budget and Actual Review

iv. **Recommendations:** In this section, Auditor shall provide the necessary recommendations to compile the lapses noticed during the audit. The Auditor shall provide the list of the areas needing improvement and recommendations for compliance along with a proposed timeline.

v. The checklist in respect of various items to be inspected by Internal Audit Team is annexed as Appendix-A

Appendix – A

Norms/Quantum of Internal Audit

Sr. No.	Particulars	System of Pre-Audit	Post-Audit (Random)
1	**Retirement/ Superannuation Benefits**		
	i. Leave Encashment	100%	-
	ii. Death-cum-Retirement Gratuity	100%	-
	iii. Group Insurance Scheme (GIS)	100%	-
	iv. Pension/ Family Pension	100%	-
	v. New Pension Scheme	100%	-
	vi. Old Pension Scheme		
	vii. No Dues Certificate	100%	-
2	**Establishment Section**		
	i. Pay fixation of all employees	100%	-
	ii. Checking of Personal Files	-	Yearly 25%

	iii. Checking of Service Books including leave accounts.	-	Yearly 25%
	iv. Leave Travel Concession	-	Yearly 25%
	iv. CAS Arrear	-	Yearly 25%
3	**Administration Section**		
	A. Log Book of all Vehicles	-	Yearly 100%
	B. Work and Estates		
	i. Award/Work orders of all works	Above Rs. 1 Lakh - 100%	Below Rs. 1 Lakh - 10%
	ii. Supply Orders	Above Rs. 1 Lakh - 100%	Below Rs. 1 Lakh - 10%
	iii. Running Bills of minor/major works (Other than CPWD)	Above Rs. 1 Lakh - 100%	Below Rs. 1 Lakh - 10%
	iv. Final Bills of Supplier/Contractor	Above Rs. 1 Lakh - 100%	Below Rs. 1 Lakh - 10%
	C. Stores & Purchase		
	i. All purchase proposals except DGS&D, Annual Rate Contract (ARC) cases/ Repeat Orders/ GeM purchase	Above Rs. 1 Lakh - 100%	-
	ii. Checking of Stock Registers-Consumables/ Non Consumables	-	Yearly basis
	iii. Checking of Purchase Orders (before issuance)	Above Rs. 2.50 Lakh - 100%	
	iv. Checking of proposals of Annual Maintenance Contracts/ ARC's/ hiring of services	100%	
	D. Guest House Receipts		Yearly 25%
4	**University Accounts (HQ Office/ Campuses)**		
	i. Advance, Imprest & Adjustment	Above Rs. 15000 - 100%	-
	ii. Payments to vendors	Above Rs. 5 Lakh - 100%	-
	iii. Library Bills in Indian /Foreign Currency	-	Above Rs. 1 Lakh - 75%
	iv. Invoices issued on consultancy	Above Rs. 1 Lakh - 100%	-
	v. Certification of Cash Book Balances as on 31st March	-	Yearly basis
	vi. Verification of Investment Receipt/Cash Balance	-	Yearly basis
	vii. Receipt & Payment Account	-	Yearly basis
	viii. Income & Expenditure Account	-	Yearly basis
	ix. Balance Sheet	-	Yearly basis
	x. Bank Reconciliation Statement	-	Yearly basis
	xi. Leave Travel Concession	-	Yearly basis
5	**Academic Expenses**		
			Up to Rs.2 lakh – 10%
			Rs. 2 lakh to Rs.5 lakh

	i. Programme/ Seminar/ Workshop etc.	-	– 50%
			Above Rs. 5 lakh – 100%
	ii. Student Welfare Expenses	-	Yearly basis
	iii. Faculty Development Expenses	-	Yearly basis
	iv. Research Activities	-	Yearly basis
6.	**Any other expenditure as directed by Hon'ble Vice Chancellor**		

Appendix B

Table B1: Register of Fixed Assets

Name and description of the Fixed Assets……

Date	Particulars of Assets	Particulars of supplier		Cost of the Assets	Location of the Assets	Remarks
		Name and Address	Bill No. and date			

Note: The items of similar nature but having significant distinctive features (e.g. study table, office table, computer table etc.) should be accounted for separately in stock.

Table B2: Stock Register of Consumables such as Stationary, Chemicals Spare Parts etc.

Name of Assets……. **Unit of Accounts……**

Date	Particulars	Suppliers Invoice No. & Dates	Receipts	Issue Voucher No.	Issue	Balance	Unit Price

Note: User's indent in original shall be treated as issue voucher. Issue Voucher No. shall be in consecutive order, financial year wise and it should be noted on each indent.

Performance Review

Table B3: Non-Consumable (Fixed Assets)

Particular of Assets	Date of Purchasing	Working/Not Working	If working, any issue related to Asset	If not working, reason behind
General performance review and comments of concerned Department/ Sectional Head:-				

Table B4: Consumable (Register)

Particular of Consumable Item	Date of Purchasing	Used/Unused	If used, whether entered in stock register	If unused, current status
General performance review and comments of concerned Department/ Sectional Head:-				

Appendix-C

Type of payment files, which is not sent to IAO Section for the vetting

S. No.	Type of files, which is not sent to IAO Section
1	Electricity Bills File
2	All Financial Concurrence Related Files
3	Single T. A. Payment Files
4	All Payment Related Files Below Rs. 10,000/-
5	Imprest / Advance Related Files
6	Salary Files of Regular Employees/ Pension
7	Income Tax Related Files
8	NPS Contribution Related Files
9	Fellowship Related Files