

INTERNAL AUDIT REPORT

Muzaffarpur Institute of Technology, Muzaffarpur
For the period April 01 to September 30,2018

Part A: Brief details of the Auditee and Audit:

- a. Name and address of the Auditee : Muzaffarpur Institute of Technology, Muzaffarpur, Bihar-842003
- b. Names of Office bearers : Prof. Jagdanand Jha (Principal)
Y. N. Sharma (Co-ordinator)
- c. Name/s of Auditor : Todi Tulsyan & Co.
- d. Days of audit : 2
- e. Period covered in the previous audit: 01-10-2017 to 31-03-2018
- f. Period covered in the current audit : 01-04-2018 to 30-09-2018.

We have conducted the Internal Audit of TEQIP-III Project of: Muzaffarpur Institute of Technology, Muzaffarpur, Bihar-842003 for the period from April 01, 2018 to September 30, 2018.

We have carried out the audit in accordance with the standard on auditing promulgated by the Institute of chartered Accountants of India. It is the responsibility of the management to maintain the Project Financial Management System as prescribed by the funding Agency in cash system of accounting, fair and proper documentation, generation of books and records and the various Interim financial reports and annual statement and to implement a proper Internal control system commensurate with the size of organization. Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the project for the different level and to see that there is proper documentation and internal control in existence during the period of Audit and to report the deficiencies, if any, existing in the operation of the project.

Part B: Executive Summary:

- a) Objectives of audit- Internal audit has been carried out with object to check accuracy and authenticity of records presented by management, ascertain that accounting policies are followed as per plans, analyze & improve internal check system, facilitate prevention and detection of misstatements, examine safeguarding of asset, conduct special investigation for management, provide new suggestion to management, review operation of overall internal control system, evaluate adequacy of internal control system and ensure compliance of laid down policies, procedures, accounting and financial reporting documented in Financial Management Manual of the project.



b) Methodology of audit

The Audit was conducted on the basis of finalized Audit Program Internal Audit Program was mainly focused on following areas:

1. An assessment of the adequacy of the Project Financial Management System including internal control. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transaction and to maintain accountability for the related assets and liabilities.
2. That all the project fund have been used in accordance with the condition of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purpose for which the financing was provided.
3. All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting document such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditure.

c) Status of implementation of the financial management system:

: During audit we noted that Financial Management System has been implemented for the period from 01-04-2018 to 30-09-2018.

d) Status of compliance of previous audit reports, including major audit observations pending compliance.

: No pending compliances of previous Audit Report.

e) Key areas of weaknesses that need improvement, classified into the following areas :

- i. Disallowance of expenditure as per the World Bank rules : Nil
- ii. Procedural Lapse: Delay in TDS return
- iii. Accounting Lapse : PFMS is not reconciled with cash book.
- iv. Accounting books & records not maintained : Register Properly not maintained.

f) Recommendations for improvements

Executive Summary to include the following format:-

Para No.	Observations	Implications with risks involved	Recommendations for improvement	Auditee's Comments / Agreed Action	Agreed Timeline for compliance
1.	No TDS Compliances	TDS return File on due date	TDS return should be filled quarterly		
2.	Proper not	Procedural lapse	Maintain Stock Register		



	Maintenance of Stock Register	involved	for Receipt and Issue of Material.		
3.	No Maintenance of Fixed Asset Register	Asset may be Misused	Maintain Fixed Asset Register for Physical Verification and other Purpose		
4.	No Maintenance of Leave Register of Employee.	Leave taken by Employee may not be Properly adjusted.	There should be proper Record of Leave taken by Employee.		
5.	PFMS Transaction reconciliation.	No risk involved during this period but non reconciliation may result in Excess/ double payment for subsequent quarter	PFMS statement should be obtained and tallied/ reconciled with accounting records		
6.	Invoice received from suppliers in the name of The Principal, Engineering College and it is not apparent from invoices whether it relates to TEQIP-III	Not apparent from invoices whether it relates to TEQIP-III.	The invoices raised by supplier should strictly be in the name of project TEQIP-III as the purchase order issued and payments were made by TEQIP fund, which is different from college		
7.	No updated of PMSS timely	Procedural lapse involved	PFMS expenses should be also updated on PMSS.		

Part C: Compliance to previous Audit Reports

: Yes, Previous Audit Report complied.

Part D: Serious Observations:

: We have not come across serious observations:

Part E: Other Observations:

1. TDS Compliance:



- a) There was delay in filling quarterly return. TDS being a statutory liability which should be file within due dates as prescribed in the Income Tax Act, 1961. Delay in return of TDS entail interest/ penalty liability, which we recommend should be avoided.
2. Stock Register are not Maintained for Receipt and Issue of the Material such as Quantity, Rate, Balance. It should be Maintained in Proper way.
3. Fixed Register is not Maintained.
4. Leave Register are not Maintained for actual Leave taken by the Employee. So, It is not Possible to calculate actual Leave taken by the Employee on Quarter Basis For computation of his Remuneration.

5. PFMS Transactions:

- a) PFMS Reconciliation Statement:

Particulars	Apr-Jun,18	Jul-Sept,18	Total
Expenditure as per PFMS Statement	76,73,225	111,82,697	188,55,922
Expenditure as per books of Accounts	76,73,225	111,59,682	188,32,907
Differences	-	23,015	23,015

6. The invoices received from respective suppliers are in the name of The Principal, Engineering College. The invoices raised by supplier should strictly be in the name of project TEQIP-III as the purchase order issued and payments were made by TEQIP fund, which is different from college.
7. PFMS expenses is not updated regular basis on PMSS.
8. Meeting of Board of Governors required quarterly but held on:
 - a) 1st on 20-12-2017.
 - b) 2nd on 12-02-2018.
 - c) 3rd on 19-05-2018.
 - d) 4th on 29-09-2018.
 - e) 5th on 11-12-2018.

9. Salary payments:

Carry forward of Leave:-

There is one Undertaking being taken from teachers, from which we observed the conditions for leave payment which states that:

It is further clarified that any unutilized number of days so permitted to be availed as leave of absence for professional development may be carried forward for use limited to the close of

immediately succeeding quarter to the quarter of entitlement beyond which such leave of absence for professional development shall expire.

To comply the above leave payment conditions, it is required that proper record of quarter-wise leave is maintained, reflecting only eligible carry forward of leave in next quarter. Presently such record is not maintained, we recommend the proper register is maintained of this purpose.

10. Travel cost includes the following vouchers for claiming Travel by own vehicle but Registration Certificate of such vehicle is not attached with TA/DA Claim.

Date	Voucher No	Amount(Rs.)
25-05-2018	BP-2018-19-30	5,446/-
14-06-2018	BP-2018-19-43	8,600/-
28-06-2018	BP-2018-19-59	3,840/-

11. Travel cost includes travel by public vehicle and no invoices are provided then self declaration is required for that claim but no self declaration is given in any case.

12. Boarding Pass are not Attached in some Voucher such as: BP-2018-19-26

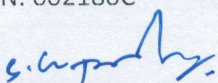
13. **Details of Expenditure (Component Wise)**

Component	Particulars	Apr-Jun,18	Jul-Sept,18	Total
1.1.1	Procurement of Goods	10,42,176	55,99,359	66,41,535
1.1.2	Academic Process	2,82,699	16,79,717	19,62,416
1.1.3	Operating Costs	2,84,441	3,32,416	6,16,857
1.1.4	Faculty Reforms	60,63,909	35,71,205	96,35,114
	Total	76,73,225	111,82,697	188,55,922

Part F: Executive Summary and Suggestions/Recommendations:

Executive Summary as already given in Part-B above.

For TODI TULSYAN & Co.
Chartered Accountants
FRN: 002180C


(Sushil Kumar Tulsyan)
Partner
M. No. 075899



Place: Patna
Date: 13.02.2019



MUZAFFARPUR INSTITUTE OF TECHNOLOGY,
MUZAFFARPUR, BIHAR – 842003
(Under the Department of Science & Technology)

Ref No.: 537/TEQIP-III

Date: 09/03/2019

Report of internal audit period on 01.04.2018-30.09.2018

- i. Disallowance of expenditure as per the World Bank rules: - Nil.
- ii. Procedural lapse: Delay in TDS deposit, :- TDS being deposited timely.
- iii. Accounting lapse: PFMS is not reconciled with cashbook:- Due to Non availability of fund this quarter
- iv. Accounting books & records not maintained : Register Properly not maintained:-

Para No.	Observations	Implication with risks involved	Recommendations for improvement	Auditee's Comments/agreed action	Agreed Timeline for compliance
1.	TDS Compliances	Interest/penalty on delay	TDS should be deposited in time	<u>Not Agreed</u>	TDS being deposited timely.
2.	Proper not Maintenance of Stock register	involved	For Receipt and issue of Material	Agreed	Compiled
3.	No maintenance of Fixed Asset Register	Asset may be misused	Maintain fixed Asset register for physical verification and other purpose	Agreed	Created
4.	No. Maintenance of leave Register of Employee	Leave taken by employee may not be properly adjusted.	There should be proper record of leave taken by employee.	Agreed	Created
5	PFMS Transaction reconciliation	No risk involved during this period but non reconciliation may result Excess/ double payment for subsequent quarter	PFMS statement should be obtained and tallied/reconciled with accounting records	Agreed	Approved payment being shown in July – Sep. 2018 in PFMS report, but due to nonavailability Of fund actual payment made in Oct. – Dec. 2018 (Rs. 23015.00 = 3200.00 + 4740.00 + 4740.00 + 4740.00 + 5595.00 dated 27.10.2018)
6.	Invoice received	Not apparent from invoices	The invoices raised by supplier	Agreed	Instruction issued for future purchase

	from suppliers in the name of principal, Engineering college and it is not apparent from invoices whether it relates to TEQIP-III	whether it relates to TEQIP-III.	should strictly be in the name of project TEQIP-III as the purchase order issued and payments were made by TEQIP fund, which is different from college		
7.	No updated of PMSS timely	Procedural lapse involved	PFMS expenses should be also updated on PMSS	Agreed	Updated

Jany
09/03/19

Nodal Officer (Finance)
MIT Muzaffarpur

Jany
09.03.19

TEQIP Co-ordinator
MIT Muzaffarpur

Jany
09/03/19

Principal
MIT Muzaffarpur