

INTERNAL AUDIT REPORT
Muzaffarpur Institute of Technology, Muzaffarpur
For the period October 1, 2018 to March 31, 2019

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 : 3
- e. Period covered in the previous audit: 01-04-2018 to 30-09-2018
- f. Period covered in the current audit : 01-10-2018 to 31-03-2019

We have conducted the Internal Audit of TEQIP-III Project of: **Muzaffarpur Institute of Technology, Muzaffarpur, Bihar-842003** for the period from October 1, 2018 to March 31, 2019.

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 **01-10-2018 to 31-03-2019**.

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

: No pending compliances of previous Audit Report.

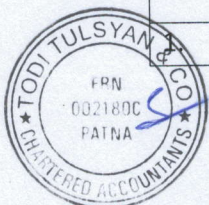
e) Key areas of weaknesses that need improvement, classified into the following areas :

- i. Disallowance of expenditure as per the World Bank rules : Nil
- ii. Procedural Lapse: GST TDS has not been deducted and deposited.
- iii. Accounting Lapse: PFMS is not reconciled with Expenditure.
- iv. Accounting books & records not maintained: Nil.

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
	No GST TDS	TDS return File on	TDS return should be		



	Compliances	due date	filed quarterly		
2.	No TDS Compliances	TDS return File on due date	TDS return should be filled quarterly		
3.	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		
4.	PFMS is not Reconciled with PMSS	Risk of Excess /short payment	PFMS should be reconciled /Tallied with Accounting record.		
5.	Planned Budget on Procurement not Achieved as per PMSS	Risk of fund not fully utilised	Fund should be used as per Plan Budget		

Part C: Compliance to previous Audit Reports

: Yes, Previous Audit Report complied.

Part D: Serious Observations:

: We have not come across serious observations:

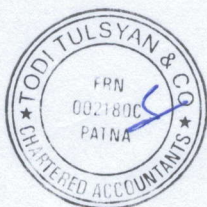
Part E: Other Observations:

1. TDS on GST Compliance:

In terms of section 50 of the CGST Act, 2017, applicable w.e.f. 01.10.2018, 2% GST-TDS is required to be deducted on supplies of goods and services above Rs.2.50 lakhs, we observed no GST TDS is deducted for payment above Rs.2,50,000/-.

2. TDS ON INCOME TAX:

TDS on payment made to contractual service provider (Messenger) is not deducted which is required to be deducted under section 194C of the Income tax Act, 1961.



3. PFMS Transactions:

a) PFMS Reconciliation Statement:

Particulars	Oct-Dec, 18	Jan-Mar,19	Total
Expenditure as per PFMS Statement-M32 (Rs.)	1,62,82,116	2,30,20,032	3,93,02,148
Expenditure as per books of Accounts (Rs.)	1,63,05,131	2,30,20,032	3,93,25,163
Differences (Rs.)	(23,015)	0	(23,015)

4. Details of Plan & Budget Expenses and Actual Expenses on Procurement is given below:

Plan Budget Expense

Gross Estimated/ Budgeted cost as per PMSS (Rs.)	Actual Cost as per PFMS upto 31.03.2019 (Rs.)	% of PLA
6,00,00,000.00	2,45,58,873.00	40.93 %

5. Procurement related observations:

- I. Details of procurement expenses as per PFMS and PMSS and differences, if any, is given below as on 31.03.2019:

As per PFMS (Rs.)	As per PMSS (Rs.)	Difference (Rs.)
2,45,58,873.00	2,35,11,232.00	10,47,641.00

- II. We have verified procurement related documents and the followings shortcoming in case of Computer Procured-69 Pcs item no.53:
- Paging of all documents has not been done.
 - Requisition from the concerned department has not found in the file.
 - Procurement amount is not mentioned in BOG proceeding.
 - There was delay in supply of Material by the supplier time of supply as per purchase order not followed by the supplier, but no action or penalty charged against such suppliers. We recommend that in case of delay of supply then supplier should be charged with penalty and suitable clause in the purchase order may be incorporated.
 - GST TDS @2% not deducted from the payment made to supplier.

6. Some vehicles are hired without agreement/ Tender.

7. Tour report not found in T.A. bill



8. Meeting of Board of Governors required quarterly but held on:
- 1st on 20-12-2017.
 - 2nd on 12-02-2018.
 - 3rd on 19-05-2018.
 - 4th on 29-09-2018.
 - 5th on 11-12-2018.
 - 6th on 11-03-2019.


9. Details of Expenditure (Component Wise) as per PFMS:

				Amount (Rs.)
Component	Particulars	Oct-Dec, 18	Jan-Mar,19	Total
1.1.1	Procurement of Goods	1,04,37,404	74,79,934	1,79,17,338
1.1.2	Academic Process	11,69,873	41,16,507	52,86,380
1.1.3	Operating Costs	3,53,055	11,75,559	15,28,614
1.1.4	Faculty Reforms	43,21,784	1,02,48,032	1,45,69,816
	Total	1,62,82,116	2,30,20,032	3,93,02,148

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: 09.05.2019

TO WHOM SO EVER IT MAY CONCERN

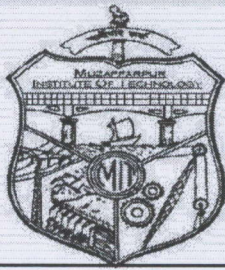
We have verified the records and documents related to procurement under TEQIP-III during the course of our Internal Audit of books of accounts of **Muzaffarpur Institute of Technology, Muzaffarpur, Bihar-842003** for the financial year 2018-19 and based our verification we found that the procurement procedure prescribed in the manual on financial Management & Procurement under TEQIP-III have been followed.

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


(Sushil Kumar TulSYAN)
Partner
M.No. 075899



Place: Patna
Date:09.05.2019



**MUZAFFARPUR INSTITUTE OF TECHNOLOGY,
MUZAFFARPUR**

Muzaffarpur, Bihar-842003 (Est. 1954)

Ref. No. :- 596---/TEQIP-III

Date:- 16---/05/2019

Report of internal audit period on 01.10.2018 to 31.03.2019

- i. Disallowance of expenditure as per the World Bank rules : Nil
- ii. Procedural Lapse: GST TDS has not been deducted and deposited.:- TDS being deducted and deposited timely
- iii. Accounting Lapse: PFMS is not reconciled with cash book:- Transaction reconciliation already done
- iv. Accounting books & records not maintained: Nil.

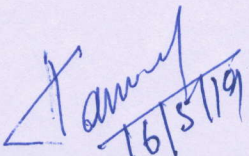
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5.	Planned Budget on Procurement not Achieved as per PMSS	Risk of fund not fully utilized	Fund should be used as per Plan Budget	Agreed	Process is going on


Signature
16/5/19

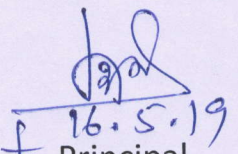
3. PFMS Transaction reconciliation:-

PFMS Payment Detail:-

Sl. No.	Voucher No.	Amount	Approval date on PFMS	Expenditure date	Head
1	BP-2018-19-139	3200	17.09.2018	27.10.2018	1.1.3.6
2	BP-2018-19-141	4740	17.09.2018	27.10.2018	1.1.3.6
3	BP-2018-19-142	4740	17.09.2018	27.10.2018	1.1.3.6
4	BP-2018-19-143	4740	17.09.2018	27.10.2018	1.1.3.6
5	BP-2018-19-144	5595	17.09.2018	27.10.2018	1.1.2.9
	Total	23015			


Nodal Officer (Finance)
MIT Muzaffarpur


TEQIP Co-ordinator
MIT Muzaffarpur


Principal
MIT Muzaffarpur