

INTERNAL AUDIT REPORT

Muzaffarpur Institute of Technology, Muzaffarpur
For the period October 1, 2019 to March 31, 2020

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)
Ashish Kumar (Co-ordinator)
- c. Name/s of Auditor : Todi Tulsyan & Co.
- d. Days of audit : 3
- e. Period covered in the previous audit: 01-04-2019 to 30-09-2019
- f. Period covered in the current audit : 01-10-2019 to 31-03-2020

We have conducted the Internal Audit of TEQIP-III Project of Muzaffarpur Institute of Technology, Muzaffarpur, Bihar-842003 for the period from October 1, 2019 to March 31, 2020:

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 the entire 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 01-10-2019 to 31-03-2020.

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: TDS/GST TDS deducted but not reflected in Books of accounts maintained in Tally.
- iii. Accounting Lapse: Nil.
- 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
1.	TDS Compliances	Interest/ Penalty on delay Return.	TDS should be deposited on time to avoid interest/penalty.		
2.	GST TDS Compliances	Interest/ penalty on delay Return	GST TDS should be deposited on time to		



			avoid interest/penalty.		
3.	Accounting Voucher related	Procedural lapse involved	Attach all supporting to related expenses		
4.	Procurement related	Procedural lapse involved	Followed all the procedures for procurements.		

Part C: Compliance to previous Audit Reports

: Previous Audit Report complied subject to
-Gem related procurement

Part D: Serious Observations:

: We have not come across serious observations:

Part E: Other Observations:

1. TDS Compliance:

TDS certificate Form 16A is not issued on quarterly basis; certificate should issue to concerned parties within 15 days from the furnishing of return otherwise as per provision of Income Tax Act penalty of Rs.100 per day will be levied from the date of default.

2. GST TDS 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. Delay in deposit of GST TDS entail interest/ penalty liability, which we recommend should be avoided.

3. PFMS Transactions:

a) PFMS Reconciliation Statement:

Particulars	Oct-Dec,19 (Rs.)	Jan-Mar,20 (Rs.)	Total (Rs.)
Expenditure as per PFMS Statement-M32(Rs.)	2,52,52,144	11,800,831	3,70,52,975
Expenditure as per books of Accounts(Rs.)	2,52,52,144	11,800,831	3,70,52,975
Differences (Rs.)	Nil	Nil	Nil

4. Accounting:

a) Amount related to GST TDS, TDS, CRS and amount relevant to college have been received in college account and balance as on 31.03.2020 is Rs 102,73,839.04. Reconciliation should be required to identify the amount relating to GST TDS, TDS and CRS is kept in college a/c as on 31.03.2020.



- b) As per Financial Management Manual, Basis of Accounting shall be on Cash Basis, then to extent actual payments of Rs.1,05,18,128.00 as on 31.12.2019 & Rs 1,02,73,839.04 as on 31.03.2020 (kept in bank account) not made to concerned parties/ supplier, cannot be treated as expenditure for the year as on 31-03-2020.

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

Gross Estimated/ Budgeted cost as per PMSS (Rs.)	Amount spent as per PFMS up to 31.03.2020 (Rs.)	% of PLA
6,60,00,000	6,60,00,000.00	100.00

6. Procurement related observations:

- i) Details of procurement expenses as per PFMS and PMSS and differences, if any, is given below as on 31.03.2020:

Years	As per PFMS (Rs.)
For the period 2017-18	-
For the period 2018-19	2,45,58,873.00
For the period 2019-20	4,14,41,127.00
1. Total As per Ep04/ tally	6,60,00,000.00
2. Amount spent as per PFMS (M-32)	6,60,00,000.00
3. Total As per PMSS	6,59,99,999.04
Difference (Rs.) (1-3)	.96

Note: difference due to rounding of figures.

- ii) We have verified procurement related documents and found the followings shortcoming
- that total procurement of goods are made of Rs 140,93,045/- during October 2019 to March 2020 but purchase is not made through GEM in any cases.

7. Meeting of Board of Governors held on:

- a) 7th on 07-06-2019.
b) 8th on 24-08-2019.
c) 9th on 10-12-2019
d) 10th on 28-02-2020

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

Component	Particulars	Amount (Rs.)		
		Oct-Dec, 19	Jan-Mar,20	Total
1.1.1	Procurement of Goods	1,37,83,550.00	3,09,495.00	1,40,93,045.00
1.1.2	Academic Process	44,83,587.00	41,40,357.00	86,23,944.00
1.1.3	Operating Costs	8,38,854.00	8,95,939.00	17,34,793.00
1.1.4	Faculty Reforms	61,46,153.00	64,55,040.00	1,26,01,193.00
	Total	2,52,52,144.00	1,18,00,831	3,70,52,975.00



9. CRS related:-

l) we observed that the following amount received on account of CRS in the bank account of college. There is no expenditure on this account as on 31.03.2020.

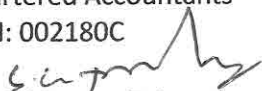
Sl No.	Date	Amount(Rs.)
1.	03.12.2019	24,26,750/-
2.	30.12.2019	1,82,750/-

i) Amount on account of CRS was received in the name of college account. It should be opened a separate account for CRS.

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

UDIN: 20075899AAAADH9337



Place: Patna

Date: 09-07-2020