

Guidelines for Internal and External Audit

Financial audits are conducted meticulously as per the guidelines provided by Madhya Pradesh Act 17 of 2007 (The Madhya Pradesh Niji Vishwavidyala Sthapana Avam Sanchalan Adhiniyam 2007) clause no. 38 by auditors appointed by the management. The Finance committee prepares the budget for each year and oversees the disbursement of funds for various expenditures as per the requirement.

1. Purpose: The Board of Governors authorizes the Chancellor of the University to hire internal audit staff to provide independent appraisal services to the Board and institutional administrators. Internal auditing is a managerial control that functions by measuring and evaluating the effectiveness of other financial and managerial controls. Retires or senior persons from Audit and Accountant are members of the internal audit committee. They meet quarterly or as per requirement to conduct internal audits.

2. Objective and Scope: The objective of internal auditing is to assist the Board of Governors and institutional administrators in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The attainment of this objective involves such activities as:

- a. Reviewing and appraising the soundness, adequacy, and application of accounting, administrative, and other operating controls, and promoting effective control at reasonable cost.
- b. Ascertaining the extent of compliance with established policies, plans, and procedures.
- c. Ascertaining the extent to which assets are accounted for and safeguarded from losses of all kinds.
- d. Ascertaining the reliability of management data developed within the organization. d. Conducting special examinations and reviews at the request of the Audit/Compliance and Investment.

- e. Committee, the Board of Regents, or institutional heads.
- f. Evaluating the economy and efficiency with which resources are employed and recommending improvements in operations, including reviews of administrative and support services to reduce operating costs.

3. Authority: The internal audit staff are authorized by the Board of Governors to conduct a comprehensive program of internal auditing. To accomplish their objectives, the internal auditors are authorized to have unrestricted access to university functions, records, properties, and personnel.

4. Reporting: The internal audit staffs report to the Board and indirectly to the University Chancellor, and where appropriate. External Audit conducted BY A Leading Chartered Accountants Firm regularly. External auditors may request to discuss financial and audit-related issues with the Audit/Compliance. The Audit/Compliance may request the other external auditors to discuss financial and audit-related issues with the Committee.

ITM University has established a framework to ensure financial compliance, conducting internal and external audits of financial transactions every quarter. Internal financial committees within the institution conduct quarterly audits, meticulously verifying income and expenditure figures. Additionally, an external committee, appointed by a designated Chartered Accountant, also verifies the income and expenditure figures. The university's management receives compliance reports from the internal audit, while an annual external audit is conducted by the designated Chartered Accountant.

The following procedures are implemented to ensure the effective and efficient utilization of financial resources:

- At the beginning of each fiscal year, the account and finance team allocate funds to various departments based on historical spending and recommendations provided by department heads.
- The college budget encompasses both recurring expenses, such as salaries, academic resources, library services, administrative costs, infrastructure maintenance, training

and placement, research and development, electricity, internet charges, maintenance, stationery, and other consumables, as well as non-recurring expenses, including purchases of laboratory equipment, furniture, and other developmental expenses.

- The accounts department monitors expenses in alignment with the allocated budget set forth by the management.

Process of the Internal Audit

The internal audit process entails the following steps: Every quarter or semi-annually, an internal finance committee conducts audits of all vouchers. This involves a thorough examination of bills and vouchers to verify the accuracy of expenses allocated under different categories. Any discrepancies identified are promptly reported to key stakeholders, and corrective measures are implemented.

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

- Planning and budgetary mechanisms is in place, adequate, and effective;
- Funds were utilized in an economic, efficient, and effective manner for the intended purpose;
- Procurement was made transparently and fairly and were effectively utilized;
- Assets were created in an economic, efficient, and effective manner;
- Statutory provisions of law and administrative instructions issued by the Institute have been duly complied with;
- Income Tax Act and other statutory Acts and Rules.

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/ Vice-Chancellor
- 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;

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

Particular	Period	Conducted By
Salary (F&A Section)	Pre audit	Accounts & HR
Supplier Payments Section (F&A section)	Quarterly	Accounts
Stipend /Scholarship Payments (F&A section)	Quarterly	Deputy Registrar
Project Accounts (R&D Section)	Quarterly	Dean
Store Purchase Section	Quarterly	Store Officer
Transport	Quarterly	Transport Officer and Deputy Registrar
Central Library	Quarterly	Librarian
Academics	Quarterly	Dean Academics
Security	Quarterly	Security Officer and Deputy Registrar
Maintenance Units (Civil & Electrical)	Quarterly	Estate Officer and Store
D.G. Sets	Quarterly	Electrical Engineering Department
Electric Bills	Monthly	Electrical Engineering Department
Horticulture & Sanitation	Quarterly	Estate Officer
Hostel	Half Yearly	Accounts and Wardens
Guest Houses	Half Yearly	Accounts and Wardens
Lab/Lab Equipment's	Half Yearly	Faculty/Lab Incharge /Accounts

Process of the External Audit

The external audit process involves the following steps: Quarterly and annually, the college's accounts undergo auditing by a chartered accountant by government regulations. The auditor

verifies the authorization of all payments and submits a report to the management for review. Any queries arising during the audit process are promptly addressed by the account and finance team, accompanied by supporting documents within specified timeframes. Notably, the institution has not encountered any major audit objections in previous years. These procedures underscore the university's commitment to financial transparency and adherence to disciplined financial practices, aiming to prevent misappropriation of funds or assets at all levels. Finally, the audited statement is signed by an authorized individual and a chartered accountant.



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