



**STATE PROJECT FACILITATION UNIT**  
**DIRECTORATE OF TECHNICAL EDUCATION**  
**Maharashtra State**

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No : DTE/TEQIP-II/SPFU/2014-15/159

Date : 06/09/2014

To,  
The Head of the institute

1. Government College of Engineering, Karad	2. Government College of Engineering, Jalgaon	3. Government College of Engineering, Chandrapur
4. BVB's Sardar Patel College of Engineering, Mumbai	5. Department of Chemical Technology, North Maharashtra University, Jalgaon	6. Department of Technology, Shivaji University, Kolhapur
7. Bharati Vidyapeeth University, College of Engineering, Pune	8. College of Engineering, Pune*	9. Government College of Engineering, Aurangabad
10. Government College of Engineering, Amravati	11. Institute of Chemical Technology, Mumbai*	12. Veermata Jijabai Technology Institutes*
13. Shri Guru Govind Singh Institutes of Engineering & Technology, Nanded*	14. Walchand College Of Engineering, Sangli.	15. Dr. Babasaheb Ambedkar Technological University, Lonere
16. G.H. Raison College of Engineering, Nagpur	17. Rajarambapu Institutes of Technology, Sakhrale	

**Sub : Internal Audit Report for the F.Y. 2013-14**

Dear Sir,

The internal audit of your institute for the F.Y.: 2013-14 has been carried out by our Internal Auditors. The soft copy of Audit Report of your institute was also sent to you on 14.07.2014 by email with the request to comply with the audit objection raised by the Internal Audit so as to avoid the incorporation of the same in the Statutory Audit Report.

Now the Final Internal Audit report for the F.Y.: 2013-14 is enclosed herewith. It is requested to go through it and furnish your compliance to the Internal Auditor with a copy to this Financial Management Unit of SPFU.

Yours faithfully,

(Dr. Ashok Pise)  
Project Coordinator  
SPFU, Maharashtra

Encl : 1. Audit Report of Institute  
2. Center of Excellence\*

**TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME**  
**(TEQIP) PHASE-II - MAHARASHTRA**

**(WORLD BANK FUNDED PROJECT)**

**UNIVERSITY DEPARTMENT OF CHEMICAL TECHNOLOGY, NORTH**  
**MAHARASHTRA UNIVERSITY - JALGAON**

**INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2013 TO 31.03.2014**

**PART – A**                      **BRIEF DETAILS OF THE AUDITEE AND AUDIT**

- |   |   |
|---|---|
| a. Name and address of the Auditee      | : University Department of Chemical<br>Technology, North Maharashtra<br>University –Jalgaon |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates  |
| c. Days of Audit                        | : 2   |
| d. Period covered in the previous audit | : NA  |
| e. Period covered in the current audit  | : April 01, 2013 to March 31, 2014  |

**PART – B : EXECUTIVE SUMMARY**

**(a) Objective of Audit**

We have conducted the Internal Audit of **University Department of Chemical Technology, North Maharashtra University –Jalgaon** for the period from April 01, 2013 to March 31, 2014. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the





funding Agency International Development Association. It is the responsibility of the management to maintain the PFS / FMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the 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.

**(b) Methodology of Audit**

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- 1 An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.

- 5 Identify the expenditure which are covered in accordance with the allocation described in Project Implementation Plan –Section – 7 under para “Permissible and Non Permissible expenditures” as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

(c) **Status of implementation of the Financial Management System**

During audit we noted that Financial Management System has been implemented for the Financial Year 2013-14.

(d) **Status of Compliance of previous audit report**

Internal audit for the FY 2012-13 was not conducted. So no compliance is required.

(e) **Key areas of weakness**

During audit we noted the following key areas of weakness regarding procedural lapse :

**1. SCRUTINY OF PURCHASE SYSTEM**

On checking of purchase system we noted that goods and services financed have been procured in accordance with relevant financing agreements and as per the World Bank guideline for procurement of goods, works and services. Further we checked procurement files and noted that major procurements were made during audit period but for local procurements quotations are not invited. Details are given below :

Date	B.No.	Amount (Rs)	Observations
07.11.13	63	9849.00	Amount paid to Sainath Traders for purchase of acetone, jolune, mixed solvent, sulphuric acid etc. Quotation not called for. Bills were split for avoiding quotations.
	65	23898.00	



## PART – C

### COMPLIANCE OF PREVIOUS AUDIT REPORT

Internal audit for the FY 2012-13 was not conducted. So no compliance is required.

## PART – D

### SERIOUS OBSERVATIONS

During audit we found serious observations such as major laps in internal control, system weakness, cash payment made etc. Details are given below:

#### 1. CASH TRANSACTION MADE

During audit we noted that in some of the cases cash payment were made. Details of payments are given below:

Date	B. No.	Amount (Rs)	Observations
13.11.2013	7062	109616.00	Paid to Multimedia features for advertisement. Cash payment made.

### RECOMMENDATIONS

We recommended that payment should be made through cross account payee cheque so that cash transactions and retention of cash in hand will be minimized.

#### 2. BILLS NOT VERIFIED BY AUTHORISED OFFICER

During course of audit we noted that some payment made without verified the bills by authorised officer .Details are given below:

Date	B. No.	Amount (Rs)	Observations
30.09.13	144	24990.00	Payment made to Maxaqua for purchase max-25LPH commercial RO machine. Bill not verified by authorised officer.

21.11.13	625	8264.00	Payment made to multimedia features for advertising. Bill not verified by authorised officer.
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### 3. VOUCHERS NOT PREPARED

During audit we found that vouchers were not prepared for any receipt and payment. Examples of some bills are shown below for which vouchers are not made :

Date	B. No.	Amount (Rs)	Observations
04.12.13	33	23550.00	Paid to Kunal enterprise for purchase of Aluminum. Vouchers were not made at the time of payment.
16.10.13	6891	109616.00	Paid to multimedia features for advertising. Vouchers were not made at the time of payment.

### 4. OUTSTANDING ADVANCES AS ON 31.03.2014

During the course of audit we have observed that the following advances were outstanding as on 31.03.2014. The detail is as follows:

Date of Advance	V.No	Amount(Rs.)	Observations
13.08.2013	-	200000.00 <i>Jan. 14 settled</i>	Advance given to prof. JB naik. But bills were not settled till March 2014.
04.09.2013	-	200000.00 <i>settled</i>	Advance given to Dr. RP Gore But bills were not adjusted till March 2014.



12.09.2013	-	150000.00	Advance given to Pawan mshram But bills were not settled till March 2014.
16.09.2013	-	100000.00	Advance given to prof. RD kulkarni. But bills were not settled till March 2014.
14.02.2014	-	150000.00	Advance given to Nilesh Badgajar. But bills were not settled till March 2014.

### RECOMMENDATIONS

We recommend that advances should be adjusted as soon as bills are submitted so that true and fair position of account can be depicted at the year end.

### PART – E

#### OTHER OBSERVATIONS

##### 1. BANK RECONCILIATION STATEMENT

On checking of bank records we noted that college has opened only one bank accounts but Bank Reconciliation Statement was **not** prepared.

##### 2. CASH BOOK NOT MAINTAINED PROPERLY

We noted that Cash book was not written and closed properly. As per "Financial Management Manual" under chapter – 6 "Financial Accounting" Cash book will be closed monthly and attested by in - charge (Finance). Further we noted that there was no surprise checking of cash done here. According to "Financial Management Manual" under chapter – 6 "Financial Accounting" "There will be surprise verification of cash at least once in a month by an Appropriate authority and result of such verification will be recorded in cash book under his date and signature.

### 3. LEDGER NOT MAINTAINED

During audit we found that Ledger Book was not maintained by the unit.

We recommend that ledger book should be maintained by the college. "As per "Financial Management Manual" under section – 6 "Financial Accounting" sub para (iv) General ledger, the entries from Cash Book will be posted to General Ledger as the transactions occur". It will be balanced quarterly. The ledger shall be signed by the competent authority as required.

### PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMENDATIONS

#### 1. CASH TRANSACTIONS MADE

During audit we noted that in some of the cases cash payment were made. Details of payments are given below:

Date	B. No.	Amount (Rs)	Observations
13.11.2013	7062	109616.00	Paid to Multimedia features for advertisement. Cash payment made.

#### RECOMMENDATIONS

We recommended that payment should be made through cross account payee cheque so that cash transactions and retention of cash in hand will be minimized.

#### 2. BILLS NOT VERIFIED BY AUTHORISED OFFICER

During course of audit we noted that some payment made without verified the bills by authorised officer .Details are given below:

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### 4 CASH BOOK NOT MAINTAINED PROPERLY

We noted that Cash Book was not written and closed properly. As per "Financial Management Manual" under chapter – 6 "Financial Accounting" Cash book will be closed monthly and attested by in - charge (Finance). Further we noted that there was no surprise checking of cash done here. According to "Financial Management Manual" under chapter – 6 "Financial Accounting" "There will be surprise verification of cash at least once in a month by an Appropriate authority and result of such verification will be recorded in cash book under his date and signature.

## **5. OUTSTANDING ADVANCES AS ON 31.03.2014**

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## **RECOMMENDATIONS**

We recommend that advances should be adjusted as soon as bills are submitted so that true and fair position of account can be depicted at the year end.

## **6. LEDGER NOT MAINTAINED**

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