



Gandhi & Lakhani
CHARTERED ACCOUNTANTS

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TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME

(TEQIP) PHASE-III - MAHARASHTRA

(WORLD BANK FUNDED PROJECT)

BVB SARDAR PATEL COLLEGE OF ENGINEERING – ANDHERI (W) MUMBAI

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2018 TO 30.09.2018

PART-A : BRIEF DETAILS OF THE AUDITEE AND AUDIT

- a. Name and address of the Auditee : BVB Sardar Patel College of Engineering –
Mumbai
- b. Name of Auditors : Gandhi & Lakhani
- c. Days of Audit : 4
- d. Period covered in the Previous audit : October 01, 2017 to March 31, 2018
- e. Period covered in the current audit : April 01, 2018 to September 30, 2018

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of BVB Sardar Patel College Of Engineering – Andheri (W) Mumbai for the period from April 01, 2018 to September 30, 2018. We 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 PFMS/FMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, the various Interim financial reports, 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 procedure 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 the partner 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 period April 1, 2018 to September 30, 2018 and the financial positions of the project as at September 30, 2018.
2. An assessment of the adequacy of the project financial management systems including internal controls should be viewed. 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 expenditure” as eligible and segregate these form non-eligible items.
6. Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
7. Verify the eligibility of expenditure for SOE disbursement and separately report upon ineligible expenditure claimed if any.

(c) Status Of Implementation Of The Project Financial Management System

During audit we noted that Project Financial Management System has been implemented during Financial Year 2017-18

(d) Status Of Compliance Of Previous Audit Report

During the course of the audit, we had noted that attention needed to be given towards compliance of government levies. We wish to highlight that there is scope for improvement on this aspect..



(e) Key Areas of Weakness

During audit we did not find any key areas of weakness regarding procedural lapses except as listed in Part D below

PART- C

COMPLIANCE OF PREVIOUS AUDIT REPORT

1. TDS NOT DEDUCTED

During the courses of audit we found that some payments were made without deducting TDS.

Details are tabulated as follows:

Date	Voucher No.	Amount (Rs.)	Observations
01.03.2018 09.03.2018	87 100	1,00,000.00 1,37,888.00	Payment made to "M/S Picnic Group Pune" towards workshop conducting. TDS not deducted u/s 194C.
02.02.2018	73	4,72,500.00	Payment made to "Hotel Suba Palace Pvt. Ltd. Mumbai" towards Room Booking for workshop. TDS not deducted u/s 194C.

TDS has not been paid on the above expenses upto 30th September 2018

2. MAHARASHTRA PROFESSIONAL TAX NOT DEDUCTED

During the course of audit, we found that some salary payments were made without deducting MPT.

Details are tabulated as follows:

Date	Voucher No.	Amount (Rs.)	Observations
13.12.2017 13.12.2017 13.12.2017	24 25 26	50,000.00 50,000.00 50,000.00	Salary Payment made to staff for two months' salary without deduction of Professional Tax amounting Rs. 1,200/- payable to govt. of Maharashtra.

Payment was made on 22nd October,2018 to government account by project institute after recovery from concerned staff.



PART – D

SERIOUS OBSERVATIONS

1. TDS NOT DEDUCTED

During the courses of audit we found that some payments were made without deducting TDS.

Details are tabulated as follows:

Date	Voucher No.	Amount (Rs.)	Observations
13.07.2018	100	3,13,000.00	Payment made to “M/S Solnet Systems Pvt Ltd Mumbai” towards Labour Charges and Installation Charges for CCTV cameras at the Institute. TDS not deducted u/s 194C.
31.05.2018	47	14,000.00	Payment made to “Manik Travels Mumbai” towards Hiring of Vehicle on various occasion. Total Amount paid 1,40,657/- TDS not deducted u/s 194C.
01.06.2018	49	15,000.00	
12.07.2018	98	2,200.00	
21.07.2018	115	12,000.00	
01.08.2018	125	5,888.00	
13.08.2018	134	68,446.00	
04.09.2018	142	3,523.00	
10.09.2018	144	19,600.00	



PART -E

OTHER OBSERVATIONS

1. BANK RECONCILIATION STATEMENT

As a project institution, management doesn't have separate bank account. All payments are made through PFMS.

2. CHECKING OF FINANCIAL MANAGEMENT REORT

On checking of Financial Management Report we noted that total expenditure incurred during the audit period was Rs. 1,01,61,184/-. Details are given below:

Head of Expenditure	Cumulative expenditure up to previous month of reporting since Inception	Expenses During the Reporting period- April 18 to September 2018	Total Cumulative expenditure up to reporting Date- 30.09.2018
Procurement of Goods			
Equipment	-	50,24,996	50,24,996
Furniture	-	1,55,618	1,55,618
Learning Resources	-	19,88,015	19,88,015
Academic Processes			
Faculty /Staff Development and Motivation	5,18,819	7,16,112	12,34,931
Graduate Employability	3,594	5,27,214	5,30,808
Improve students learning	4,90,008	3,24,658	8,14,666
Industry Institute Interaction	1,41,146	2,74,680	4,15,826
Management Capacity Development	4,78,660	-	4,78,660
Mentoring/Twining System	4,02,928	-	4,02,928
Reforms and Governance	3,17,726	2,46,647	5,64,373
Research & Development	3,30,453	1,59,546	4,89,999
Operating Cost			
Consumables	7,000	-	7,000
Meetings	1,56,868	2,53,180	4,10,048
Office Expenses	6,443	16,072	22,515
Salary	4,11,032	4,74,446	8,85,478
Travel Cost	29,142	-	29,142
Total	32,93,819	1,01,61,184	1,34,55,003



PART -F

EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

Government levies

During the course of the audit, we noted that more attention should be given towards deduction and payment of government levies.



FOR GANDHI & LAKHANI

J. P. Lakhani

PARTNER

J. P. LAKHANI
M. No. 111396

GANDHI & LAKHANI

Chartered Accountants
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'12 JAN 2019



[Signature]

PRINCIPAL

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