

**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 01.04.2019 TO 30.09.2019**

**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 Auditor's : Gandhi & Lakhani
- c. Days of Audit : 4<sup>th</sup> and 5<sup>th</sup> November 2019
- d. Period covered in the Previous audit : October 01, 2018 to March 31, 2019
- e. Period covered in the current audit : April 01, 2019 to September 30, 2019

**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 1, 2019 to September 30, 2019. 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 PFMS/FMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation of 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 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, 2019 to September 30, 2019 and the financial positions of the project as at September 30, 2019.
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, bills 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 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. 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 30<sup>th</sup> September, 2019.

**PART - D**

**SERIOUS OBSERVATIONS**

**1. TDS NOT DEDUCTED OR SHORT DEDUCTED**

Date	Voucher No.	Amount (Rs.)	Observations
07.08.2019	365	4,50,000.00	Payment made to Various Faculty as Honorarium for GATE Training to Student in Which TDS are applicable but not Deducted u/s 194J
19.08.2019	394	5,14,126.00	Payment made to "Pentagon System & Services Pvt Ltd" towards AMC for Dell Server & Storage. TDS Deducted @ 1% instead of 2% u/s 194C



## 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 REPORT

On checking of Financial Management Report we noted that total expenditure incurred during the audit period was Rs. 2,73,04,943/-. Details are given below:

Head of Expenditure	Cumulative expenditure up to previous month of reporting since Inception	Expenses During the Reporting period- April 2019 to September 2019	Total Cumulative expenditure up to reporting Date- 30.09.2019
<b>Procurement of Goods</b>			
Equipment	1,02,91,882	1,69,29,504	2,72,21,386
Furniture	1,55,618	11,18,338	12,73,956
Learning Resources	19,88,015	12,71,735	32,59,750
Minor Civil Works	30,60,033	-	30,60,033
<b>Academic Processes</b>			
Faculty /Staff Development and Motivation	13,88,185	7,95,087	21,83,272
Graduate Employability	5,68,808	23,03,896	28,72,704
Improve students learning	12,14,882	8,50,579	20,65,461
Industry Institute Interaction	4,35,557	8,56,750	12,92,307
Management Capacity Development	5,24,978	24,898	5,49,876
Mentoring/Twining System	4,93,756	4,48,065	9,41,821
MOOC and Digital Learning	19,588	41,656	61,244
Reforms and Governance	7,13,569	4,28,216	11,41,785
Research & Development	6,59,795	4,75,183	11,34,978
<b>Operating Cost</b>			
Consumables	7,000	15,015	22,015
Meetings	4,96,704	4,76,954	9,73,658
Office Expenses	24,748	8,824	33,572
Operation & Maintenance of Equipment	-	5,67,226	5,67,226
Salary	10,14,235	6,92,198	17,06,433
Travel Cost	29,142	819	29,961
<b>Total</b>	<b>2,30,86,495</b>	<b>2,73,04,943</b>	<b>5,03,91,438</b>





**PART -F**

**EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

1. During the audit period, it is observed that of few transactions through PFMS System show status of "Debit Success" in M-32 Report, but indicate "Credit Failure" Status in EP-04 Report. Total amount of such failure transactions is Rs.13,27,952/- which is reversed and reprocessed in books but not reversed in M-32 in PFMS.
2. We found expenditure incurred vide two vouchers where-in head of account selected was Salary for total amount of Rs 28,811/- (Sub-component 1.3.3.7) but expenses were in nature of Meeting for Rs 20,720/- (Sub-component 1.3.3.4) and Consumables for Rs 8,091/- (Sub-component 1.3.3.1). Written permission from NPIU is not available for verification. However, auditee office informed that the oral permission was obtained from NPIU.
3. TDS u/s 194J should be deducted on Honorarium.
4. During the period under audit, several Equipment and Furniture items have been procured by the institution. The same have been entered in the asset register. It is suggested that periodic physical verification of Fixed Assets is undertaken. \

For Gandhi & Lakhani  
Chartered Accountants  
F. R. No. 102969W

*J I Lakhani*  
Jagdish Lakhani  
Partner  
M. No 111396

Mumbai, dated November 6, 2019  
UDIN : 19111396AAAAFN2504



*Binnar*

**I/C REGISTRAR**

Sardar Patel College of Engineering,  
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Andheri (West), Mumbai - 400 058.

*J. B. Bhat*

**TEQIP III Co-ordinator**  
BVB'S Sardar Patel College of Engineering  
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*ds*  
**PRINCIPAL**

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