



**H R Suresh & Co.,
Chartered Accountants.**

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TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME

(TEQIP) PHASE-III – KARNATAKA

(WORLD BANK FUNDED PROJECT)

BMS COLLEGE OF ENGINEERING, BASAVANAGUDI, BANGALORE

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2017 to 31.03.2018

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

- | | |
|---|---|
| a. Name and address of the Auditee | : BMS College of Engineering, Bangalore |
| b. Name of the Auditors | : H R Suresh & Co |
| c. Days of Audit | : 3 |
| d. Period covered in the Previous audit | : Not applicable |
| e. Period covered in the current audit | : 01 October 2017 to 31 March 2018 |

PART – B: EXECUTIVE SUMMARY

(a) OBJECTIVES OF AUDIT

The objectives of internal audit are as follows –

- To evaluate the adequacy of internal control system
- To ensure compliance of laid down policies and procedures as documented in Financial Management Manual of the project.

Internal audit provides project management with timely information and recommendations on financial management aspects to enable the management to take corrective actions, wherever necessary, in due time.

(b) METHODOLOGY OF AUDIT

We have conducted the Internal Audit of BMS College of Engineering, Bangalore for the period from 01 October 2017 to 31 March 2018. We carried out the audit as per the terms of reference provided to us and in accordance with the standards on auditing promulgated by the Institute of

Chartered Accounts of India and in accordance with the TOR as issued by funding Agency International Development Association.

(c) STATUS OF IMPLIMENTATION OF THE FINANCIAL MANAGEMENT SYSTEM

During the audit we noted that Financial Management System has been implemented for the period 01 October 2017 to 31 March 2018.

(d) STATUS OF COMPLIANCE OF PREVIOUS AUDIT REPORTS, INCLUDING MAJOR AUDIT OBSERVATIONS AND PENDING COMPLIANCE

During the audit we noted that there were no serious observations and pending compliances in the previous audit report.

(e) KEY AREAS OF WEAKNESSES THAT NEED IMPROVEMENT, CLASSIFIED INTO FOLLOWING AREAS:

i. Disallowance of expenditure as per the World Bank rules.

During the audit we noticed that all the expenditure incurred are in accordance with the Permissible Expenditures as prescribed by the World Bank rules.

ii. Procedural Lapse.

During the audit we noticed that there are no such key areas of Weaknesses with respect to Procedural Lapses.

iii. Accounting Lapse.

During the audit we noticed that there are no such Accounting Lapses relating to PFMS and Accounting Errors in Tally are mentioned in the Executive Summary.

iv. Accounting books & records not maintained.

During the audit we noticed that there are no such Lapses in maintenance of Accounting books and records. .

(f) RECOMMENDATIONS FOR IMPROVEMENTS.

We recommend accounts department to reconcile the PFMS expenditure amount with the books of accounts maintained at institutional level on daily basis as we found some differences during the audit.

PART-C: COMPLIANCE TO PREVIOUS AUDIT REPORTS

During audit we noted that there were no serious observations for the previous audit period and therefore there is no compliance of previous audit report is required.

PART-D: SERIOUS OBSERVATIONS

There were no serious observations found during the audit period from 01 October 2017 to 31 March 2018.

PART-E: OTHER OBSERVATIONS

1. CHECKING OF FINANCIAL MANAGEMENT REPORT

On checking of Financial Management Report we noted that total expenditure incurred for project is Rs.75,10,093/- up to 31 March 2018. Details are given below

Head of Expenditure	Cumulative expenditure upto March 2018	Total Advances in March 2018
Procurement of Equipment	2,16,530	-
Improvements in Students Learning	9,17,645	-
Industry Institute Interaction	3,50,131	-
Assistantships	27,72,000	-
Graduates Employability	1,05,240	-
Faculty/ Staff development and motivation	12,81,433	-
Research and development	2,56,935	8,360
Mentoring/ Twinning system	4,69,767	-
Reforms and governance	2,69,741	-
Consumables	5,719	-
Operation & maintenance of equipment	4,141	-
Office expenses	15,511	-
Meeting expense	42,856	-
Travel cost	2,99,428	-
Salary	5,01,516	-
MOOCs and digital learning	1,500	-
Total	75,10,093	8,360

PART-F: EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

Date	Voucher No.	Issue	Amount in INR	Recommendation	Auditee's Comments/Agreed Action
25-10-2017	J-9	Advance given to Principal BMSCE towards conduction of 67 th BOG meeting wrongly debited to Grants-1.3.3.4- TEQIP-Meetings A/c under Incomes	25,000	It should be debited to Advances A/c under Current Assets and Credited to Grants-1.3.3.4-TEQIP-Meetings A/c under Incomes	Rectified Entry Passed
30-11-2017	-	Amount paid towards Professional Tax for the month of November 2017 is not recorded.	800	To be recorded	Now recorded
19-02-2018	J-141	Advance given to HOD-EEE towards conducting workshop on Industrial Internet wrongly credited to 1.3.2.11--Industry-Institute Interaction A/c under Expenses	30,000	It should be credited to Grants-1.3.2.11-Industry Institution Interaction A/c under Incomes.	Now credit Entry Passed
28-02-2018	-	Amount paid towards Professional Tax for the month of February 2018 is not recorded.	800	To be Recorded	Now recorded
28-02-2018	J-180	Employers contribution towards Provident fund and ESI for February 2018 wrongly debited to 1.3.3.7-IOC-Salary A/c under Expenses	17,749	It should be debited to Grants-1.3.3.7-IOC-Salary A/c under Incomes and Credit should be given to 1.3.3.7-IOC-Salary A/c under Expenses	Rectified entry passed
19-03-2018	J-85	Adjustment of Advance given to Dr.V Champa wrongly credited to 1.3.2.11--Industry-Institute Interaction A/c under Expenses	10,000	It should be credited to Advances A/c under Current Assets.	Now credit entry passed
28-03-2018	J-223	Employers contribution towards Provident fund and ESI for March 2018 wrongly debited to 1.3.3.7-IOC-Salary A/c under Expenses	17,749	It should be debited to Grants-1.3.3.7-IOC-Salary A/c under Incomes and Credit should be given to 1.3.3.7-IOC-Salary A/c under Expenses	Rectification Entry Passed
28-03-2018	J-220	Amount paid to Vice-Principal towards conduction of meeting of	12,000	An amount of INR 12,000 should be debited to 1.3.3.4-	

		SUB-BOG on 06th march 2018 is wrongly credited to 1.3.3.4-IOC-Meetings A/c under Expenses		IOC-Meetings A/c under Expenses and an amount of INR 11,440 should be credited to Grants-1.3.3.4- TQIP Meetings under Incomes and an amount of INR 560 should be credited to Advances A/c under Current Assets.	Rectification Entry passed
28-03-2018	J-219	Adjustment of Advance given to Dr. Vasundara Patel towards Honorarium to Expert guest faculty is wrongly credited to 1.3.2.8-Reforms,Governance A/c under Expenses	5,000	It should be credited to Advances A/c under Current Assets.	Now credit entry passed
31-03-2018	-	Amount payable towards Professional Tax for the month of March 2018 is not recorded.	800	Provision to be made	Now Provision made

For H R Suresh & Co.
Chartered Accountants
Firm Registration No. 004268S




Sumanth H S
Partner
Membership No. 214898

Place: Bengaluru
Date: 24 July 2018