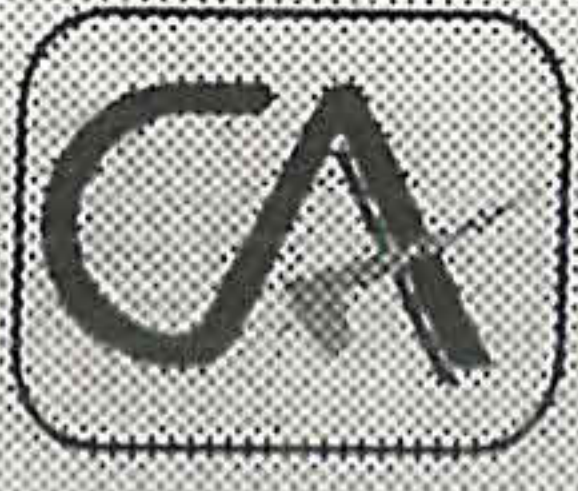


# **M.G.SCIENCE INSTITUTE**

## **INTERNAL AUDIT REPORT FOR THE SECOND TERM OF ACADEMIC YEAR 2015-16**

**AUDITORS:  
MEHTA SHETH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
304, PARITOSH,  
NEAR DARPANA ACADEMY,  
USMANPURA (RIVER SIDE),  
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[salil@mehtasheth.com](mailto:salil@mehtasheth.com)**



Date: 24<sup>rd</sup> February, 2016

To,  
The Director,  
Ahmedabad Education Society,  
Navrangpura,  
Ahmedabad.

Dear Sir,

**Sub: Internal Audit of M.G.Science Institute for Second Term of Academic Year 2015-16.**

We have completed Internal Audit of the captioned College for the Second term of Academic Year 2015-16 and attached our report herewith.

During the period under audit, in addition to our regular scope, we have covered following areas.

Audit of Annual Maintenance Contracts for various services entered into for the College and overall internal controls prevailing in contracting and bill passing activities.

We have discussed the observations and recommendation in this report with the concerned officials and their views and explanations have been included while framing the report.

We will be pleased to discuss any of the content of the report, if required. We hope that Audit Findings contained in the report will help the management in further strengthening the Internal Control Framework of the College.

Thanking You,

Yours Sincerely,  
For Mehta Sheth & Associates;  
Chartered Accountants.  
Firm Registration No. 106238W

(C.A Salil G. Sheth)

Membership No. 110500

Partner

**CC to: The Principal, M.G.Science Institute**



**SCOPE & EXTENT OF CHECKING:**

As per the Revised Internal Audit Programme finalized in consultation with Chief Accountant of Ahmedabad Education Society and Statutory Auditors M/s. Sorab S. Engineer & Co; Chartered Accountants, we have covered following areas for the purpose of our Audit.

Sr. No.	Area	Extent Of Checking	Page No.
(1)	<b>INSITTUTE FEES</b>		
	System Study of Fee Receipts Issuance Software and related controls		2-3
	Fees Collection and Deposit procedure and Reconciliation of fees with roll call	100% for Students on Roll Call.	3
(2)	<b>OTHER INCOME</b>		
	Reconciliation of Forms Sold with Income Accounted in Ledger	100% for Forms sold during the period under audit.	3-4
	Miscellaneous Charges	100% upto 31.01.16	4
(3)	<b>SALARY</b>	100% from October ,2015 to January, 2016	4-5
(3)	<b>CASH &amp; BANK</b>		5
	Physical Cash Verification and Cash Vouching	100% for the period October ,2015 to January, 2016 and Cash Verification on 17.02.2016	
	Bank Vouching and Bank Reconciliation	Vouching for January ,2016 and Reconciliation as on 31.01.2016	
(4)	<b>GRANTS</b>		6
(5)	<b>TDS DEDUCTION</b>	100% up to January,2016	6
(6)	<b>SCHOLARSHIP</b>		6
(7)	<b>LIBRARY BOOKS</b>		7
(8)	<b>FIXED ASSETS</b>		7
(9)	<b>AMC CONTRACTS</b>		7
(10)	<b>ACKNOWLEDGEMENTS</b>		8
	<b>ANNEXURES 1-4</b>		



**FEES SYSTEM:**

**METHODOLOGY:**

A system study was undertaken to verify that various Internal Control Features are incorporated in the Software used to issue Fee Receipts to students. Our observations and suggestions are given in foregoing paragraphs.

**OBSERVATIONS:**

- The Institute Operates on a new ERP Software hosted by Ahmedabad University for issuing Fee Receipts and generating of Fee Register and Reports.
- Standard Fee Structure along with special elective subjects is fed in the Data Master and Fee Receipt is automatically generated on input of Student Name, Elective Subject and year.
- Fee Receipt Number is automatically generated by the software. The same number cannot be altered by the person issuing the receipt.
- Fee Register Software does not have any integration with Roll Call Generation Activity and Accounting Software of the institute. Roll Call is manually prepared in DOS based (fox pro) Software by Administration Department.
- As informed to us Backup of data is taken by IT Department of Ahmedabad University on AU Server.

**SUGGESTIONS:**

- We suggest centrally issuing a Guideline for Data Back Up/Security to all institutes; and adherence to such policy should be strictly ensured. For greater security; an option to automatically store data back up on AES



Central Server should also be explored. College staff should be instructed to take the back up of data more frequently, which will enable quick recovery in the case of data loss.

#### **FEES COLLECTION AND DEPOSIT:**

- Complete Fee Reconciliation for second term is given in **Annexure 1**. Total Amount of Fees as per the Roll Call tallied with the Accounting Ledger.
- Total Daily collection of Fees is tallied with the total number of Fee Receipts issued. College deposits daily collection of Cash Fees collected to its own Bank Account. Tuition Fees are remitted to the Government of Gujarat.

#### **OTHER INCOME AUDIT:**

#### **FORMS**

#### **METHODOLOGY:**

We verified records of Forms sold by the institute and also verified Physical Stock of Forms on hand. Complete Reconciliation of Forms Selling Income is given as **Annexure 2**.

#### **OBSERVATIONS:**

- Total 1,742 admission forms for SEM –II, SEM –IV, SEM – VI, & Self Finance SEM-IV were printed. Total 1,673 Forms were sold for the second term of F.Y. 2015-16 resulting into cash collection of Rs 16,730/-. Physical stock of forms as on 22<sup>nd</sup> February, 2016 on hand was 69; which tallied with records maintained by the office



- College has also sold Miscellaneous Forms during the period under audit. Total of 870 forms were sold resulting into cash collection of Rs 8,508/-. Physical stock of other forms as on 22<sup>nd</sup> February, 2016 on hand was 1,072; which tallied with records maintained by the office.
- As informed to us; the college destroys the stock of old forms after taking principal approval.
- Total Income of Form Selling was Rs. 25,238/-.

**MISCELLANEOUS CHARGES:**

- We observed that the College collects various charges on account of Issue of Transfer Certificate Fees, Transcript Fees, Fines, Breakage Charges, Extra Test Fee and Miscellaneous Income from various parties and credits it to various ledger accounts. Total Income during the Second term of F.Y 2015-16 on account of such miscellaneous recoveries was Rs. 53,840/-. The college properly issues manual receipts for charges recovered and correct accounting entries are also passed.

**SALARY:**

**MEHTODOLOGY:**

- Salary paid to adhoc Teaching and Non Teaching employees was checked based on the Temporary Appointment Letter issued by AES. The same were authorized by Director, Ahmedabad Education Society.
- We also verified payment made to Daily Wagers on basis of Wage rate fixed by AES and its increment.
- Salary Payment data from October,2015 to January, 2016 were verified with muster roll by us.

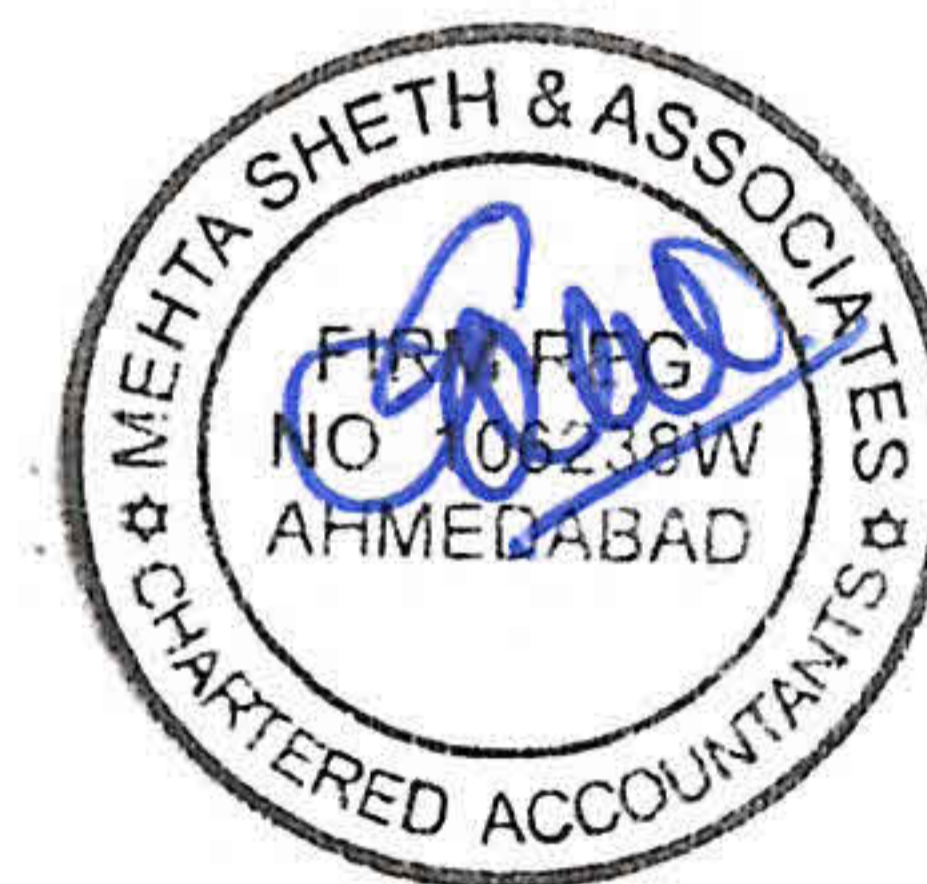


**OBSERVATIONS:**

- Salary is paid to adhoc teaching staff based on the appointment letter issued by AES head office and approved by Director, AES.
- Salary payment is charged under the head of Extra Salary, which is fixed by AES every year and paid by College through Cash/Bank.

**CASH & BANK BALANCE:**

- We verified Physical Cash Balance on hand as on 17.02.2016 and tallied the same with the authorized book balance. The physical balance has tallied with the book balance and details are given in **Annexure 3**.
- We have also scrutinized the Cash Book and verified Cash Vouchers for the period October,2015 to January 2016 and observed that cash expenses are properly authorized by the Principal of the College. Cash Book is signed by the Principal of the College on daily basis. We also observed that no payments are made in cash in excess of limits specified u/s. 40(A) (3) of the Income Tax Act, 1961.
- Bank Vouching was carried out for the month of January, 2016 to ensure that proper authorization process is in place and no discrepancy was observed during the same. We have also verified Bank Reconciliation Statement of Bank of India Savings Bank Account No. 200910100039513 as on 31.01.2016.



## VERIFICATION OF GRANTS:

### METHODOLOGY:

- We verified Grants claims lodged by the college to the Government.
- We vouched the Grant received during the period under audit.

### OBSERVATIONS:

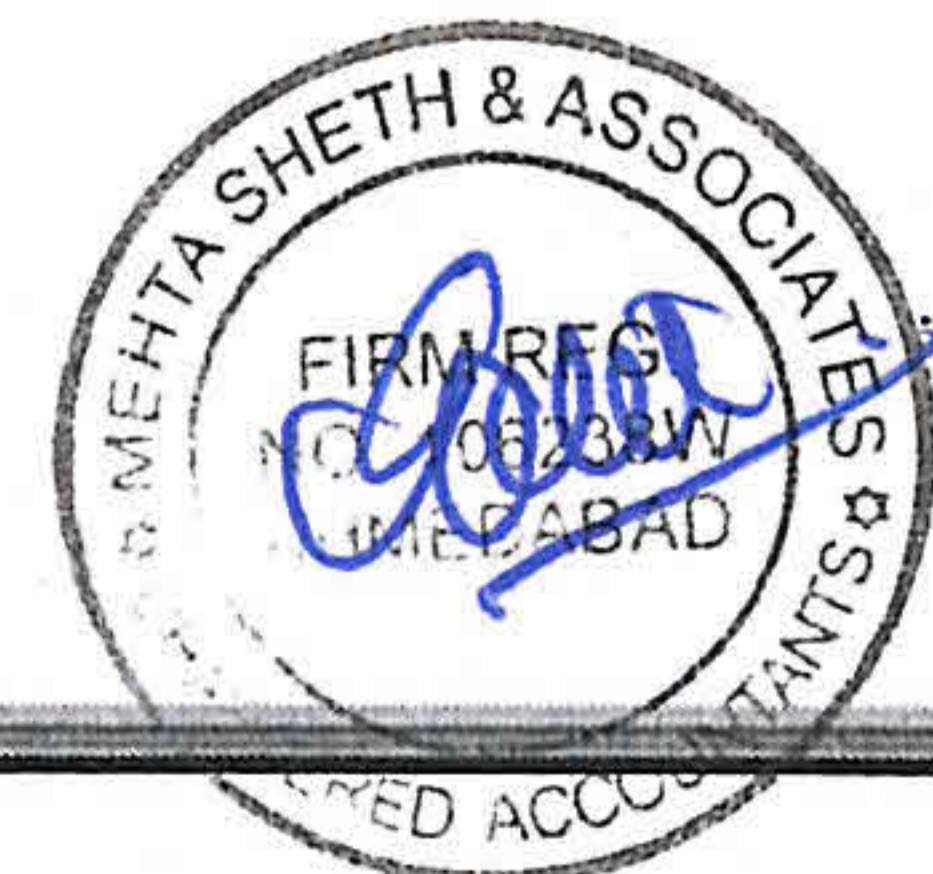
- Detailed Statement of year wise Grants Claimed, Grants Sanctioned, Grants Received and Grants Outstanding is given as **Annexure 4**.
- Total grant amounting to **Rs 6,43,911/-** pertaining to various financial years is yet to be received from the Government.

### TDS DEDUCTION:

- We have verified all the expense heads with respect to applicability of TDS Provisions under various sections of Income Tax Act, 1961 and found that College has deducted tax at source at appropriate rate from payments made to various parties.
- Institute deposits the tax deducted amount with the Ahmedabad Education Society Office and payment to Government Treasury is made by the Society Office.

### SCHOLARSHIP:

- We observed that Institute receives Scholarship from Government and pays same to the students.
- We verified the scholarship received and compared the same with scholarship payments made by the college.





### Library books

- Library books Purchase Procedure was verified in detail. College purchases books based on requirements received from faculty members and after the requirement is authorized by the principal.
- Physical Verification of Library books was carried out on random basis. Bills received for books purchase were compared with Library Register and were found to be correct. We observed that the College Staff does not carry any Physical Verification on yearly basis. We suggest introducing a regular system of Physical Verification of High Value Books by the College Staff and submission of report of the same to the Principal as well as the AES.

### FIXED ASSETS REGISTER:

- We observed that the College maintains Fixed Asset Register on yearly basis; which is updated up to date. However; location details of each fixed asset are not noted in the Fixed Asset Register. Proper tagging and numbering system needs to be strengthened for various Fixed Assets.
- We suggest that Fixed Asset Register should be maintained in sufficient detail to enable us as well as institute staff to physically verify the assets

### ANNUAL MAINTENANCE CONTRACT AUTHORISATION & BILL PASSING

- Contract for Computer service providers was verified and compared with the invoices received by College.
- Contract documentation was found in order and invoices are passed as per contract rates.



Complete Fee Reconciliation Statement for Second Term of F.Y 2015-16

Semester	Particulars	Students		Tuition Fees	Laboratory Fees	Practical Exam Fees	University Exam Fee	University Exam Form	University Sports Fee	University Welfare	Library Fee	Cultural Activity	Exam & Stationery	Elective Course	Degree Certificate	Gymkhana Fee	Admission Fee	College Magazine	Degree Certificate	Medical Fees	Science Brakeage	Development Committee	TOTAL
		Admitted	Left in Restuffling																				
Sem - II	Fee Structure			600	100	-	325	25	5	20	25	40	100	100	-	20	5	20	-	25	50	10	1,470
	Boys	315		189,000	31,500	-	102,375	7,875	1,575	6,300	7,875	12,600	31,500	31,500	-	6,300	1,575	6,300	-	7,875	15,750	3,150	463,050
	Girls	249		-	24,900	-	80,925	6,225	1,245	4,980	6,225	9,960	24,900	24,900	-	4,980	1,245	4,980	-	6,225	12,450	2,490	216,630
	SUB TOTAL (A)	564		189,000	56,400	-	183,300	14,100	2,820	11,280	14,100	22,560	56,400	56,400	-	11,280	2,820	11,280	-	14,100	28,200	5,640	679,680
	Fee Structure			3,750	5,000	45	325	25	5	20	25	40	100	100	-	20	5	20	-	-	-	10	9,390
Self Finance Sem-IV	Boys	95		356,250	475,000	4,275	30,875	2,375	475	1,900	2,375	3,800	9,500	9,500	-	1,900	475	1,900	-	-	-	950	892,050
	Girls	111		416,250	555,000	4,995	36,075	2,775	555	2,220	2,775	4,440	11,100	11,100	-	2,220	555	2,220	-	-	-	1,110	1,042,290
	SUB TOTAL (B)	206		772,500	1,030,000	9,270	66,950	5,150	1,030	4,120	5,150	8,240	20,600	20,600	-	4,120	1,030	4,120	-	-	-	2,060	1,934,340
Sem - IV	Fee Structure			600	100	45	325	25	5	20	25	40	100	100	-	20	5	20	-	-	-	10	1,340
	Boys	184		110,400	18,400	8,280	59,800	4,600	920	3,680	4,600	7,360	18,400	18,400	-	3,680	920	3,680	-	-	-	1,840	246,560
	Girls	238		-	23,800	10,710	77,350	5,950	1,190	4,760	5,950	9,520	23,800	23,800	-	4,760	1,190	4,760	-	-	-	2,380	176,120
	SUB TOTAL (C)	422		110,400	42,200	18,990	137,150	10,550	2,110	8,440	10,550	16,880	42,200	42,200	-	8,440	2,110	8,440	-	-	-	4,220	422,680
Sem -VI	Fee Structure			600	100	45	325	25	5	20	25	40	100	100	-	20	5	20	-	-	-	10	1,600
	Boys	194		116,400	19,400	8,730	63,050	4,850	970	3,880	4,850	7,760	19,400	19,400	-	3,880	970	3,880	-	-	-	1,940	310,400
	Girls	244		-	24,400	10,980	79,300	6,100	1,220	4,880	6,100	9,760	24,400	24,400	-	4,880	1,220	4,880	-	-	-	2,440	244,000
	SUB TOTAL (D)	438		116,400	43,800	19,710	142,350	10,950	2,190	8,760	10,950	17,520	43,800	43,800	-	8,760	2,190	8,760	-	-	-	4,380	554,400
	GRAND TOTAL (A + B + C + D)	1,630		1,186,300	1,172,400	47,970	529,750	40,750	8,150	32,600	40,750	65,200	163,000	163,000	56,400	4,380	8,150	32,600	109,500	14,100	28,200	16,300	3,591,100
	GRAND TOTAL AS PER LEDGER			1,186,300	1,172,400	47,970	529,750	40,750	8,150	32,600	40,750	65,200	163,000	163,000	56,400	4,380	8,150	32,600	109,500	14,100	28,200	16,300	3,591,100
	DIFFERENCE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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