



Internal and External Audit Policy

I. PURPOSE

Internal and external audit programs facilitate financial transparencies, prevent malpractices and provide vital information to the management about the effectiveness of internal control systems in a time bound manner. To assist the University to meet this requirement of audit of university accounts, this Policy has been developed.

II. OBJECTIVES

Internal and external audit is an independent, objective assurance and consulting activity designed to add value and improve the operation of an organization. It helps an organization to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Thus, Internal Controls are integral part of a sound financial management system. Independence of Internal Auditor and External Auditor is established by the organizational and reporting structure. Objectivity is achieved by an appropriate mindset.

A. Objectives of Internal Audit:

The main objective of the internal audit is emphasised on risk assessment and risk mitigation. Based on the result of the risk assessment, the internal auditors evaluate the adequacy and effectiveness of how risks are identified and managed / mitigated in the above areas. The Internal Auditors are expected to provide recommendations for improvement in those areas where opportunities or deficiencies are identified. While management is responsible for internal controls, the internal audit activity provides assurance to the management that internal controls are effective and working as intended.





- a. To ensure that University funds and resources are used only for the purpose for which they are meant and to prevent misuse.
- b. To ensure that appropriate financial controls are developed, documented and applied for compliance with a multitude of administrative and statutory requirements.
- c. Efficiency and effectiveness of operations,
- d. Reliability and integrity of financial and operational information;
- e. Safeguarding of assets;
- f. Compliance with laws, regulations and contracts.

B. Objectives of Statutory Audit (External Audit):

The main object of statutory audit is to comply all statutory provisions and requirements laid down by various laws applicable to the organisation and the university. To ensure the compliance of all by laws, to submit necessary reports and returns in required timeline and to ensure all the legislative procedures and requirements are met within the organisation.

The objects of the external audits are laid down in the appointment of auditors by the university and the independent audit report of the chartered accountants. The procedures and operations adopted by the auditor to the best of his knowledge and information provided to them. Auditors audit the financial statements, its schedules and notes to accounts and express their true and fair view about the authenticity of financial statements. After successful operations of audit, they provide the independent auditors report with their sign, stamp and registration number to authenticate the report. Furthermore, the auditor files the extracts, forms, reports on the statutory web sites like Income Tax, and Trust Office for annual submission for financial statements along with its working and annexures.





III. POLICY COVERAGE

The Audit policy is applicable to all stakeholders of the University, namely employees, learners, coordinators, etc. who have financial interests in the University. The policy may cover different aspects of objectives based on the type of audit carried upon. The list of coverage and policies is including but not limited to following points.

Major duties and responsibilities of audit functionaries are summarized as below:

- a. Study of accounting procedures, including maintenance of records in the institute with a view to ensuring that they are correct, adequate and free from any defects or lacunae;
- b. Reports risk management issues and internal controls deficiencies identified directly to the Finance Committee through the Vice-Chancellor and provides recommendations for improving the organization's operations,
- c. Provides support to the institute's anti-fraud programs;
- d. Watch over the implementation of the prescribed procedures and the instructions/ orders issued from time to time;
- e. Scrutiny and check of payments and accounting work of the accounting units;
- f. Investigation of important arrears in accounting and other connected records;
- g. Periodical review of all accounts including cash book, bank reconciliation statement and store records as well as physical verification of stores;
- h. Pursuance/settlement of objections taken in test audit notes issued by statutory audit offices and other matters relating to statutory audit;
- i. To examine and report on points or irregularities brought to its notice by the statutory audit;
- j. To examine the contracts and agreements executed by the institute.





IV. TYPES OF AUDIT MECHANISMS

- a. Internal Audit – The University may have its internal audit cell/branch to ensure continuous internal audit of the University Accounts. The University shall define scope of work of the internal auditor. Internal auditor will submit its findings and reports to the management as defined in the appointment. The focus of internal auditor is to ensure the smooth working procedures between internal departments, policies are in place and ensure no adverse effects on effective working procedures to fulfil the final goal of the university.

- b. Statutory Audit (External Audit)v – The independent audit firm of Chartered Accountant having membership number of The Institute of Chartered Accountants of India shall carry out the audit of the annual accounts of the University. The University shall define scope of work of the independent auditor in line with the statutory requirements of applicable laws to the Institute like Income Tax Act, Bombay trust act, etc.The expressed object of the statutory audit is to ensure the organisation fulfils all statutory requirements laid down by all laws applicable to the university and its books of accounts shows true and fair view of its financial position.



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V. INSTITUTIONAL ARRANGEMENTS

- Role of Finance & Accounts Department of the University:

The role of Finance and Accounts department of the University would be as per the provisions of the University Act and Statutes, and amendments thereof.

- Role of the Departments/ other units of the University:

All the Units under the jurisdiction of the University will submit Statements of Accounts of their respective centres, on a regular basis, by 31st July, after the closing of each financial year ending on 31st March, every year.

- Role of Employees of the University:

All employees of the University, including officers and teachers must submit their income tax liabilities, claim exemptions etc. for computation of tax liabilities within stipulated periods for each financial year for proper and timely maintenance of University's accounts.

- Role of Vendors/Manufacturers/Authorised Dealers/Bidders dealing with the University:

All vendors/manufacturers/authorised dealers/bidders etc. dealing with the University must comply to requirements in such dealings with the University, as fixed by the University from time to time, by providing GST No., PAN and relevant organisation information.

- Role of other Stakeholders:

All the stakeholders of the University must recognise and adhere to the financial rules and regulations of the University. They must be ethical in their practices to prevent misuse of university fund.





VI. APPOINTMENT OF AUDITORS AND AUDIT PROCEDURES

Appointment of Auditor will be made following procedures as laid down in University's Act, Statutes and Ordinances.

C. Internal Auditors:

With the approval of the Vice Chancellor and consultation with the CEO and CFO, the Internal Auditor will be appointed defining the scope of work for verification of accounts and the internal control system and to suggest for further improvement of the system. While preparing the scope for Internal Audit work, the following will be included:

- Thorough examination of the books of accounts, vouchers and bank receipts at the end of every quarter, and submit the quarterly audit report with comments and observations.
- Verification of financial transactions and to ensure that those are booked under proper head of accounts.
- Verification of Bank Balance with Bank Statement and to ensure that proper Bank Reconciliation Statements are prepared on a monthly basis.
- Verification of Accounting Statements, Schedules and other Annual Accounts related statements.
- Submission of Annual Receipts and Payments accounts, Income and Expenditure accounts and Audited Balance Sheet along with Internal Auditor's Report.
- Looking into all tax related matters, and statutory compliance of Tax rules as per the Acts and various provisions.
- To check deductions of Tax at Source are made as per the rules and at the specified rate, and deposited within the time limit.





- Physical verification of Assets, Inventories both at the Headquarters and City Office, and submission of detailed report specifying details of assets, quantity, location and value.
- Comparison of physical assets with book records, and pointing out of differences, if any between the book record and physical assets.
- Preparation of Utilisation Certificate and Statement of Expenditure against the grants received from Central Govt., State Govt., UGC and other funding agencies as may be applicable.
- Ensure the filling of Income tax return to Income Tax Authority within the time limit, preparation, submission of replies of any notice issued by the Income Tax department, follows up and to attend I.T. Department queries, when required.
- Consultation on taxation matters, as and when required. Examination of quarterly statements in respect of Tax deducted/deposited from salary, rent, and payment to contractors, professional fees etc. to ensure the correctness.

Internal auditor will provide its initial findings report with all the queries and questions to all departmental stakeholders for their remarks. The stakeholders and the departments will solve the queries of the auditor and intimate the measures taken by them to avoid such remarks in next audit term. The Internal auditor if satisfied by the remarks puts positive remarks in its combined report as a development measure. If internal auditor finds any query or findings untouched / unexplained by the concern stakeholder / department, the auditor incorporates these facts to the management to take immediate action along with his suggestions.

The final audit report with all findings is sent to management / Registrar / Board of Governance. Board of Governance is bound to take necessary action to make required policy and procedures and / or to change the existing one.

D. Statutory Auditor (External Auditor):

As per the University Act, the independent audit firm of Chartered Accountant having membership number of The Institute of Chartered Accountants of India shall carry out the audit of the annual





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Approved By Govt. of Gujarat
(Recognized by UGC under Section 22 & 21) of 1956)
(Gujarat Private State University Act 4 of 2016)

accounts of the University. Accordingly, after completion of the Annual Accounts, the University, through its governing body, will intimate the Independent Auditor to conduct the Audit along with the scope of audit and the order for appointment. The independent auditor will accept the appointment and conduct the audit as per applicable standards and procedures. The procedures may include from vouching, verification of documents, checking of bills, payment records, verification of challans for statutory documents, year end adjustment entries and all other things as may be necessary for the purpose. The auditor will raise queries and questioners to satisfy himself for the verification of procedures followed and authenticity of the documentation and records. At last auditor will draft and submit the audited report in the stated format.

A copy of the audited accounts together with the audit report as prepared by the Audit team shall be submitted to the Governing body of the University with an e-copy uploaded to the University for reference of the different stakeholders. The stakeholders go through the audit report and the compliance part, Auditor submits the final Audit Report to the University with this sign and stamp along with other necessary submissions to Income tax department and Trust office. The audited annual accounts shall be available on public domain by the university also on its website. The University will accordingly adopt follow up measures as may be applicable. University must submit its annual reports along with the returns to the UGC and other regulatory bodies as and when required to be submitted.



Registrar
Gokul Global University, Sidhpur