

**DEVA MATHA COLLEGE KURAVILANGAD**  
**Affiliated to Mahatma Gandhi University, Kottayam**



**INTERNAL AUDIT REPORT**

**ACADEMIC YEAR: 2020-2021**

## INTERNAL AUDIT REPORT

Period covered: 1st April 2020 - 31st March 2021.

### Introduction

The principal of the college appointed an audit team to assist the internal audit committee in the audit process. This team consists of a retired Principal, senior office staff, and senior inspector of Kerala State Co Operative societies and faculty members with knowledge in the audit process. Physical verification of assets, inventories, IT equipment and other items are done with the support of Head of the Departments, laboratory in-charges and office Superintendent. Internal audit manual and internal audit report has been prepared and maintained.

We have carried out the internal audit of the college for the period 01/04/20 - 31/03/21. Our observations are based on a random verification of books, records and other supporting evidence maintained in the college.

Scope of the internal audit was limited to all financial transactions occurring in the college under different heads of accounts and Deva Matha Charitable Trust. It includes verification of cash and bank balances, physical verification of cash and bank balances, physical verification of assets and inventories, assessment of human resources, department and library funds and statutory payments and agreements. The scope of Internal audit excluded the accounting of employees of co-operative society and Deva Matha Sports Academy. It is beyond the purview of internal audit. All accounts and statements of the college including co-operative society and sports academy are undergoing external audit

### Internal auditors:

1. Mr. Renny A George (Assistant Professor, PG Department of Commerce)

2. Fr. Dinoy Mathew (Vice Principal, PG Department of Commerce)

### Members of internal audit committee

3. Prof. George Mathew (Former Principal, St. Xavier's College Vaikom. HOD, Department of commerce (SF))

4. Asst. Prof. Sathesan A N (senior inspector/Lecturer , Kerala State Co Operative Society, Department of Commerce (SF))

5. Asst. Prof. Nirosha Joseph (Department of commerce (SF))

6. Mr. Kuriakose K (Rtd. senior clerk St. Thomas College Pala.)

We plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit includes examining on test



basis evidence supporting the amounts and disclosure in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Our audit is not an investigation which is carried out for specific purposes such as to detect fraud. We believe that the audit provides a reasonable basis for our opinion.

Subject to above, we report as under:

- That the accounts are maintained regularly and in accordance with the provisions of the Acts and Rules.
- That Receipts and disbursements are properly and correctly shown in the account.
- That the cash balance and vouchers are in the custody of the Bursar on the date of audit is in the agreement with the accounts.
- That Books, Deeds, Accounts Vouchers and other documents and records required by us were produced before us.
- That the Bursar appeared before us and furnished the necessary information required by us.
- That no property or fund of the Trust was applied for any object or purpose other than the objects or purpose of the Trust.
- Those tenders were not invited for repairs or construction as the expenditure involved did not exceed ₹ 5000/-.

Significant Accounting Policy: -

6. Assets are shown at cost less depreciation.
7. Depreciation on Assets are not provided during the year.
8. Investments are shown at Cost.
9. Method of accounting adopted by the Trust is the Cash System.
10. Income recognised on Cash System.

## **Audit Observation**

### **Cash and Bank balance**

- Physical verification of cash:

We carried out the physical verification of cash on 31/03/2021 at all cash handling points. The physical balance tallied with the balance as per cash book in admission section, examination section, scholarship section and E- Grant section.

### **Bank accounts**

The College maintains accounts with the following banks:

- South Indian Bank
- State Bank of India
- Canara Bank
- Treasury A/C

The banking transactions of the college were mainly made through South Indian Bank Ltd. The balance with the South Indian Bank Ltd as per cash books tallied and reconciled with the balance as per bank statements as on 31/03/2021.

### **Payment Gateways**

The college collects fees from students online also, through the payment gateway integrated in its website (devamatha.ac.in). The students can remit payments online through the website or by scanning the UPI QR code. The payment Gateway partner is South Indian Bank Ltd. The payments made are automatically directed to the College bank a/c with the South Indian Bank.

### **Deva Matha Charitable Trust (No. 218/96)**

The audit committee has examined the deed of trust and attached financial statements thoroughly. All components of the trust deed as deed title, place and date of execution, description of parties, major clauses etc. are included and clearly stated.

We have audited the receipts and payment account, income and expenditure and balance sheet of Deva Matha Charitable trust.

In our opinion and best of our knowledge and according to the explanation given to us, the given financial statements give the relevant opinion information and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the balance sheet, of the state of affairs of the trust as on 31/03/2021

- In the case of statement of income and expenditure and receipts and payments accounts of the trust for the year ended on 31/03/2021.
- During the financial year 2020-2021, the trust had excess expenditure over income of ₹ 40,79,181.
- Total receipts during the financial year were ₹ 15,984,071 and total payments were ₹ 14,476,195.
- The value of total fixed assets was ₹ 3,13,55,689

The income and expenditure account, receipts and payment accounts and balance sheet of Deva Matha Charitable trust as well as income and expenditure account and receipts and payment account of Madona Hostel are included in the purview of Deva Matha charitable trust (No. 218/96). The financial statements are audited and verified with examination of receipts and vouchers.

#### **Inventory Management**

- Physical verification of Stock

We carried out the physical verification of academic, IT infrastructure, library and laboratory stocks on 31/03/2021 with the help of an expert committee formed by academicians, librarian, office superintendent and laboratory in charges.

We observed a few instances where the physical stock of library book was mismatched with its records and suggested rectifying the mistakes immediately with the librarian.

In some of the IT infrastructure datas were not working as wrongly entered as working. Concerned authorities were informed to check the performance of the equipment and correct wrongly entered datas. Department stock verification is conducted with the help of department stock registers. Several departments found that stock registers are not updated. The audit committee was advised to update stock registers.

All other inventories are correctly maintained and entered.

#### **Human Resource**

The College employed 127 people across various departments.

Teaching staff :95

Non-Teaching staff :29

We were provided with the attendance register and other employment details for verification and our observations are as follows:

- Attendance register

The college maintains a manual attendance system for all staff. The attendance register is checked and counted by the department every month. We were informed that these registers are filled and signed altogether at once by the respective employees during the end of the month. Therefore, the HR department maintains a diary for recording leaves of employees.

- Leave System

The details of leave taken by the employees were recorded in the leave forms and later updated in the attendance registers. We recommend that if any employee took leaves more than the prescribed limit, it will be checked and restricted with proper evidence for reasons.

- Performance Appraisal

The college maintains an efficient system for performance appraisal of teaching and non-teaching staff. Performance appraisal of teaching staff is conducted with the support of Teachers Performance Records. Non-teaching staff is conducted by assessing their performance and muster roll evaluation.

## Receipts And Payments

The college maintains proper records for its receipts and payments.

Receipts of fund is mainly under the following heads:

- Fees and Collections
- Alumni Contributions
- Government Funds
- Management contribution
- Bank Loans and other advances
- Other income
- Staff contribution
- Department fund

Fees and collections from students are generally allotted to different heads of PD accounts. It is maintained under the authority of college Principal. Alumni contributions are donated by alumni students of the college. Government funds are amounts received from government under different projects like SERB, RUSA etc. Management contributions are funds received from college management. It is mainly allotted as college development fund and used for infrastructure and other developmental activities of college. Staff contributions are the financial aids provided by the staff of the institution for the development of college.

Department funds are the centralised accounting of different fund collected through department of studies. These funds are utilised for departmental activities.

### Receipts

College fund/ Management fund	13,490,222.00
Government/UGC fund	904,534.00
SERB fund received during the year	520,000.00
SERB interest	63,959.00
RUSA fund received during the year	6,500,000.00
RUSA interest:	150,216.00
Alumni/ corporate alumni contribution	155,000.00
Contribution from individuals/ benefactors	1,272,396.00
Total receipts	23056327

Payments are categorised under the following heads:

- Infrastructure Augmentation (excluding Salary)
- Maintenance of Academic Facilities (excluding Salary)
- Maintenance of Physical facilities (excluding Salary)
- Salary and other allowances
- Administrative Expenditure
- Green Initiatives and Waste management
- Support to departments
- Library
- Financial support to Teachers
- Scholarships and Free ships
- E governance
- Other expenditure

Infrastructure augmentation is a part of expenditure which is utilised for construction and repairs of the basic infra structure of the college. College expended a remarkable amount for maintenance of academic and physical facilities. The amounts are utilised for the development of facilities promoted for the academic aspects of college and other supporting facts. The college expended a portion of its fund for maintaining employees of an aided sector. Salaries and other allowances of employees are paid out of the fund. Administrative expenditure is the expenses of maintaining office and administrative section of the college properly. Green initiatives and waste management is one of the major aspects of the college expenses. Part of expenditure is for the proper functioning of the college as the management

of degradable, non-degradable and electronic wastes arising out of the functioning of the college. Remaining part of the expenditure is for innovative developmental aspects of the college for its environment friendly performance. As funds collected through departments are accounted and audited in a centralized format, the same is disbursed for the proper functioning of the departments. Not only the collected funds, college provide additional support to the department for its proper functioning as and when required. A remarkable fund is utilised for the maintenance of library facilities in the college. The college provides financial assistance to its teaching staffs for attending their development of professional aspects and to the students who are excel in academic and other extra-curricular activities. These aids and supports are provided as scholarships and free ships to the students. College expended amounts for the advancement and development of technical and IT infrastructure. This expenditure is categorised under E – Governance section.

**Payments:**

Infrastructure augmentation	4,567,339.00
Maintenance of Physical Facilities	1,146,367.00
Maintenance of Academic Facilities	2,478,951.00
Green Initiatives and waste management	30,064.00
Library Purchase of Books and Journals, Inffibnet etc	168,541.00
E Governanace	610,850.00
Add on Courses	8,090.00
College Union Activities Expenditure	22,090.00
Seminar/ Workshop expenses	27,570.00
Association Activities/ Merit Day expenses	37,261.00
Study Tours and Industrial Visits	203,000.00
Training Expenses	10,410.00
Women Empowerment Programme	5,010.00
Financial support to attend conferences/ workshops and towards membership fee of professional bodies	47600.00
Scholarships	78,130.00
free ship	244,930.00
Proficiency	22,000.00
charity activities and scientific social responsibility	60,075.00
other expenses	411265
Salary ESI PF	8,161,122.00
salary (SERB)	334,800.00
Total expenditure	1,86,75,465.00

All receipts and payments in main account is verified with evidences and signed documents.

Authorisations of Head of the Departments, office superintend, Principal, Bursar and



Manager are verified. Arithmetical accuracy is checked and closing balance in hand and bank are verified thoroughly.

### **Office and Administrative section**

- **Admission**

Admission section is the major student interactive payment desk of the college. Through the admission portal, students pay their admission fees, tuition fees, PTA fund and caution deposits directly to the college. The payment is done by both online and offline mode. Payment gateways are available to the students at windows.

For 1st year students, university fees are directly transferred to university and all other fees and university fees of succeeding academic years are transferred to separate accounts maintained by the college.

For the above said purpose, the college maintains 2 accounts called Personal deposit A/c 1 and Personal deposit A/c 2. It is strictly under the supervision of Principal, Devamatha College Kuravilangad.

Personal deposit A/c 1 is exclusively prepared for transferring caution deposits paid by the students. It is maintained as fixed nature as it should be refunded at the end of the course after deducting their alumni registration fee.

The audit committee advised that it is better to maintain a Fixed deposit account for depositing caution deposit paid by students.

PTA funds remitted by the students are treated as capital funds of the college and it is utilised as college development fund. The fund is kept and entered in the scope of Deva Matha Charitable trust.

Personal deposit account 2 is maintained for depositing special fees paid by the students. It is divided into 14 sub accounts for allocation and apportionment special fees.

They are:

1. Admission fee P.D
2. Library fee P.D
3. Calender fee P.D
4. Medical Inspection fee P.D
5. Laboratory fee P.D
6. Athletics fee P.D
7. Stationary fee P.D
8. Magazine fee P.D.

9. Association fee P.D
10. Audio visual fee P.D
11. Sports affiliation (college) fee P.D
12. Students Aid Fund fee P.D
13. Women's study fee P.D
14. Registration fee P.D

- **Admission fee P.D**

Admission fee personal deposit A/c is maintained for meeting admission related miscellaneous expenses. Amount to this A/c is generally allocated from special fees paid by 1st year U.G and P.G students. The balance amount of this subsidiary cash book is verified and the final balance is transferred to the main cash book.

Total receipt during the assessment period	: ₹ 54,345
Total payment during the assessment period	: ₹ 48,025
Balance transferred to main cash book	: ₹ 17,505

- **Library fee P.D**

Library fee Personal Deposit A/c is maintained and funds are transferred to the library for library maintenance purposes. This subsidiary cash book is checked and verified and the final balance is transferred to the main cash book.

Total receipt during the assessment period	: ₹ 137,313
Total payment during the assessment period	: ₹ 137,313
Balance transferred to main cash book	: ₹ 19,227

- **Calendar fee P.D**

Calendar fee P.D A/c is maintained and utilised for the purpose of publishing the college calendar every year and college calendar is distributed to all students and staff.

Total receipt during the assessment period	: ₹ 43,210
Total payment during the assessment period	: ₹ 37,680
Balance transferred to main cash book	: ₹ 55,025

- **Medical Inspection fee P.D**

This P.D account is maintained for medical inspection purposes of the college.

Total receipt during the assessment period	: ₹ 7,000
Total payment during the assessment period	: ₹ 000
Balance transferred to main cash book	: ₹ 136,821

- **Laboratory fee P.D**

This account is maintained for the purpose of maintenance of the laboratory in the college. These funds are treated as laboratory funds in the college.

Total receipt during the assessment period	: ₹ 222,110
Total payment during the assessment period	: ₹ 219,708
Balance transferred to main cash book	: ₹ 31,145

- **Athletics fee P.D**

Athletics fee P.D is maintained for the welfare of students who are excelled in sports.

Total receipt during the assessment period	: ₹ 241,545
Total payment during the assessment period	: ₹ 203,956
Balance transferred to main cash book	: ₹ 50,942

- **Stationary fee P.D**

Stationary fee P.D A/c is maintained for the accounting of stationary expenses of the college. Comparatively large quantities of payment occurred under this category.

Total receipt during the assessment period	: ₹ 69,375
Total payment during the assessment period	: ₹ 60,003
Balance transferred to main cash book	: ₹ 77,935

- **Magazine fee P.D.**

This A/c is maintained for the account of funds maintained for the publication and circulation of college magazines.

Total receipt during the assessment period	: ₹ 70,315
Total payment during the assessment period	: ₹ 70,085
Balance transferred to main cash book	: ₹ 211,389

- **Association Fee P.D.**

This P.D. account is maintained for meeting the financial requirements for extra-curricular activities conducted at college level beyond the purview of college union and clubs.

Total receipt during the assessment period	: ₹ 70,365
Total payment during the assessment period	: ₹ 70,365
Balance transferred to main cash book	: ₹ 26,929

- **Audio-Visual fee P.D.**

This is for the updation and maintenance of audio-visual infrastructure of college. This account is cross-checked with random verification of supporting documents.

Total receipt during the assessment period	: ₹ 37,430
Total payment during the assessment period	: ₹ 37,340

Balance transferred to main cash book : ₹ 6,593

- **Sports affiliation fee P.D.**

The P.D. account is maintained for the renewal of sports affiliation of the college at university level.

Balance transferred to main cash book : ₹ 31,372

- **Students aid fund fee P.D.**

The P.D. account is maintained for supporting the needy students of the college beyond the scope of charitable activities for their office needs

Balance transferred to main cash book : ₹ 15,245

- **Women study fee P.D**

The women's study fee P.D A/c is maintained for making the college campus gender friendly. The funds is used for developing women's friendly infrastructure in campus

Total receipt during the assessment period : ₹ 10,380

Total payment during the assessment period : ₹ 10,350

Balance transferred to main cash book : ₹ 2,264

- **Registration fee P.D.**

This account is maintained from special fees collected only from 1st year UG and 1st year P.G students. The main purpose of the account is to meet the expenses of issue registration and admission form at the time of admission.

Balance transferred to main cash book : ₹ 197,740

These 14 subsidiary cash books are maintained in college accurately. Net balance of these accounts are transferred to the main cash book.

Total balance transferred: ₹ 927,813.00

During the assessment year 2020-21 these all receipts and payments are audited and verified with vouchers randomly.

University fees collected from 2nd year and 3rd year U.G students and 2nd year P.G students are allocated for categories of receipts and payments.

They are:

- University union fee
- Students' welfare fund
- Sports affiliation fee (university)
- Students' insurance premium
- University students' affiliation fee

Receipts and payments under these five categories are checked and verified with evidence.

### **Section of employee benefit expenses (salary)**

The payroll account is maintained and audited in the section of employee benefit expenses. The audit team conducts the payroll with the support payroll statements. The section prepares salary bills by using SPARK and transfers them to the office of the deputy directorate (DD) and encashed from the Treasury.

### **Alumni**

College maintains an updated database for its alumni. Alumni contributed funds to the college for its development. The account of alumni fund contribution is maintained at both college level and department level. And it is audited with random verification of documents.

The audit committee advised that it is better to collect alumni funds through a single gateway. A portion of funds is allotted to the concerned department of alumni students and the remaining portion is allotted for the development of the college in a wholesome aspect.

### **Unaided Sector**

Unaided sector is a wing of Deva Matha college Kuravilangad, where students are admitted to courses with payment of fees prescribed by the university. Accounting of receipts of tuition fees and its allocations and payment of salaries and other kinds of expenses are maintained. The account is audited with random verification of supporting documents and vouchers.

Unaided sector employees are paid by the college management. Their monthly attendance is counted and checked to prepare a payroll account. Payroll account is prepared monthly by adjusting casual leave, duty leave and other monetary adjustments.

Net amount paid to the unaided sector employees as salary: ₹ 76,43,324

After the payment, the employees are duly signed their payroll. It is observed that the payroll is not authorised by the employees regularly. The audit committee advised that to maintain the payroll updated.

### **Corporate social responsibility wing**

The college maintains a system for fulfilling its social responsibility in association with college NCC and NSS and also for accepting corporate social responsibility of other organisations. It is mainly for academic and infrastructure development.

Audit committee advised to utilise some amount of fund for the improvement of library resources.

### **Internal sources of fund**

Internal sources of funds mainly include employees' contribution towards college development funds. All UGC scaled employees contribute 10% of their annual salary towards the development of college. It is collected either lump sum or equal instalments.

Total funds collected during the assessment year : ₹ 43,17,778

PTA fund: ₹ 28,90,382

Fund from teachers: ₹ 14,27,396

Balance as on 31/03/2021 : ₹ 15,254,017

The above stated figure is verified and audited with evidence.

### **Karunya Charitable Fund**

The charity wing of the college is named as Krunya charitable fund. The section mainly implements the programme called 'Love your neighbour'. This by collecting the meals from students and staff and serving it to needy people. No financial transaction is conducted during the assessment year.

### **Laboratory section**

All kinds of laboratory funds are collected and disbursed in the section.

The college has.

Computer lab:2

PG department of commerce

Department of commerce (SF)

Other labs: 8

Department of chemistry

Department of Chemistry (SF)

Department of Physics

Department of Physics (SF)

Department of Botany

Department of Botany (SF)

Department of Zoology

Department of Zoology (SF)

Books of accounts are checked and verified randomly with the support of vouchers.

### **Statutory Payments**

- Tax Deducted at Sources (TDS)

The quarterly returns during the period were filed within the due dates. The same were verified with challans and ledger and was found to be in order.

- Goods and service tax (GST)

The audit committee had found that there were transactions involving GST elements. But it does not find any standard system of GST accounting. It is advised that to maintain an efficient GST accounting system for college.

#### **Employee fund remittances.**

The remittances of PF and ESI were made with the due dates prescribed for all eligible employees. A category of employees is not eligible for ESI benefits because of their contract of employment.

Total amount paid:

EPF: ₹ 2,55,099

ESI: ₹ 2,62,699

The employee contribution for ESI and PF for various months during the period as per payment challan tallied with the accounts and its vouchers are verified randomly.

#### **Scholarships and E-Grants**

Scholarships are for providing financial assistance to students, E grants are for educational fees concession for students. These two facilities are for supporting needy students financially. College collected funds from the government and allotted it to the students. Books of accounts are assessed and verified. Books of receipts and books of disbursement are tallied.

#### **Add-on Course**

College organises add on courses for students with the support of different department of studies. During the assessment year 2020-21, the college organised a total of 2 add-on courses for students. Amount from college association fund and add on course fund from different departments are utilised for payment to resource persons, application and examination fees. The account is verified and checked.

#### **Department of studies**

There are numerous registers kept at every department for their academic, administrative and financial documentation. Important sections of financial accounts maintained by the departments are:

- Department association fund
- Alumni fund
- Funds of fest and programmes.
- Transactions as study tour and industrial visit
- Internship and scholarships

- Financial aids provided to students
- Proceeds from sale of scraps
- Purchase of equipment from department funds etc...

Accounts statements are prepared and duly signed by the department treasurer and countersigned by the Head of the Departments. All departments maintained their association accounts with Employees Co Operative Society of DevaMatha College.

All departments maintain department association fund accounts accurately. It was checked and verified with evidence.

Verification of accounts of these departments are conducted and vouchers are verified randomly. The audit committee did not find any kind of mismatch in book keeping and accounting of departments accounts.

### **UGC AND GOVERNMENT FUNDS**

The college receives several categories of funds for its academic and infrastructure developments. They are:

- Fund for national seminars from NAAC
- IEDC fund
- ED club fund
- WWS fund
- UGC fund
- DST-FIST fund

Separate accounts are maintained for every fund. Each account is checked and verified with the support of evidence.

### **PROJECTS**

Mainly two kinds of projects are undergone in the college. They are:

- SERB
- RUSA

Total expenditure under SERB projects: ₹ 22,82,496

Total expenditure under RUSA projects: ₹ 5,70,917

Books of accounts of these projects are maintained accurately with supporting documents. Both accounts are audited and verified.

### **CENTRAL LIBRARY**

The central library of the College is maintained well. Audit of the library is conducted by library staff every year. Library books are purchased by modes of tender, quotation, by using funds allotted by management and sponsoring of alumni students and Ex - Employees.



Total amount spent for maintenance of library including purchase of library books (under P.D. a/c): ₹ 12,71,81.

### **LEDGER SCRUTINY**

- It is observed that there is complete data of the statement obtained from banks and financial institutions. It should be kept properly.
- There are no complete records of physical verification of assets conducted by management. It is necessary for inventory valuation and verification.
- Some miscellaneous items like commission received, fines and penalties (non-governmental) collected in administrative sections are not properly recorded.

### **General Observations**

- The college follows a system of electronic attendance register for students. (Knowledge pro)
- Classes during the entire academic year are conducted online. Therefore, the classrooms and other kinds of infrastructure facilities are less utilised and IT infrastructure facilities are more utilised.

### **Suggestions**

- It is observed that in a few instances, funds mobilised as department association funds are not utilised during the academic year. The committee suggest to utilise such funds for students' welfare and development.
- *Curriculum of the department should be updated and funds to be spent in the playground or sporting society should be added in the departmental accounts.*
- It is suggested to make necessary arrangements for online payment of fees for all students.

