

**Krishna Kanta Handiqui State Open University
Guwahati, Assam, India**

**INTERNAL AND EXTERNAL AUDIT MECHANISMS
POLICY**



**(Approved by the Board of Management in its
51st Meeting held on 27/09/2019)**

1. Preamble:

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.

2. Objectives:

- I. To ensure that University funds and resources are used only for the purpose for which they are meant and to prevent misuse.
- II. To ensure that appropriate financial controls are developed, documented and applied for compliance with a multitude of administrative and statutory requirements.

3. Definitions:

Stakeholders – A general term devised to indicate all those who might have a legitimate interest in receiving financial information about the University.

Internal Audit – The University may have its internal audit cell/branch to ensure continuous internal audit of the University Accounts, in the absence of which, the University may outsource internal audit as per the approval of the Finance Committee. The University shall define scope of work of the internal auditor.

Statutory Audit - The Director of Audit (Local Fund), Assam or such other person as the State government may authorize in this regard shall carry out audit of the annual accounts of the University.

4. Applicability:

The Audit policy is applicable to all stakeholders of the University, namely employees, learners, coordinators, content writers, counsellors, etc. who have financial interests in the University.

5. Institutional Arrangements:

5.1 Role of Finance & Accounts branch of the University:

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

5.2 Role of the Study Centres of the University:

All study centres under the jurisdiction of the University will submit Statements of Accounts of their respective centres, duly audited by accounting bodies, recognised by ICAI and other regulatory authoritative bodies, on a regular basis, by 31st July, after the closing of each financial year.

5.3 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.

5.4 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 information.

5.5 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.

6. Appointment of Auditors:

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

A. Internal Auditors:

With the approval of the Finance Committee, 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:

- i)** 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.
- ii)** Verification of financial transactions and to ensure that those are booked under proper head of accounts.
- iii)** Verification of Bank Balance with Bank Statement and to ensure that proper Bank Reconciliation Statements are prepared on a monthly basis.
- iv)** Verification of Accounting Statements, Schedules and other Annual Accounts related statements.
- v)** Submission of Annual Receipts and Payments A/C, Income and Expenditure A/C and Audited Balance Sheet along with Internal Auditor's Report.
- vi)** Looking into all tax related matters, and statutory compliance of Tax rules as per the Acts and various provisions.
- vii)** To check deductions of Tax at Source are made as per the rules and at the specified rate, and deposited within the time limit.
- viii)** 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.
- ix)** Comparison of physical assets with book records, and pointing out of differences, if any between the book record and physical assets.

- x) 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.
- xi) 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.
- xii) 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.

B. Statutory Audit:

As per the University Act, the Director of Audit (Local Fund), Assam or such person as the state government may authorise in this regard shall carry out the audit of the accounts. Accordingly, after completion of the Annual Accounts, the University will intimate the Director of Audit (Local Fund), Assam to conduct the Audit.

A copy of the audited accounts together with the audit report shall be submitted to the Chancellor of the University for observations and instructions. After receiving acceptance from the Chancellor, the University will submit the same to the Government of Assam for laying it before the Assam Legislative Assembly.

The audited annual accounts after having been laid before the state Legislative Assembly shall be published in the official Gazette. The University will accordingly adopt follow up measures as may be applicable.
