

6.4.1: Institution conducts internal and external financial audits regularly

The Institution has established a mechanism for conducting internal and external audits on the financial transactions every year to ensure financial compliance. PYDAH follows all statutory requirements for audits and accounting practices. Internal audit is conducted by the financial committee of the institution. The committee thoroughly verifies the income and expenditure details and the compliance report is submitted to the Management through the Head of the Institution. External audit is conducted once in every year by an external agency.

Process of the internal audit:

All vouchers are audited by the financial committee on yearly basis. The expenses incurred under different heads are thoroughly checked by verifying the bills and vouchers. If any discrepancy is found, the same is brought to the notice of the Head of the Institution.

Process of the external audit:

The accounts of the Institution are audited by chartered accountant regularly as per the government rules. The Institution has appointed statutory external auditor Mr. P. Mohan Babu (M. No.224896) to audit the accounts once in a year. Discrepancies during the audit are discussed and sorted out with the supporting documents.

Audit procedures

1. Sources of Income Verification

- Auditor cross verify the fee collections and scholarships with approved list of students and other incomes with the receipts issued to the students
- Fee amount receivable and amount received are reconciled
- The Received Grants are checked

2. Expenses Vouching

- The payment of vouchers are audited by Internal Auditors (Recurring and Non-recurring) with relevant Invoices and Bills
- Correctness of revenue classification and capital expenses
- Reconciliation of bank accounts and checking the bank confirmations
- Calculation of depreciation of fixed assets
- Status of the old debit/ credit balances
- Salaries payment with the salary statements
- Checking of statutory dues payment like PF, TDS, and ESI
- Any other statutory compliances verification required as per Income Tax Act
- Any queries, in the process of audit are attended immediately along with the supporting documents
- Once all financial transactions are accounted, balance sheet, Income and expenditure statement for the financial year are prepared
- Based on the audited financial statements, auditor issues the Audit Report


Mechanism for settling audit objections

During audit, the queries raised by the chartered accountant are addressed by the finance committee. Explanation to the queries has to be given within 15 days time and rectification entries are done within 10 days. Auditor reviews the audited financials, and after discussion with the Management, signs the financials, before filing returns with the Department of Income Tax.

The Institution has not come across any major audit objection during the preceding years. However, areas of improvement are suggested by the auditor for implementation in the subsequent years.

Typical suggestions that were discussed in the preceding years are:

- Expenditure over Income
- Cost optimization
- Too much unexpected expenses need to be avoided
- Avoid cash dealing
- Avoid Purchasing without approval of Purchase Committee


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