



MANAKULA VINAYAGAR

INSTITUTE OF TECHNOLOGY



(An Autonomous Institution)

Kalitheerthalkuppam, Puducherry - 605107

Ph: 0413 2643007 Website : mvit.edu.in

Standard Operating Procedure for INTERNAL AND EXTERNAL AUDIT

Approved in the Governing body meeting held on August 21,
2024(Updated in 2024)



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Ref.No: MIT / Notification/2024-25/13

Date: 23.08.2024


NOTIFICATION

In pursuance of the approval passed in the Governing Body meeting held on August 21, 2024, it is hereby notified that Manakula Vinayagar Institute of Technology has published the updated Standard Operating Procedure (SOP) for Internal and External Auditing.

The SOP for Internal and External Auditing would serve as a detailed guideline to be observed and followed with immediate effect.



Dr.S. Malarkkan


Principal
PRINCIPAL
MANAKULA VINAYAGAR
INSTITUTE OF TECHNOLOGY
KALITHEERTHALKUPPAM
PUDUCHERRY-605 107

PREFACE

Robust and transparent financial system is mandatory for governing a Higher Education Institution. The functioning of the financial system should be effectively monitored and controlled through Internal and External audit. The Institution has a well-defined mechanism for conducting internal and external audits every year to ensure financial compliance and curtail deviations in Book keeping and other registries required for recording financial transactions. Internal audit is conducted on a quarterly basis by the Internal Audit team of the Trust. External audit is conducted once in a year by a Registered Chartered Accountant.

MVIT - STANDARD OPERATING PROCEDURES FOR INTERNAL AND EXTERNAL AUDIT

RESPONSIBILITIES OF THE GOVERNING BODY

1. Ensuring the solvency of the Institution and safeguarding its assets
2. Approving the financial Proposals for Procurement of Academic and Infrastructural requirements
3. Approving annual operating plans and budgets based on Institution's strategic plan
4. Ensuring usage of funds provided by funding bodies, in accordance with the terms and conditions specified in their respective funding agreements/contracts/memorandum
5. Ensuring the clear and quantified scheme for financial delegation of authority to approve expenditure incurred by functionaries at appropriate levels.
6. Ensuring the existence and integrity of risk management, control and internal governance systems and monitoring these through an Audit Committee.

MECHANISM FOR MONITORING EFFECTIVE AND EFFICIENT USE OF FINANCIAL RESOURCES:

1. Before the commencement of every financial year, Principal submits a proposal with budgeted allocation to each department, by considering the recommendations made by the respective HoDs, to the management for approval.
2. College budget includes recurring expenses such as Salary, Advertisement charges, Function expenses, Repairs & Maintenance, Stationery, Printing charges, Lab consumable etc., and Non - recurring expenses like Purchase of equipment, Furniture, Electrical items and other development expenses.
3. Based on the proposal submitted, the Budget of each department would be approved by the Management and the funds would be disbursed accordingly. The expenses incurred by each department would be monitored by the accounts department as per the budget approved by the Management.
4. Petty cash would be maintained by the Institution to meet out the day to day expenses. Petty cash Register and payment vouchers are submitted to the Principal for verification on weekly basis. In addition to this, Internal audit team also do surprise check on Petty Cash transactions on a monthly basis.
5. Payments would be made to Suppliers and Contractors after appropriate authentication and approval by the Principal and Management. The detailed

statement of accounts (Reports) would be generated and produced as and when required, by the accounts department using Tally software.

6. In addition to this, a separate register would be maintained by Accountant, to record transactions / payment made by cheque. Similarly, confirmation entry would be made in the same register after ensuring the receipt of payments by the suppliers from the respective bank.

AUDITING

Qualified Internal Auditing team comprising of 3 experienced auditing staff members have been permanently appointed to carry out the internal auditing. The responsibilities of this team are

1. Verifying all the accounts / transaction entries in the Tally software.
2. Checking all cash payment vouchers and cash / Online payments made to Suppliers & Contractors.
3. Verifying Bank reconciliation statement.
4. Statutory payments i.e. TDS, GST, EPF, ESI payment details.
5. Verifying Unpaid Students fees using Students billing software and Tally software.
6. Verifying salary disbursement with HR software
7. Verifying the Presence and the absence of staff recorded in attendance signed manually on all working days.
8. Physical store /stock verification and checking the entries in Inventory software.

After verifying all the above, the Audit Report is submitted to the management through Principal.

PROCESS OF THE INTERNAL AUDIT:

1. All the accounts are audited by an internal Audit team on a quarterly basis.
2. The Accountant would be responsible for submitting all the necessary documents / Vouchers / Bills/Receipts pertaining to all financial transactions carried out during the respective quarter (Three Months).
3. The expenses incurred under different heads are thoroughly checked by verifying the bills and vouchers.
4. After verifying all the above, the Audit Report (Quarterly) would be submitted to the Management through Principal. In case, if any discrepancies are found, the same should be brought to the notice of the Principal for initiating corrective measures.

PROCESS OF THE EXTERNAL AUDIT:

1. The annual accounts of the college are audited by Chartered accountant at the end of each financial year.
2. The Internal Audit Team submits the Internal Audit Reports and corrective actions taken to the Chartered Accountant (External Auditor) for verification and authentication.
3. The External Auditor ensures that all payments are duly authorized by the Administrative Officer, Principal and the Management (if required) and present the Audit report to the Management for review and corrections, if required.
4. Any queries during the process of audit would be attended immediately along with the supporting documents by respective staff of the Administrative Office, within the prescribed time limits.
5. After verification of all documents, Bills/Vouchers, Books of accounts (Physical and Tally Software Reports), the Statement of Final Accounts, which include Statement of Income and Expenditure and Balance Sheet, would be prepared and audited.
6. The Audited Statement of Final Accounts along with Proforma for filing Income Tax Return would be submitted to Income Tax Department.

In view of the above, Manakula Vinayagar Institute of Technology, Puducherry aims at:

- Complete execution of responsibilities borne by the General Body.
- Monitoring usage of financial resources effectively and efficiently.
- Ensuring absolute recording of financial transactions.
- Providing Clean documents / Proofs for Audit as and when required for Internal / External Audit.

Sd/-

**Dr. S.Malarkkan
Principal**



MIT-Manakula Vinayagar
Institute of Technology

