

Dr. B.C Roy Engineering Collage

Fuljhore Road, Fuljhore, Durgapur-713206

Dist: Burdwan, West Bengal

Internal Audit Report For The Year Ended 31st March, 2021

(Assessment Year 2021-22)

M/s. Rai Abhishek & Associates

Chartered Accountants

3/17, Suhatta Mall,

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Dr.B C Roy Engineering College, Durgapur

INTERNAL AUDIT REPORT

for the period from 01/04/2020 to 31/03/2021

PART: A Brief Details of the Audit

- i. Name & Address of the Auditee: DR.B C Roy Engineering College, Durgapur
- ii. Names of the office bearers : Dr. Pijush Pal Roy, Director,
Dr B C Roy Engineering College
- iii. Names of Audit Team member : CA Abhishek Kr. Rai
Mr. Arup Mondal Ms. Chandrima Sarkar
- iv. Duration of audit : 03 days
- v. Period covered in the current audit: 01.04.2020 – 31.03.2021

PART: B Executive Summary

a. Objective of audit:

Internal audit is concerned with evaluating and improving the effectiveness of risk management, control and governance processes in an organization. The objective of this audit was to ensure that adequate Policies and procedures are in place to control the Institution's income and expenditure and evaluate the compliance with Financial Regulations and Standing Orders of the authorities concerned. We conducted our audit in accordance with auditing standards generally accepted in the India.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

b. Methodology of audit:

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The audit was conducted on the basis of finalized Audit program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to the Team Manager on daily basis. Internal audit program was mainly focused on following areas:-

- i. The audit team was going through the University Act. Trust deeds and should note the rules and regulations relating to accounts. The governing body may pass resolutions from time to time in respect to accounts. A copy of minutes books should be made available to him so that he may be able to confirm whether the decision of the government body have been compiled with.
- ii. Obtain a copy of budget or financial statements to study of different heads of income and expenditure.
- iii. Thoroughly assess the strength of internal check.
- iv. To verify the receipts of semester fees from students reconciled with software and Tally ERP. Other charges from the students such as transport fees, late fines etc. was verified carefully and also checked any fees received in advance should be properly adjusted.
- v. To verify the concession of fees and other charges duly authorized by the proper authority. Any charges becoming irrecoverable to be written off only after proper authority has recommended.
- vi. Any grant-in-aid or funds received for a particular purpose must be utilized for the same.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

- vii. To check the amount of salaries paid with the Salary Register and any increment given to an employee's was duly sanctioned.
- viii. While making payment of staff salaries, income tax should be deducted at source and was deposited with the Income Tax Department. The staff provident fund, ESIC, Profession tax account to be verified and it was seen that it has duly deposited and filed as per the rules.
- ix. The establishment expenses must be carefully vouched and it was seen that capital expenditure has not been treated as revenue expenditure or vice versa.
- x. The payment of scholarship was verified with the receipt from students and Scholarship Register.
- xi. All the assets and liabilities were properly exhibited in the balance sheet.
- xii. The stock of equipment, stationary, furniture was carefully verified.

c. Status of implementation of Financial Management :

During audit we noted that Financial Management System has been implemented for the financial year 2020-2021.

d. Key area of weakness

During audit we noted the following key areas of weakness regarding procedural lapses:

AUDIT OBSERVATION & AUDITEE'S COMMENTS:-

(A)Employee Advance

Due to the employee advance matter has been discussed and brought into the knowledge of Accounts Department, so that all the advances to staff members are recorded within the prescribed time and booking expenses in time. This will avoid pendency of books of accounts and improve accounting & information efficiency.




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Dr. B. C. Roy Engineering College
DURGAPUR

(B) Cash count is not being done by any other personnel other than the Accountant.

Auditee Comment: Surprise physical count of cash is done by Internal Auditors from last five years. We would take necessary action to fulfil the point from our end.

(C) Review of Bank Reconciliations, cash and bank vouchers

We have scrutinized bank reconciliation statement of saving bank account of State Bank of India, Axis Bank Ltd, ICICI Bank Ltd and Bandhan bank as at each year and have observed no major discrepancies.

- (i) Cash and Bank vouchers have been test verified and cash/ bank book review for the each financial year. We noted that more than 1275 nos receipt and payment was made in cash. We recommended that the payment through NEFT / RTGS /cross account payee Chequeso that cash transaction and retention of cash in hand will be minimized.

During the Audit we found that the payment through cash has been minimised and tried to maintain the cash payment in limit compared to previous year.

- (ii) Axis Bank Ltd. has wrongly transferred an amount of Rs. 44,500.00 to Joy MaaDurga Decorators on 24.02.2020 without any letter / sanction from the authorities of Dr. B.C. R.E.C. The amount remains recoverable till 31.03.2020, now credited by Axis Bank Ltd through NEFT on 04.02.2021.
- (iii) Amount receivable from MAKAUT towards excess Examination fees paid for Jul - Dec '2019 Examination Fee. (Double Payment) dated-31.03.2020 for Rs 30,000.00 and amount receivable from MAKAUT towards cancellation of payment made on 14.10.2020. Dated-15.10.2020 for Rs 70,200.00 is still receivable.
- (iv) Admission fee collected by MAKAUT against M.Tech students at the time of admission is still due from July'2018 Rs 10,000.00 as on 31.03.2021.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

- (v) A Student (SushavanKarmakar (1905029) has taken admission in 2019 but left the college before 21.11.2019. An amount of Rs. Rs. 54,150.00 is shown as refundable against him since 21.11.2019. Till 31.03.2021 the student had not come up for taking the payment. We have advised to settle the matter as early as possible.
- (vi) Non activity of Bank Account:-
The SB A/c No 33850153501 at SBI Fuljhore branch is found to be very rare transaction i.e. 3 nos payment in one year. It is suggested that the above account may be closed if no longer required.

(D) Review of Statutory payments

We have verified the payment challans to check whether Provident Fund Contribution, Profession Tax, ESCI and Tax deducted at sources – Salary and other than salary i.e. Vendors have been paid on or prior to the due dates and whether the returns have been filed on time. We have also verified whether the dues have been computed correctly. The period covered are 01.04.2020- 31.03.2021.

T.D.S. Receivable for the F.Y. 2010 – 2011 – Rs 3691.00 and 2011 – 2012 – Rs 15,464.00is still remains unadjusted.

(E) Review of Salaries

Earnings as per pay-slips have been checked with increment/ appointment letters. Deductions such as Provident Fund, Profession Tax, ESIC and other deductions have also been test checked. The transaction testing has been done for the period from 01.04.2020-31.03.2021.

(F) Review of General ledger

We have scrutinized the general ledger accounts for the period from 01.04.2020 to 31.03.2021 and verified whether the accounting entries are correct and have supporting.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

(i) **ELECTRICITY CHARGES (ATM):-**

a. **State Bank of India, Fuljhore Durgapur Branch**

The payment of monthly electricity charges paid by SBI is very irregular in first quarters. The details of bills are as under:-

SI No	Period of Electricity bill	Amount	Payment date
1	from 31.03.2020 to 30.04.2020	3,588.00	12.06.2020
2	from 30.04.2020 to 31.05.2020	17,556.00	15.07.2020
3	From 01.07.2020 to 31.07.2020	25,488.00	09.09.2020
4	from 31.07.2020 to 01.09.2020	29,232.00	20.10.2020

b. **Axis Bank Limited Durgapur City Centre Branch**

Recovery of Electricity Charges for Axis Bank ATM has not been received timely and after going through the ledger account, it seems very irregular. Last financial year's outstanding Rs.2,268.00 for the period from 10.02.2020 to 03.03.2020 and Rs.3,852.00 for the period from 03.03.2020 to 31.03.2020 has been recovered from Axis Bank Ltd on 03.09.2020. This current financial year payment schedule is as under:-

SI No	Period of Electricity bill	Amount	Payment date
1	from 01.04.2020 to 30.04.2020	672.00	03.09.2020
2	from 01.05.2020 to 31.05.2020	1,668.00	03.09.2020
3	from 31.05.2020 to 01.07.2020	1,152.00	03.09.2020
4	from 01.07.2020 to 31.07.2020	1,128.00	03.09.2020
5	from 31.07.2020 to 01.09.2020	1,132.00	14.12.2020
6	from 01.09.2020 to 01.10.2020	1,620.00	14.12.2020
7	from 01.10.2020 to 03.11.2020	2,508.00	14.12.2020

The due amount of electricity charges (ATM) of Rs. 9,060.00 for the period from 03.12.2020 to 02.01.2021 Rs.2,628.00, from 02.01.2021 to 02.02.2021 Rs.2,160.00, from 02.02.2021 to 02.03.2021 Rs.2,040.00 and from 02.03.2021 to 31.03.2021 Rs.2,232.00 are still outstanding 31st March'2021.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

(ii) OFFICE PREMISES RENT :-

a. State Bank of India , Fuljhore Durgapur Branch

We have scrutinized the ledger account of Office premises Rent and found that the payment of May'2020 is due on June, which has been paid by SBI on July 15th, 2020.

b. Axis Bank Limited Durgapur City Centre Branch

Office Premises Rent has not been paid on time and is very irregular by Axis Bank Ltd, Durgapur. For the F.Y. 2020-2021, office premises rent for the period from 01.04.2020 to 31.05.2020 for Rs.17,492.00 has been deposited on 04th Nov'2020, for the period from 01.06.2020 to 30.06.2020 for Rs.8,7456.00 has been deposited on 06th Nov'2020 , for the period from 01.07.2020 to 31.07.2020 for Rs.8,7456.00 has been deposited on 06th Feb'2021 , for the period from 01.08.2020 to 30.09.2020 for Rs. 17,492.00 has been deposited on 15th Feb'2021 , for the period from 01.10.2020 to 31.03.2021 for Rs. 52,476.00 has not been deposited till 31.03.2021.

(iii) Water Consumption Bill :-

We have scrutinized the ledger account and found that the water consumption payment by S.B.I. was very irregular. The payment of water consumption for the period from Oct'2014 to Nov'2017 for Rs. 5,130.00 and from Dec'2017 to Sept' 2020 for Rs. 3098.85 has been paid by SBI on 20.10.2020 and 30.01.2021.

(iv) SWC:-

We have scrutinized the ledger account of SWC i.e. Tuition fee waived for student against parents death. Under this scheme student Tuition fee has been borne by 50-50 equally by Institute and University.

After scrutinized and later list announced by the University it has been found that University was waving the tuition fee against student name Hritick Chourasia (Roll No-1803037) from 4th to 8th semester, where 4th semester tuition fee period from Jan'2020 to June'2020, so that prior period adjustment entry to be passed on 01.04.2020 against Tuition fee for the period of Jan2020 to March'2020.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

(v) An amount of Rs. 55,864.11 is payable to EDAS Conference Services for providing on line services of conference management IEEE NCETSTEAM '2020, which was held in February' 2020. But no invoice has been received from the party till March' 2020, which has been booked in accounts on 26.06.2020.

(vi) Security Deposit held by college from Contractors / Service Providers for a long time. No refund has been made to them. They should be either paid off or written off :-

AirmechEngineers (Security Deposit)	Rs. 19,195.00
Aparajita Construction	Rs. 41,803.00
S.D. (P. Enterprise) A/C	Rs. 1,115.00
Performance Guarantee (PCIPL) A/C	Rs. 2,022.00

(vii) Fee receivable from the Social Welfare Scheme (SWC) department of University-

It was noticed that an amount of Rs. 9,00,450.00 was outstanding from the SWC department towards fees of the categories students. The breakups of outstanding fees are as under:-

SL no	Year	Student Nos	Opening Balance	Amount received during the year	Addition during the year	Closing Balance
01	2020-2021	15	17,84,750.00	12,45,800.00	3,61,500.00	9,00,450.00

It is requested to take follow up action in the matter and see that the fees receivable is received. Progress of recovery may be intimated to the audit.

(viii) Students' Scholarship / Stipends:-

(a) A large number of Students are getting Education Loan from Bihar Student Credit Card. Loan amount to Rs. 9,19,736.00 has been credited to College Axis Bank A/C during 2019 - 2020, that has been adjusted during the FY 2020-2021 except Rs. 88,000.00 will not be adjusted till 31.03.2021.




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

(b) Opening balances of the followings Student Scholarship / Stipend remained undistributed during the year:-

Sl no	Particulars	Amount (Rs.)
01	District Welfare Officer, Araria	6,000.00
02	District Welfare Officer, Aurangabad	6,000.00
03	District Welfare Officer, Bhagalpur	30,000.00
04	District Welfare Officer, BhojpurAra	16,200.00
05	District Welfare Officer, Dwarbhanga	12,000.00
06	District Welfare Officer, Nalanda	10,020.00
07	District Welfare Officer, Siwan	6,000.00
08	NEFT (Without any DWO Name)	1,76,322.00
	TOTAL	2,62,542.00

(ix) **Outstanding Advance to vendors as on 31.03.2021** :- During the course of audit we observed that the following advances were outstanding as on 31.03.2021. The details is as follows :-

DATE	JV NO	NAME OF THE VENDORS	AMOUNT	Remarks
10.04.2019	BCREC/April/2 019/P/123	W.B.S.E.D.C.L.	3,93,305.00	Advance for outstanding electricity bill , but final bill were not settled till 31 st March'2021
02.03.2021	BCREC/MARC H/2021/P1	LAWARANANCE & MAYO (INDIA) PVT LTD.	1,09,062.00	Advance for water resources engineering lab bill , but final bill were not settled till 31 st March'2021
		TOTAL	5,02,367.00	




Principal
Dr. B. C. Roy Engineering College
DURGAPUR

(x) An amount of Rs 6,000.00 as a remuneration is received from MHRD still reflected in ledger since 17.10.2020 and not disbursement to any member till 31.03.2021.

(xi) An amount of Rs. 90,000.00 received from WB-JEE against admission fees of JECA of 18 nos student are still unpaid in account on 31.03.2021.

(xii) Under the WBFS scheme, an amount of Rs. 4,30,500.00 received in the head of Tuition fee for the period from July'2020 to Dec'2020 are still unpaid to 13 nos Student till the year ending 31st March'2021 in books of accounts.

(G) Review of Minutes & Bye laws

We have been going through the University Act. Trust deeds and should note the rules and regulations relating to accounts. The governing body may pass resolutions from time to time in respect to accounts. A copy of minutes books should be made available to him so that he may be able to confirm whether the decision of the government body have been compiled with.

In our opinion, the accounting records, registers and other documents maintained for the period from 01.04.2020 to 31.03.2021 present fair and true view of the transactions recorded therein in all material respects of DR.B C Roy Engineering College Durgapur, an entity registered under The West Bengal Society Registration Act' 1961vide Registration No. S/93521 of 1998-99.

Place : Durgapur
Date : 6th April 2021



For Rai Abhishek & Associates
Chartered Accountants
Firm Regn No. 327301E

Abhishek Kumar Rai
Partner
Membership No.064814

Principal
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DURGAPUR