

V A DUDHEDIA AND ASSOCIATES

Chartered Accountants

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INTERNAL AUDITOR'S REPORT

To,

The Management,

Anekant Education Society,

Tuljaram Chaturchand College,

Senior College (Non Grantable),

Baramati- 413102

1. Internal Audit Report on the Financial Statements:

We have audited been appointed as internal auditor of the trust for financial year 2019-20. We have audited the financial records of **Senior College (Non -Grantable) Section, for the period 01st April 2019 to 31st March 2020**. We have provided detailed observation of our internal audit in the annexure attached to this report. Due to covid 19 data is available in next financial year and we performed the said assignments in next financial year.

We conducted our audit in accordance with the Auditing Standards issued by the Institute of Chartered Accountants of India. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating overall Financial Statements presentation. An audit includes examination on test basis of evidence relevant to the amounts and disclosure in the Financial Statements.

2. Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Society in accordance with the Accounting Standards as issued by the Accounting Standards Board, Institute of Chartered Accountants of India; Bombay Public Trust Act, 1950; Societies Registration Act, 1860; Income Tax Act, 1961 and circulars issued by Government of Maharashtra – Education Department in this regard. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

- a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

For, M/s V A Dudhedia and Associates

Chartered Accountants

FRN : 155617W



CA Vatsal Daga
(Partner)

M. No. : 182168

Place : Pune

Date : 22rd May, 2021

ANNEXURE TO AUDIT REPORT

PART A: ISSUES IN FINANCIAL ACCOUNTING, REPORTING AND FAIR PRESENTATION

1) Apportionment of Expenses:

Telephone expenses, Electricity expenses, Generator diesel bills etc. are apportioned to all sections randomly. The institute, at present, has a practice of making these payments from the section wherever surplus funds are available. However, this practice hampers the section wise performance. Therefore, there should be a standard basis for apportionment of these expenses on different sections.

2) Daily Wage Payments:

a. Various workers are working in the college for providing gardening and sweeping services. They are not on payroll of college. They are paid for their services on monthly basis. Any document supporting the compliance of Minimum Wages Act was not available for verification such as wage sheet or remuneration etc.

b. Employee Provident Fund Contribution of Daily Wages Payment:

As per definition of an employee u/s- 2(f) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 means any person who is employed for wages in any kind of work, manual or otherwise, in or in connection with the work of an establishment, the provident fund authorities always insist upon the principal employers to ensure that the contractors as engaged must pay the provident fund contributions and in case of non-payment, the principal employers are held liable.

During the courses of audit, it was observed that our establishment receives services from contractor's i.e. Balaji Security Service & Sairaj Services. It is suggested that management should periodically review whether principal employer has paid provident fund of the employee. Also at the time of payment to contractor, challan of PT/ PF should be collected and kept in management records.

3) Transfer of Expenses :

During course of audit it was observed that some expenses transferred form non grant section to grant section (university government grant) without any resolution or noting.

4) Unsatisfactory Supporting:

a) Proper satisfactory supporting is essential part of accounting the transactions in the books of accounts. During course of audit it was observed that, in Senior Non Grant section original invoices were not available and Performa invoices were attached.

- b) A Delivery Challan is a formal document that is created in situations where goods are being transported from one place to another which may or may not result in sales. For purchase of some asset it was found that delivery challan was not attached.

We are thankful for the co-operation received from the administrative staff during our audit.

For, M/s V A Dudhedia and Associates

Chartered Accountants

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INTERNAL AUDIT REPORT

To,
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Tuljaram Chaturchand College,
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Baramati - 413102

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We have audited been appointed as internal auditor of the trust for financial year 2019-20. We have audited the financial records of **Senior College (Grantable) Section, for the period 01st April 2019 to 31st March 2020**. We have provided detailed observation of our internal audit in the annexure attached to this report. Due to covid 19 data is available in next financial year and we performed the said assignments in next financial year

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the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

For, M/s V A Dudhedia and Associates

Chartered Accountants

FRN : 155617W



CA Vatsal Daga

(Partner)

M. No. : 182168

Place : Pune

Date : 22nd May 2021

ANNEXURE TO AUDIT REPORT

PART A: ISSUES IN FINANCIAL ACCOUNTING, REPORTING AND FAIR PRESENTATION:

1) **Mercantile System of Accounting:**

The institution is neither following mercantile system nor Cash system of accounting, it is following hybrid of system accounting wherein certain aspects of accounting were done on Cash Basis and certain on mercantile basis.

2) **Fixed Asset Register:**

During Course of audit it was observed that Fixed Asset Register was not maintained by the management. It is advice that the fixed asset register should be maintained with details of depreciation should be shown in the register for proper presentation so as to show the actual depreciated value in the register. Asset balance as on the year end shown in register should match with the balance shown in books of accounts.

3) **Apportionment of Expenses:**

Telephone expenses, Electricity expenses, Generator diesel bills etc. are apportioned to all sections randomly. The institute, at present, has a practice of making these payments from the section wherever surplus funds are available. However, this practice hampers the section wise performance. Therefore, there should be a standard basis for apportionment of these expenses.

4) **Fees Receivable from Government:**

During the course of audit, it was observed that scholarship fees received from government was not allocated correctly by Scholarships Division in different sections. The scholarship amount received in one section only and then it is bifurcated in different sections by recording inter-branch journal entry. The same should be allocated properly on basis of actual number of students with respected colleges. Also accountant had not provided reconciliation statement for the same so we cannot comment on the same. It is advised to management to collect scholarship fees in respective sections at initial point so there will be no question of bifurcating the same.

5) **Daily Wage Payments:**

a) Various workers are working in the college for providing gardening and sweeping services. They are not on payroll of college. They are paid for their services on monthly basis. Any document supporting the compliance of Minimum Wages Act was not available for verification like appointment process or remuneration etc.

b) Employee Provident Fund Contribution of Daily Wages Payment:

As per definition of an employee u/s- 2(f) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 means any person who is employed for wages in any kind of work, manual or otherwise, in or in connection with the work of an establishment, the provident fund authorities always insist upon the principal employers to ensure that the contractors as engaged must

pay the provident fund contributions and in case of non-payment, the principal employers are held liable.

During the courses of audit, it was observed that our establishment receives services from contractor's i.e. Balaji Security Service & Sairaj Services. It is suggested that management should periodically review whether principal employer has paid provident fund of the employee. Also at the time of payment to contractor, challan of PT/ PF should be collected and kept in management records.

6) Tax Deducted at Source:

As per the provision of income tax act, 1961 tax deducted at source (TDS) is required to be deducted at the time of payment or credit in the books whichever is earlier on specified transactions. During the course of audit, we have observed that TDS has been deducted at the time of payment and not as per the above-mentioned provision. The same has been suggested to accountant that TDS is need to be deducted at the time of payment or at the time of booking of expenses. Whereas some Expenses where TDS has been deducted but not yet paid instances where TDS is still not paid

PART B: SECTION SPECIFIC REMARKS IN COLLEGE

● **SENIOR COLLEGE – GRANT SECTION**

1) **Improper Supporting:**

- a) Proforma invoice: - A Proforma invoice is a preliminary bill or estimated invoice which is used to request payment from the committed buyer for goods or services before they are supplied. The invoice and the Proforma invoice both are different. It is mandatory to attach the invoice as supporting.

● **RUSA**

1) **Non Compliance of GST rules:**

➤ **GST Registration:**

Aspects of registration under the GST regime are covered under section 22 of the CGST Act, 2017. As per section 22, every person who supplies taxable goods or services or both and the aggregate turnover exceeds Rs. 20 lakhs in a financial year then shall be liable to register under the GST Act.

Aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services.

As Institution is mainly providing educational service which is exempt from GST, is also required to consider for calculation of aggregate turnover. The turnover of institution exceeds Rs. 20lakhs considering all receipts from taxable and exempt services. Therefore, Institution is liable to take GST Registration under Goods & Service Tax Act, 2017.

As per section 122 of CGST act, any taxable person who fails to take GST registration though he is liable to be registered under the act, then he shall be liable to the penalty of Rs. 10,000 or amount of tax evaded or any short tax liability whichever is higher. Noncompliance to GST registration will be liable to pay penalty as per above provision stated.

- **UNIVERSITY GRANT COURSES**

- 1) **Plan for Allocation Grant Amount:**

The college receives huge Grants every year for development purpose on installment basis for specific period of time. During courses of audit it was found that there is no proper planning for utilization of Grant which led to adjustment of transfer of eligible invoices booked in Non-Grant against Grant at the time of formation of utilization certificate. To avoid unnecessary adjustments, it is suggested that Management along with UGC team should prepare plan for allocation of Grant amount as per the applicable norms and utilize accordingly.

We are thankful for the co-operation received from the administrative staff during our audit.

For, M/s V A Dudhedia and Associates

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(Partner)

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