

M/S. SURANA COLLEGE

(A UNIT OF GDA FOUNDATION)

INTERNAL AUDIT REPORT

For the period 1 April 2020 to 31 March 2021



Internal Audit Report for the period April 2020 to March 2021

ADDRESSEE:

M/S. SURANA COLLEGE

SOUTHEND ROAD, BANGALORE

REPORTED BY:

M/S. BHARATH & CO.
CHARTERED ACCOUNTANTS

#70-24/1, GANESHA TEMPLE ROAD,
NAGASANDRA MAIN ROAD, TATA SILK FARM,
BANGALORE – 560 028

REPORT COVERAGE PERIOD:

APRIL 2020 TO MARCH 2021



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INTRODUCTION

Internal audit seeks to independently review the integrity and reliability of financial and operating information and verify and provide assurance on the functioning of internal control systems instituted by the management of **M/s. SURANA COLLEGE** to achieve the following objectives:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Accurate internal and external financial reporting.
- Safeguarding of assets.
- Compliance with laws, regulations and contracts.

We have conducted our audit in accordance with Standards on Auditing (SA's) issued by the Institute of Chartered Accountants of India. These standards require that we plan and perform the internal audit to obtain reasonable assurance as to report the management about accounting system and related internal control.



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OBJECTIVES OF INTERNAL AUDIT

The internal audit has the following Objectives:

- To verify the correctness, accuracy and authenticity of the financial accounting and statistical records presented to the management.
- To confirm that the liabilities have been incurred by the organization in respect of its valid and legitimate activities.
- To comment on the effectiveness of the internal control system and the internal check system in force and to suggest ways and means to improve these systems.
- To facilitate the early detection and prevention of Misstatement.
- To examine the protection afforded to company's assets and use of them for business purpose.
- To identify the authorities responsible for purchasing assets and other items as well as disposal of assets.
- To ensure that the standard accounting practices which have to be followed by the organization are strictly followed.



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OVERVIEW OF THE AUDIT APPROACH

This audit plan has been envisaged by:

- Taking account of the risks identified by our audit team through scrutiny of various internal documents, past records and various rounds of discussions with the key personnel of organization.
- Using the internal auditor's experience working with your organization and related industry that require management's attention.
- Discussing all identified risks and other relevant issues with the organization's management to identify the potential scope of internal audit.
- Discussing all the identified areas having insufficient Controls and require management specific attention.



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SCOPE OF REVIEW AND OBSERVATION

Cash Verification

Bank Balances

ESI, EPF & PT Reconciliation

TDS Reconciliation



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CASH VERIFICATION

- Physical verification of cash was conducted on 21.11.2021 and the same was found to be in order.
- Threshold limit is not fixed for petty cash expenses for each of the units. Further, it is observed that petty cash is provided as per requirement.
- One single/consolidated entry is passed to book the petty cash expenses pertaining to period of 15 days or more.

RECOMMENDATIONS

We would recommend to:

- Either Modify/Amend the existing Minimum Cash Balance Policy based on past observations of cash balance required or to maintain the Cash Balance as per existing Policy.
- Maintain a list of Expenses which are impracticable to pay in a mode other than cash and to expend cash only for such purposes. The same list can be circulated to respective cashiers of all Units.
- Pass cash entries on daily basis instead of consolidated entry or prepare and maintain consolidated statement of petty cash expenses expended at each unit attached with supporting documents/bills for better review of cash expenses at individual units.



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BANK BALANCES & BORROWINGS

- The company has following types of accounts held with banks:
 1. Current accounts (operational)
- We have verified that some Expenses have been paid in cash/bearer cheque instead of paying by Account Payee Cheque.

RECOMMENDATIONS

We would recommend to:

- Reduce the Cash Transactions and make use of Digital Cash wherever practicable.
- Use Account payee Cheques in place of Cash/Bearer Cheque.
- Update the Tally accounting software regarding the missing Cheques Report so generated.



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STATUTORY COMPLIANCES

1. Tax Deduction at Source

- The Company has TDS liability for the period under review.
- As per provision, TDS needs to be deducted on freight inwards and outwards u/s 194C. But the same is not applicable in case of goods carriage deductees who owns less than 10 vehicles and payer obtains a declaration from payee. However, during the period under review, the company has deducted TDS in respect of freight payments and collected the declaration for the same as required under provisions of Chapter XVII of Income Tax Act, 1961.
- As per provision, Interest on late payment of TDS should be paid, if the payment is not made within due date.

RECOMMENDATIONS

We would recommend to:

- Discharge TDS Liability before Due Date to avoid Interest & Penalty.
- Reconcile TDS monthly for minimizing the errors in discharging the TDS liability.



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2. Employees State Insurance Act, 1948

- The details of Employee State Insurance returns are compared with books of accounts.
- As per provision, Interest on late payment of ESI should be paid, if the payment is not made within due date.

3. Employees Provident Fund & Miscellaneous Provisions Act, 1952

- The details of Employee Provident fund returns are compared with books of accounts.
- As per provision, Interest on late payment of PF should be paid, if the payment is not made within due date.

4. Professional Tax Act

- The details of Profession Tax returns are compared with books of accounts.

RECOMMENDATIONS

We would recommend to

- Keep copies of all the paid Challans of all the units in the files maintained by your head office.

5. Compliance w.r.t. Incometax Act, 1961.

- Kindly check the provision of section 13 of Incometax Act, 1961 with respect to utilization of Trust Fund.
- With respect to the above subject, the same has been communicated, the response for the same is still awaiting.





HARSH T D JAIN & CO.

CHARTERED ACCOUNTANTS

CA T D Jain
B.Com., F.C.A.

CA Harsh Vardhan D Mallecha
B.Com., A.C.A.

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AUDIT REPORT

FORM NO.10B
[See Rule 17 B]

AUDIT REPORT UNDER SECTION 12A (b) OF THE INCOME TAX ACT, 1961, IN THE CASE OF CHARITABLE OR RELIGIOUS TRUSTS OR INSTITUTIONS.

We have examined the Balance Sheet of **G.D.A. FOUNDATION** as on 31st March, 2021 and the Income and Expenditure Account for the year ended on that date which is in agreement with the books of accounts maintained by the said Trust.

We have obtained all the information's and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit. In our opinion, proper books of account have been kept by the above named trust so far as appears in our examination of the books.

In our opinion and to the best of our information, and according to the information and explanations given to us, the said accounts give a true and fair view:

- i) In the case of the Balance Sheet, the state of affairs of the above named trust as on 31.03.2021

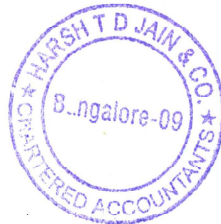
AND


- ii) In the case of the Income and Expenditure Account, of the Excess of Income over Expenditure for the year ended 31.03.2021

The prescribed particulars are annexed hereto.

As per Our Report of even date
For Harsh T D JAIN & Co
Chartered Accountants

Place: Bengaluru
Date: 11th January 2022




T.D.JAIN
(Partner)
M.No. 012034