



INTERNAL AND EXTERNAL AUDIT POLICY

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B.B.D. UNIVERSITY
LUCKNOW

Internal and External Audit Policy

PREAMBLE:

Auditing is an activity of verification and evaluation of financial statement. It aims at checking and confirming the authenticity of financial books prepared by the accounting staff of the Institution. Thus, it determines the validity and reliability of accounting information. It is commonly believed that when accounting process ends, auditing begins, for the purpose of determining the true and fair picture of books of accounts.

AUDITING POLICY:

BBD University has adopted a robust policy of internal and external audit in order to evolve activity-based budgeting model along with time-line based deliverables, providing accountability linked administrative and financial management of the University which basically aims at monitoring the effective and efficient use of financial resources.


FEATURES OF AUDITING PRINCIPLE AND PROCEDURE:

A. REALISTIC AND PARTICIPATORY BUDGET:

- BBD University seeks to ensure a bottom up and participatory approach in the preparation of Annual Budget so that a realistic Budget Estimate can be made.
- For this purpose, well before the beginning of a new Financial year, the office of the Finance Officer requests all the Deans and HoDs of all the Academic and other Administrative Departments to submit the genuine budgetary requirement of their respective units.
- A Budget Format is provided to all the academic and administrative units to fill in the Capital as well as Revenue or maintenance expenditure with a supporting assumptions and calculation projected for the ensuing financial year.
- This requirement is reviewed by the higher officials in a meeting with the concerned Department. After due discussion, an activity linked, outcome based, and development oriented actual budget of the particular unit is finalized.
- The consolidated Financial Estimates /Budget Estimates of the University as a whole is then placed before the Finance Committee for its consideration and comments/recommendation.
- The Budget Estimates is subsequently placed before the Court along with the recommendation of the Finance Committee for its consideration.
- Finally the Budget Estimates is submitted before the Governing Body for its approval.
- Thus the budget is strictly as per minimum requirement for the proper functioning of the University as well as its all-round development.

B. BUDGETARY CONTROL:

- The Finance Committee, with the approval of the Court, fixes the limits of the total recurring and non-recurring expenditure of the year based on the income and resources of the University.


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- No expenditure other than that provided in the budget is incurred by the University without the approval of the Finance Committee and Court.
- The Finance Committee monitors expenditure vis-a-vis approved budget.
- Thus, a proper budgetary control is exercised which is a critical part of financial discipline and audit.

C. PRUDENCE AND TRANSPARENCY IN PURCHASE:

- Individual Departments raise their indent/requirement for materials and equipment to the purchase department through the ERP system after due approval by the concerned and designated Head of the Department.
- The purchase section normally maintains a list of suppliers/vendors approved on the basis of quality of goods and the competitive rates quoted for them. The vendor for the required item is asked to supply the item/s expeditiously.
- In some cases, the purchase section invites quotations for the required item. These quotations are brought to the notice of the competent authority with a comparative statement of rates. Normally the vendor quoting the lowest rate is approved for the supply of the item.
- All the transactions/purchases are audited by the Internal Audit Section of the University. In some cases pre-audit is also conducted.
- For the sake of economy, efficiency, and best value for money all the machines and equipment are covered under Annual Maintenance Contract (AMC).
- Thus, suitable institutional mechanisms are in place to monitor the effective and efficient use of financial resources by way of well laid down procedures as well as proper checks and balances.

ROUTINE INTERNAL AUDIT:

- BBD University has a well built in mechanism for regular internal audit.
- It has a full-fledged internal audit team to verify and certify the income, expenditure, stocking level of consumables and capital expenditure.
- The internal audit team draws up periodic plans for auditing the different constituent units of the university.
- The internal audit team thoroughly checks all day to day transactions initiated under various departments - Purchase, Stores, Cash, Bank, Billing, Maintenance, Capital Works, and Projects etc.
- Annual stock verification is carried out in stores and the internal audit team works as the extended arm of the Finance and Accounts Department.
- In certain cases a pre-audit is also carried out.
- Variations and discrepancies, if any identified, are studied, analysed and corrective mechanism suggested.
- Periodical reports are submitted by the internal audit to the management for corrective steps / measures if any required.


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E. STATUTORY ANNUAL AUDIT:

- ❖ Apart from the routine internal audit, under the statutory requirement, Annual External Audit is done by an audit firm headed by Chartered Accountants and appointed by the sponsoring trust.
- ❖ This annual statutory audit includes **Certification** as well as **Transaction Audit**.
- ❖ External audit verifies all statutory commitments and compliance of the same carried out on an elaborate way also taking into account the reports of the regular internal audit.
- ❖ Besides, all financial transactions and filing of returns in time are all verified and certified.
- ❖ The Statutory Audit Report by the Chartered Accountants of the University on the Annual accounts and on the transactions of the University is placed before the Finance Committee for its recommendation.
- ❖ The Audited Annual accounts along with the audit report and the recommendation of the Finance Committee is submitted before the Board of Management for its consideration.
- ❖ Finally, the audited annual accounts and the audit report is submitted to the Governing Body for its approval.
- ❖ Any observation/advice in the statutory audit report is immediately acted upon and precautionary steps are taken thereby adhering to standard accounting practices.
- ❖ Thus, by the mechanism of adopting both internal and statutory audit, the accuracy of financials of the University are achieved and maintained.

Dr. Sudhanshu Singh
Registrar
O.P.D. UNIVERSITY
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