



BLDE

(DEEMED TO BE UNIVERSITY)

Declared as Deemed to be University u/s 3 of UGC Act, 1956

The Constituent College

SHRI B. M. PATIL MEDICAL COLLEGE, HOSPITAL AND RESEARCH CENTRE

INTERNAL AND EXTERNAL AUDIT MECHANISM

Suitable institutional mechanisms should be made available to monitor the effective and efficient use of financial resources. BLDE(Deemed to be University) should engage both internal and external auditors for this purpose.

Internal Audit:

A Chartered Accountant firm should be appointed as an internal auditor. A team of staff under them will assess the adequacy of internal controls in the system. This would include aspects such as: -

- a) Whether the internal controls are operating satisfactorily and suggest improving weak controls or creating them, where they do not exist.
- b) Proper books of accounts and operation of accounting software are being maintained for timely and accurate reporting.
- c) An adequate system is in place to ensure that goods, works and services are being maintained following proper procurement procedures.
- d) An appropriate accounting and financial reporting system exist, based on which claims are prepared and submitted for reimbursement.
- e) Adequate records are maintained regarding assets acquired, including details of cost, identification and location of assets.

They should also focus on financial compliance while conducting different types of audits, as mentioned below:

- Transaction audit includes examining all relevant vouchers of receipts and expenditure as per the cashbook to establish the expenditure with reference to the activities.
- Compliance audit means looking documents about whether money spent was legally meant for that expenditure and whether sanctioned by the competent authority.

The audit team should be given access to all the BLDE (DU) finance documents, correspondence, Books of Accounts, office orders and any other information related to financial transactions as deemed necessary by them.

The internal audit team should separately provide:

1. Details of critical audit observations, such as ineligible expenses, significant lapses in internal controls and procurement procedures, incorrect information submitted for reimbursements, the difference between cash drawn and expenditure reported, procedural lapse, and accounting books & records are not maintained etc.

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REGISTRAR

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2. Observations that are not serious, but require the attention

The internal Audit team should further provide:

- Comments and observations on the financial management records, systems and controls that were examined during the review.
- Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement.
- Compliance with covenants in the finance agreement and comments, if any, on internal and external matters affecting such compliance.
- Any other issues that the auditors consider pertinent.

External Audit:

The external audit is carried out elaborately looking into the reports of the regular internal audit. An External Audit Agency (Chartered Accountant Firm) recommended by the Finance Committee and approved by the Board of Management carries out the External audit.

The financial statements audit shall examine whether the financial statements are prepared following the applicable financial norms and whether the financial statements are presented fairly, in all material respects, to give an accurate and fair view.

The external audit teams should make adequate visits to all the campuses' units and carry out a thorough financial transactions audit.

They shall vouch:

- Whether expenditure has been incurred following the framed guidelines, as per established procedures/system;
- Whether due diligence has been exercised in the Procurement of goods and services;
- Whether Funds have been utilized within the budgetary provisions and for the purpose for which they were meant;
- Whether healthy internal controls/checks/systems are in place for monitoring the expenditure;
- Whether applicable statutory requirements have been complied with;
- Whether robust systems are in place for the process of approvals and payments;
- Whether Expenditure has been incurred within the delegation of financial power defined by the institute from time to time;

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- Whether proper records have been maintained and documents have been kept in the secured form;
- Whether all discrepancies/suggestions made in the previous audit report has been complied with;
- Whether tips on areas and how the internal control/systems could be strengthened wherever they are inadequate and preventive safeguards have been built in against frauds/misappropriation of funds/ losses

Whenever there are any major finding/objections in the audit reports, the same has to be reported to the Finance committee, which shall recommend suitable actions and resolutions to be implemented to the Board of Management. Whenever minor errors of omissions and commissions are pointed out by the audit also to be taken to avoid recurrence of such mistakes in future.

- The Finance committee should consider the audited annual accounts and annual budget estimates of consolidated and individual constituent units and submit recommendations to the Board of Management for approval.

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