

# **PANDIT DEENDAYAL PETROLEUM UNIVERSITY**

## **REPORT ON INTERNAL AUDIT FOR THE PERIOD FROM APRIL 2018 TO SEPTEMBER 2018**

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**INDEX**

<b>SR. NO.</b>	<b>PARTICULARS</b>	<b>PAGE NO.</b>
1	Preamble	3
2	Audit approach	3-4
3	Audit methodology	4
4	Audit scope and coverage	5
5	Executive summary of observations	6
6	Observations	7-10
7	Annexure(s)	11-36

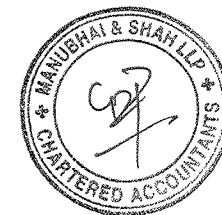
**PANDIT DEENDAYAL PETROLEUM UNIVERSITY**  
**INTERNAL AUDIT REPORT FOR THE PERIOD FROM APRIL 2018 TO SEPTEMBER 2018**

**1. PREAMBLE:**

- 1.1 We have carried out Internal Audit of Pandit Deendayal Petroleum University (University or PDU) for the period from April 2018 to September 2018 in terms of scope of work.
- 1.2 We submit our report containing observations noticed during the audit along with management response.

**2. AUDIT APPROACH:**

- 2.1 Our audit approach was to:
- i) Review procedures and systems with a view to understanding the nature of activities, areas of operations and records maintained.
  - ii) Review internal control systems with a view to assessing the efficiency of the system to see that chances of frauds and errors are minimized as well as the system ensures effective checking of transactions at various levels.
  - iii) Gain understanding about the working environment and the internal controls system adopted in that relation.
  - iv) Verify documents i.e. bills, vouchers and records to satisfy that the established system is followed.



2.2 We have kept in background following broad criteria while ascertaining risk rating of the observations in the attached report:

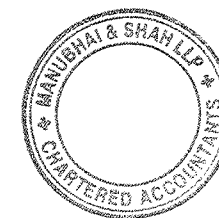
SCALE	FINANCIAL	COMPLIANCE	OPERATIONAL
High – Requiring immediate action	More than Rs 3 lacs	More than Rs 1 Lacs	Absence of Standard Processes
Medium – Requiring corrective action	Impact of more than Rs 1 lac up to Rs 3 lacs	More than Rs 50,000 & up to Rs 1 Lac	Loopholes / area for improvement in Standard Processes
Low – Opportunities for improvement	Impact of Up to Rs 1 lac	Up to Rs 50,000	Non adherence to the Standard Processes

### 3. AUDIT METHODOLOGY:

3.1 The audit has been carried out in accordance with Auditing and Assurance Standards as well as Standards on Internal Audit prescribed by Institute of Chartered Accountants of India.

3.2 The audit team consisted of following members:

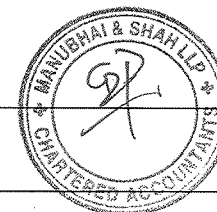
- C.A. Gaurav Parmar - B.Com, FCA, CISA, Partner
- C.A. Milan Shah - B.Com, FCA, Audit Manager
- Mr. Abhishek Patel - Audit Assistant
- Mr. Ravi Shah - Audit Assistant
- Ms. Chansi Agrawal - Audit Assistant
- Mr. Punit Parmar - Audit Assistant



#### 4. AUDIT SCOPE & COVERAGE:

4.1 As per Internal Audit Plan, following areas were covered by this report:

AREAS OF OPERATIONS	SCOPE OF INTERNAL AUDIT
<b>Student Process Flow – Primary Source of Revenue</b>	Verification of adequacy and accounting treatment of the following: (a) Security Deposit/ Caution Money (b) Levy of various types of Fees as per the Fees Chart (c) Student Fee Matrix (Grade-Wise and Student-Wise) (d) Collection/ Dues/ Penalty/ Fines levied from time to time (e) Promotion of Student may involve change of Fee Structure (f) Hostel Fees collection and Electricity charges to students
<b>Banking Transactions / Cash Transactions</b>	Verification of adequacy or other-wise with respect to the following: (a) Bank Reconciliation Statement on monthly basis (b) Debits made by the bank are checked for correctness as per the terms and conditions of the sanction letter
<b>Travel</b>	(a) Are all required travel authorization obtained for out-of-state travel from the traveler's supervisory authority prior to committing any funds? (b) Are all Travel Expense Vouchers submitted for all reimbursable expenses in accordance with institution policy? (c) Are all traveling reimbursement authorized with signatures of the traveler, financial manager, and supervisory authority?
<b>Accounting</b>	(a) Review of accounting policies adopted (b) Review of Accounting Entries passed along with the adequate supporting for the period from April 2018 to September 2018.



**5. EXECUTIVE SUMMARY OF OBSERVATIONS:**

SR. NO.	OBSERVATION	RISK CATEGORY	RISK TYPE
1	Under Recovery of Academic Fees	High	Financial
2	Non Recovery of Previous Semester Academic Fees	High	Financial
3	Delay observed in processing bills for payment	Medium	Operational
4	Under Recovery of Hostel Fees	High	Financial
5	Other Discrepancies in Hostel Fees	High	Financial
6	Non Recovery of Hostel Deposit	Low	Financial



**6. OBSERVATIONS RELATED TO AUDIT OF OTHER AREAS IN SCOPE OF WORK:**

Observations in the Audit Areas covered during Audit from April 2018 to September 2018:

**1. UNDER RECOVERY OF ACADEMIC FEES:**

**Observations**

Based on the fees reconciliation of student's data as per the admin and fees collected record by accounts department, we have noted short receipt of fees worth Rs.37,06,280/- from students. (Status on 04/12/2018)

The student wise recovery of fees is mentioned in **Annexure-1**.

School wise summary of fees recovery is mentioned hereunder:

School	Amount
SLS	6,17,300
SPT	2,11,600
SPM	8,77,380
SOT	20,00,000
<b>Total</b>	<b>37,06,280</b>

Further, fees amounting to Rs.5,05,600/- has been received from 6 students but their names are not found in admin data. List of such students is depicted in **Annexure-2**.

**Risk Category**

**High**

**Risk Type:**

**Financial**

**Root Cause**

- Lack of adequate follow up and absence of strict implementation of penal provision

**Possible Impact**

- Possibility of income leakage.
- Non-availability of outstanding details.

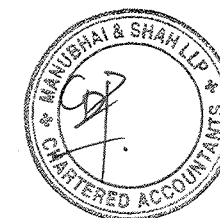
**Recommendations**

- For recovery of fees from the students who had not paid Fee, PDPU should involve admin department and also impose financial or non-financial penalty for delayed payment.

**Management Response**

- Responses are given in each Annexure and accordingly the Fees outstanding is as follows which is also being pursued:

School	Amount	Outstanding
SLS	6,17,300	6,17,300
SPT	2,11,600	2,11,600
SPM	8,77,380	7,02,380
SOT	20,00,000	1,05,000
<b>Total</b>	<b>37,06,280</b>	<b>12,32,140</b>



## 2. NON-RECOVERY OF PREVIOUS SEMESTER ACADEMIC FEES:

### Observations

Apart from the recovery of current semester fees, we have verified the fees recovery from the students from whom fees for previous semesters were not received and reported by us. Recovery of Rs.24,54,440/- is still pending from 41 students. List of such students has been given in **Annexure-3**.

### Risk Category

High

### Risk Type:

Financial

### Root Cause

- Absence of proper follow up procedure of students for the recovery of pending fees.

### Possible Impact

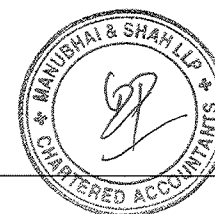
- Chances of fees remaining outstanding for a long period of time affecting revenue of the university.
- The possibility of increase in the amount of bad debts because of liberal policy for recovery of fees.

### Recommendations

- There should be regular co-ordination between admin department and accounts department for sharing the status of outstanding fees.
- Penal provisions should be followed in order to reduce the transactions of outstanding fees.

### Management Response

- Responses are given in each Annexure and accordingly the Fees outstanding is Rs. 9,20,100 which is also being pursued.





### 3. DELAY OBSERVED IN PROCESSING BILLS FOR PAYMENT:

#### Observations

The process flow regarding payment procedure of various types of bills has been analyzed for the month of September 2018 in order to identify and affix the responsible department for delay in payment. The process for payment involves following steps:

- Receipt of invoices from vendor by respective department
- Getting approval of authority on the payment release note by respective department
- Submission of relevant documents to accounts department
- Processing the note and making payment to parties by accounts

Summarized data for time taken at various stages is as follows:

No. Days for processing at respective Stage	Stage - 1 - Getting approval on Payment release Note	Stage - 2 - Submission to Accounts department for payment	Stage - 3 - Processing payment by Accounts Department
	No. of Transactions		
0 to 5	82	146	130
6 to 15	24	7	18
Above 15	51	4	9
<b>Total</b>	<b>157</b>	<b>157</b>	<b>157</b>
<b>Average Days taken</b>	<b>20.61</b>	<b>2.25</b>	<b>3.31</b>
<b>Maximum Days</b>	<b>299</b>	<b>68</b>	<b>78</b>

List of transactions where time taken above 15 days at either stage is given at Annexure 4.

#### Risk Category

Medium

#### Risk Type:

Operational

#### Root Cause

- The bills received are not forwarded for the payment processing by the concerned departments.
- Many times delay takes place in obtaining the approval and certain documentation process.

#### Possible Impact

- Not complying with the payment terms as agreed with the vendor might affect the future prospects of procurement of goods or services from the said supplier.

#### Recommendations

- The periodic review should be conducted and the reasons due to which delay has been observed should be identified.
- If any unusual delay has been noticed, proper inquiry should be conducted into the matter and reporting should be done to the approving authority.
- At present, process of departmental approval is taking much time hence the process needs to be strengthened for following appropriate payment cycle.

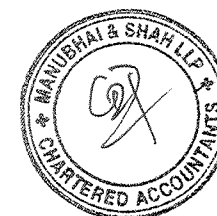


It is to be noted from the above table that in maximum cases the delay was on account of time taken by respective department for getting approval and submitting the documents to the accounts department. Department wise delay in processing the transactions are summarized below:

Department	Approval taken in days			Total	Average Days taken
	0 to 5	6 to 15	Above 15		
Accounts	21	3	4	28	16.25
Amenity	11	11	24	46	22.74
FOET	1	-	-	1	-
HR	3	-	-	3	0.67
IIC	-	-	1	1	20.00
IT	-	1	1	2	26.50
NCC	-	1	-	1	15.00
OIR	11	1	2	14	11.07
OIR (IEP)	2	-	-	2	-
P & M	3	4	4	11	26.18
SAIL	-	-	1	1	40.00
Shell	2	-	-	2	0.50
SLS Admin	8	2	3	13	25.00
SOT admin	9	1	8	18	37.78
SPM	1	-	-	1	-
SPT	1	-	-	1	-
SPT admin	-	-	1	1	92.00
SRDC	9	-	2	11	5.82
<b>Total</b>	<b>82</b>	<b>24</b>	<b>51</b>	<b>157</b>	<b>20.61</b>

**Management Response**

- Reported to Senior Management for their information and directions.



#### 4. UNDER RECOVERY OF HOSTEL FEES AND OTHER DEFICIENCIES IN RESPECT OF HOSTEL FEES:

##### Observations

The procedure for verification of hostel fees has been conducted for the period from 1<sup>st</sup> April, 2018 to 27<sup>th</sup> November, 2018 on the basis of data provided by the amenity department regarding the occupancy of UG Hostel, High Rise Hostel and Girls Hostel.

There has been under recovery of hostel fees amounting to Rs.14,75,750/- from all the hostels. The details regarding such under recovery are identified and depicted in **Annexure-5** from 62 students.

##### Risk Category

High

##### Risk Type:

Financial

##### Root Cause

- Lack of co-ordination between accounts department and amenity department for streamlining the process of adjustment of hostel fees either short received or excess received.
- Absence of verification mechanism of data pertaining to amenity department and accounts department.

##### Possible Impact

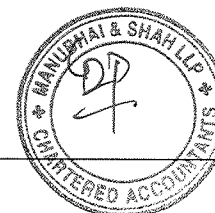
- Delay in fees collection procedure may create routine instances on the part of students for late payment of fees in absence of follow up procedure.
- Instances of non-payment of fees by the students could increase despite of availing the facilities provided by the university.

##### Recommendations

- After completion of fees collection, there should be cross verification of fees received with that of hostel room occupancy data maintained by the amenity department.

##### Management Response

- Responses from Concerned Department are mentioned in Annexure.



## 5. OTHER DEFICIENCIES IN RESPECT OF HOSTEL FEES:

### Observations

In 49 cases, we have observed that PDPU has received excess hostel fees of Rs. 2,69,000/-. The particulars regarding the same have been described in **Annexure-6**.

Besides this, there have been instances noticed where the hostel fees have been received from the students as per accounts records but the particulars of such students are not mentioned in the room occupancy data provided by the amenity department. Differences have been shown in **Annexure-7**. Total amount involved in such instances is Rs. 24,09,630/-.

Moreover on review of the transaction where excess fees received, we have noted that the students have paid fees for AC rooms however as per the records provided by amenities team he is staying in Non AC rooms.

Above irregularity denotes that the data maintained by the amenities department is not accurate.

### Risk Category

High

### Risk Type:

Financial

### Root Cause

- Lack of co-ordination between accounts department and amenity department for streamlining the process of adjustment of hostel fees either short received or excess received.
- Absence of verification mechanism of data pertaining to amenity department and accounts department.
- Inadequate data maintained by the amenities department.

### Possible Impact

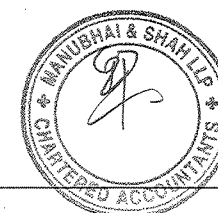
- Delay in fees collection procedure may create routine instances on the part of students for late payment of fees in absence of follow up procedure.

### Recommendations

- After completion of fees collection, there should be cross verification of fees received with that of hostel room occupancy data maintained by the amenity department.

### Management Response

- Responses from Concerned Department are mentioned in Annexure..



**6. NON RECOVERY OF HOSTEL DEPOSIT:**

**Observations**

The hostel deposit of Rs.5000/- is to be collected only from the students who are availing hostel facilities and are in the first semester of their academic year. Deposit is fixed across all the schools of PDU. It is refundable in nature and needs to be collected from every student in their first year.

We have conducted analysis of students of 2018 batch in regards of collection of hostel deposit from all schools. 19 instances have been identified in which hostel fees have been received from those students but they have not paid hostel deposit of Rs.5000/-. The student wise list of such cases have been depicted in **Annexure-8**.

**Risk Category**

Low

**Risk Type:**

Financial

**Root Cause**

- Absence of mechanism to cross verify the hostel deposit records and hostel fees records with that of the occupancy records maintained by the amenity department.

**Possible Impact**

- Students using hostel facilities without payment of hostel deposit as per the applicable circular.

**Recommendations**

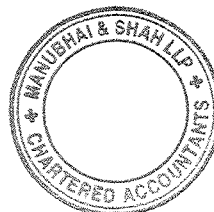
- The verification should be conducted at the time of commencement of new batch for collection of hostel deposit from students opting for availing hostel facilities.

**Management Response**

- Responses from Concerned Department are mentioned in Annexure.

Place: Ahmedabad

Date: February 8, 2019



For, Manubhai & Shah LLP  
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(G. R. Parmar)  
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