

INTERNATIONAL MANAGEMENT INSTITUTE - BHUBANESWAR

INTERNAL AUDIT REPORT

For the half year ended 31st March 2022

CONDUCTED BY

BHATIA & BHATIA, CHARTERED ACCOUNTANTS

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AUDIT TEAM

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Meaning and Scope of Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit activity has the potential of strengthening of internal control as a result of management response.

We have conducted the Internal Audit at IMI-Bhubaneswar and came across some key areas towards which we want to draw the attention of the management. The scope and objective of the audit has been determined after having discussion with the management which primarily focuses on the policies and procedures which need to be commensurate with the SOPs and Service Rules. We have emphasized on the processes and the effectiveness of the internal controls in parallel with the working of management to ensure the achievement of targets.

The Scope of the Audit has been decided by the management and Internal Audit has been conducted in accordance with the rules and regulations specified as per the guidelines and delegation of powers vested with the management of the Institute.

The period of review for the present audit was from 1st October, 2021 to 31st March, 2022.

We are presenting the comparative analysis of admissions undertaken in the batches 2020-22 and 2021-23 as under:

Batch	Courses Offered	Duration	Intake
2020-22	PGDM	2 years	91
2021-23	PGDM	2 years	111

Comparative analysis of Income and Expenditure incurred is as follows:

Particulars	Oct-20 to Mar-21	Oct-21 to Mar-22	Difference	Increase/ (Decrease) in %
Income				
Part time PGDM		-		
PGDM	32,259,500	41,028,000	8,768,500	
FPM	1,74,000	72,000	(102,000)	
MDP	776,762	894,803	118,041	
Hostel fee	1,147,500	6,674,340	5,526,840	
Mess fee	959,899	4,546,600	3,586,701	
Interest Received	13,40,850	601,199	(739,651)	
Miscellaneous receipt	1,53,436	178,006	24,570	
Student fine	-	169,306	169,306	
Room rent	2,64,638	112,975	(151,663)	
Other Income	1,697,356	2,638,208	940,852	
Total	38,773,941	56,915,437	18,141,496	47%
Expenditure				
<u>Direct Expenses</u>				

Advertisement	7,879,610	7,027,230	(852,380)	
Indirect Expenses				
Campus maintenance	5,336,325	4,320,996	(1,015,329)	
PGDM expenses	6,129,309	7,514,546	1,385,237	
Mess Charges	783,006	4,457,809	3,674,803	
MDP expenses	1,438	1,120	(318)	
Salaries	29,871,833	34,263,342	4,391,509	
Internet Broadband Expenses	726,635	453,120	(273,515)	
Electricity Charges	2,787,575	3,616,395	828,820	
Security Service Charges	3,292,106	3,416,009	123,903	
Library Expenses	23,56,391	298,143	(2,058,248)	
Admission Expenses	916,273	1,210,964	294,691	
Leave Travel Allowance	749,146	912,607	163,461	
PF Contribution	3,514,583	4,066,946	552,363	
Legal & Professional Fees	154,275	532,589	378,314	
Rent- Directors Residence	810,600	911,004	100,404	
NBA, AIU & other Membership Expenses	-	1,278,361	1,278,361	
Other Expenses	9,314,089	3,472,135	(5,841,954)	
Total	74,623,194	77,753,316	3,130,122	4%

The income has been increased by 47% and expenditure in current period has increased by 4% respectively as compared to previous period.

The significant audit observations requiring corrective actions are summarized and reported in the following format. The observations also disclose the monetary impact in respect of the significant observations:

S. No.	AREA	OBSERVATION	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE								
1.	COMPLIANCE OF CONTRACTUAL AGREEMENT	<p>I) <u>AGREEMENT FOR SECURITY SERVICES BETWEEN M/S QUANTUM GLOBAL INFRATECH LIMITED AND INTERNATIONAL MANAGEMENT INSTITUTE –BBSR</u></p> <p>➤ IMI Bhubaneswar has entered into a contract with M/s Quantum Global Infratech Limited for providing the security services. The various clauses of the agreement and observation with respect to the same is as under:</p> <p>a) Clause 3 provides that the security personnel shall be deployed round the clock in 3 shifts at the Institute to safeguard the premises.</p> <table><tr><th>No. of Shifts</th><th>Personnel Allotted</th></tr><tr><td>A Shift</td><td>9</td></tr><tr><td>B Shift</td><td>8</td></tr><tr><td>C Shift</td><td>12</td></tr></table> <p>Further, clause 27 of the contract provides that the agency shall arrange to maintain at the security desk/ booth, the daily shift wise attendance record of the security personnel deployed by it showing their arrival and departure time. Further, the agency shall submit to the Chief Administrative officer / CAO, IMI Bhubaneswar an attested photocopy of the attendance record</p>	No. of Shifts	Personnel Allotted	A Shift	9	B Shift	8	C Shift	12		The issue of doing more than one shift by security personnel has been matter of concern for the
No. of Shifts	Personnel Allotted											
A Shift	9											
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C Shift	12											

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		<p>and enclose the same with the monthly bill. Further as per the provisions of THE MINIMUM WAGES (CENTRAL) RULES, 1950 clause 24 the number of hours which shall constitute a normal working day shall be 9 hours.</p> <p><u>Observation:</u></p> <ul style="list-style-type: none"> ➤ On review of the monthly bills, we have noted that following has been observed: that various security personnel are continuously working for 2 shifts i.e., 16 hours, the details of the same has been enclosed in Annexure-1. ➤ Its further observed that one of the security guards has worked for 3 shifts continuously namely Mr. Balram Mohanty on 31st January-2022. It may be humanly impossible to work for 3 continuous shifts. 	<p>It is recommended that, strict action should be taken on the continuous no. of shifts as this will hamper the efficiency of security personnel & the security of the Institution.</p>	<p>institute for a long period and that was the main reason Institute had decided to engage new agency w.e.f. 01st April, 22.</p> <p>Apart, since the onset of pandemic there was uncertainty with regards to health as well as there was high attrition rate. During end Jan 22 (peak of third wave), any employee with mildest symptoms were asked not to attend the duty. Notwithstanding above, new agency has been directed to abide by compliances strictly.</p>

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		<p>b) As per Schedule I of the agreement, the Service provider shall deploy 29 personnel at all times at the Institute. The Service provider shall maintain an attendance record of the staff deployed and the same shall be charged in the invoice accordingly. Further, the penalty clause of the agreement reads as under:</p> <p><i>“If the agency is not able to provide the requisite number of personnel, a penalty for shortage of attendance will be imposed as under:</i></p> <ul style="list-style-type: none"> • 90% and above, no penalty • 86% to 90% - Rs. 50/- per day per person • 81% to 85% - Rs. 100/- per day per person • 76% to 80% - Rs. 150/- per day per person • 71% to 75% - Rs. 200/- per day per person • 66% to 70% - Rs. 300/- per day per person • 60% to 65% - Rs. 400/- per day per person • Below 60% - Rs. 500/- per day per person” <p><u>Observation:</u></p> <p>On scrutiny of the invoices of Quantum Infratech (Security Guard) Private Limited for the audit period i.e. October-2021 to March-2022, it has been observed that vendor has provided less than 90% of the requisite number of manpower. However, no</p>	<p>No Satisfactory explanation has been given to us for non-recovery of the penalty and full payment of invoices have been approved by the Institute.</p>	<p>As advised during the last audit, penalty is being calculated on monthly basis during the processing of wages bills. Since the management had taken a decision to change the agency w.e.f. 01st April, 22. To maintain law and order, as well as to ensure smooth transition the penalty was waived off by the Management.</p>

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		<p>penalty has been charged by the Institute for breach of the contract terms. The penalty chargeable for the non-adherence of the contractual terms comes to INR 114,500 for this period, the calculation of the same has been enclosed in Annexure-2.</p> <p>c) <u>Background:</u></p> <p>Clause 10 also provides that some of the security staff should be trained in handling & monitoring CCTV surveillance system.</p> <p><u>Observation:</u></p> <p>On interviewing the supervisor on duty, it has been informed to us verbally that training sessions are conducted by the service provider on time-to-time basis, however no records are maintained for the same.</p> <p>d) <u>Background:</u></p> <p>As per Clause on “Compliance with Statutory Regulations”, Point 5, the Contractor shall submit the proof of payment for deduction made on account of PF, ESI etc to the Institute along with Claim Bill, falling which the claim bill shall not be settled.</p>	<p>It is recommended that all necessary training be provided to the security personnel to ensure their quality of performance & safety. Further proper documentation should be maintained to substantiate the same.</p>	<p>As informed, training sessions are being conducted regularly. Agency is maintaining record of training including Fire Fighting. Agency has been directed to include training on CCTV management also.</p>

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		<p><u>Observation:</u></p> <p>While scrutinizing the security Invoices for the audit period i.e. October-2021 to March-2022, the contractor has not submitted the Employee wise details of PF, ESI etc, as a proof for payment of statutory dues. Hence, we are unable to comment upon the payment of these statutory dues by the Contractor to the government.</p> <p>Further in respect of employees working for Double/triple shifts, PF, ESI is deposited single shift basis only.</p> <p><u>II) AGREEMENT FOR HOUSEKEEPING BETWEEN M/S PROFESSIONAL CATERING SERVICES AND INTERNATIONAL MANAGEMENT INSTITUTE –BBSR</u></p> <p><u>a) Background:</u></p> <p>As per the agreement, the Service provider shall deploy 17 personnel (1 Supervisor and 16 Housekeeping Staff), on daily basis at the Institute. The Service provider shall maintain an attendance record of the staff deployed and the same shall be charged in the invoice accordingly. Further, the penalty clause of the agreement reads as under:</p>	<p>We would suggest that complete employee wise details should be obtained from the Contractor to ensure that there is no statutory violation in respect to PF, ESI.</p>	<p>During the transition from Quantum to Professional Catering Services, the agency was directed that new hiring</p>

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		<p>"If the agency is not able to provide the requisite number of personnel, a penalty for shortage of attendance will be imposed as under:</p> <ul style="list-style-type: none"> • 90% and above, no penalty • 86% to 90% - Rs. 50/- per day/ per person • 81% to 85% - Rs. 100/- per day/ per person • 76% to 80% - Rs. 150/- per day/ per person • 71% to 75% - Rs. 200/- per day/ per person • 66% to 70% - Rs. 300/- per day/ per person • 60% to 65% - Rs. 400/- per day/ per person • Below 60% - Rs. 500/- per day/ per person" <p><u>Observation: -</u></p> <p>On scrutiny of the invoices of Professional Catering Services for the months of audit period i.e. October- 2021 to March-2022, it has been observed that the vendor has supplied less than 90% of the requisite amount of manpower. However, no penalty has been charged by the Institute for breach of the contract terms. The amount of penalty recoverable for the aforesaid period as foregone by the Institute is INR 225,800. for this period, the calculation of the same has been enclosed in Annexure-3.</p>	<p>No Satisfactory explanation has been given to us for non-recovery of the penalty and full payment of invoices have been approved by the Institute.</p>	<p>is to be done for the employees who shall be beyond local limits to ensure diverse manpower, which was not contractual obligations. Agency had proposed various names for hiring from local villages to which institute had observations based on experience. Notwithstanding, point has been noted for immediate implementation and explanation has also been sought from the agency.</p>

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2.	Review of Vendor contracts and the bidding process	<p>a) <u>Background:</u></p> <p>We have reviewed SOP on Vendor Management Process,</p> <p>Point 2 of SOP states that vendor selection for placing all purchases, except day-to-day maintenance expenditure/cash purchases shall be based on a minimum of 3 comparative quotations called personally through the vendors.</p> <p><u>Observation:</u></p> <p>In view of the latest, technology changes, most of the decisions are taken through technology. We would suggest that there should be no manual intervention for calling the quotations for purchase/supply of various goods/services.</p>	It is recommended that, the tender should be floated through digitally tendering process without any manual intervention for supply of goods and services both.	High value tenders are being uploaded on the IMI's website under Tender Page. As advised, institute will explore options of floating tenders on e-tender sites for wider participation and publicity
3.	Adherence to Standard Operating Procedures	<p>a) As per SOP on Fixed Assets Tracking Process,</p> <p>Point 3 of SOP states that FAR shall be maintained in Excel format by Executive (Administration)</p> <p><u>Observation:</u></p> <p>During the audit, it was observed that only addition made during the year is maintained in excel format, however complete FAR showing total fixed assets reconciled with books of accounts with description like current location of assets and user of assets has not been maintained.</p>	It is recommended that the Institute should comply with the SOP's related to Fixed Assets.	As informed, institute is maintaining FAR at two levels. One at the Administration level (which indicates locations and other details) and one at the accounts level which indicates financial part.

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				As advised, FAR will be updated as per the template shared by the Audit team.
4.	Physical Verification	<p>PHYSICAL VERIFICATION OF FOLLOWING AREAS:</p> <p>a. <u>Library</u></p> <ul style="list-style-type: none"> ➤ It has been observed that Management had conducted physical verification of Library Books at the year end, during which it was noticed that 119 Books were not found in the library. ➤ There are no specific policies or guidelines for books issued to faculty members regarding like overdue period, maximum number of books, damage, lost, penalty, renewal and follow-up etc. Further, on visiting the library we were encountered with instances where books have been issued to faculty members, however same are not renewed/returned till the audit period. 	<p>It is recommended that the Management should take appropriate steps for writing off the same from the records of library.</p> <p>It is recommended to frame appropriate Standard on procedures for library to ensure proper policies are followed and appropriate actions to be taken for books lost/overdue etc., for Faculty members also.</p>	<p>As advised, books will be written off from library.</p> <p>As far as, SOP are concerned, there are defined SOPs for each vertical and for library it clearly indicates action to be taken in case of loss or overdue of any book. The entire process of library has already been automated through</p>

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		<p>➤ It has been observed that 3 Students to whom 19 Books were issued from Library, have not returned the same back. Also these students have left the Institute during the year and fine has been collected from the same. The details of the students are as enclosed below:</p> <table><tr><th>S. No</th><th>Student Name</th><th>No of Books issued</th></tr><tr><td>1.</td><td>Raunak Gohel</td><td>7</td></tr><tr><td>2.</td><td>Sayandeep Das</td><td>6</td></tr><tr><td>3.</td><td>Gourav Bagaria</td><td>6</td></tr><tr><td colspan="2">Total</td><td>19</td></tr></table> <p>b. <u>Lifts:</u> During the Physical Verification of elevators, it was observed that the equipment certificates in lifts operating in Hostels were not updated in the lifts after the maintenance of the lifts.</p>	S. No	Student Name	No of Books issued	1.	Raunak Gohel	7	2.	Sayandeep Das	6	3.	Gourav Bagaria	6	Total		19	<p>It is recommended to collect the dues from the students on timely basis.</p> <p>It is recommended that regular verification of elevators should be updated.</p>	<p>Libsys and dues are collected from students accordingly.</p>
S. No	Student Name	No of Books issued																	
1.	Raunak Gohel	7																	
2.	Sayandeep Das	6																	
3.	Gourav Bagaria	6																	
Total		19																	
5	Other procedural Compliances	<p>➤ Other procedural Compliances:</p> <ul style="list-style-type: none">• Safety and Security Measures in the Campus <p>The essential responsibility of Campus is to safeguard students, Staff, and the general Campus community from the threat of violence, and to provide appropriate interventions to support</p>	<p>It is recommended that the security personnel should physically verify the vehicle and make the requisite entry in</p>	<p>Point is well noted based on the observations of the audit team. Security team has been briefed accordingly to make</p>															

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		<p>individuals in crisis. To ensure the safety in the Campus, following measures shall be available in the Institution:</p> <p>All outsiders should be permitted to enter into the Campus with the temporary photo ID generated at the entrance.</p> <p><u>Observation:</u></p> <p>It has been observed, that Security personnel does not check/physically verify the vehicle entering the campus site carrying goods and the entry in the Gate Inward register is only made at the time when the vehicle leaves the campus.</p> <p>➤ Abstracts of the Acts (such as Gratuity Act, Contract Labour Act etc.) that are required to be displayed in English and a local language within the premises of the Institute were not adhered to. The Non-compliance's for the same may result in levy of penalties. Details of penalties for non-compliance are as enclosed in Annexure-4.</p>	<p>the inward register at the time of entry of vehicle only.</p> <p>It is recommended to display the extracts in English and a local language within the Institute as per the provisions of the governing law in force.</p>	<p>record in the register immediately at the time of entry of vehicle</p> <p>Based on last audit's observation, institute has followed up with various stakeholders to provide extract of laws (bilingual). However, only Gratuity law was available in English which has been displayed at Main Gate. Observations will be complied.</p>
6.	Statutory Compliances	<p>Compliance under Goods and Service Tax (GST) Act:</p> <p><u>Non-Compliances of GST:</u></p> <p>➤ During the course of audit, it has been observed that Institute has availed services of Membership fees and procured Software License from Foreign Vendors on which the Institute has not paid GST on Reverse Charge Mechanism as the same</p>	<p>It is recommended that GST should be deposited on RCM</p>	<p>As per extant practice, which was advised by the auditor's action was initiated. As advised by the audit team necessary</p>

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		<p>would be Classified under Import of Service under Section 7 of CGST Act, 2017. The details of the same are as enclosed below:</p> <table><tr><th>S. No</th><th>Vendor Name</th><th>Expense</th><th>Amount</th></tr><tr><td>1.</td><td>Startx Simulations</td><td>License Purchase</td><td>224,158</td></tr><tr><td>2.</td><td>Frontline Systems INC</td><td>License Purchase</td><td>261,280</td></tr><tr><td colspan="3">Total</td><td>485,438</td></tr></table> <p><u>Consultancy Income:</u></p> <p>As per Service Rule Books, Point 6 “Incentive Scheme for Faculty Members, Any Consulting Assignment undertaken by faculty will not be counted in work units. Net Surplus from consulting will be shared as per Rules of Faculty getting two third and IMI getting one third of such Consultancy Income.</p> <p><u>Observation:</u></p> <p>It has been observed that Institute is receiving intermediary Income from its Faculty and Staff amounting to INR 527,536, as one third portion as stated above in service rule book on consultancy income earned by the staff on which the institute has not paid GST on account of intermediary income as per GST Act, 2017.</p>	S. No	Vendor Name	Expense	Amount	1.	Startx Simulations	License Purchase	224,158	2.	Frontline Systems INC	License Purchase	261,280	Total			485,438	<p>Basis @18% amounting to INR 87,378 along with Interest.</p> <p>It is recommended that the Management should pay GST@18% amounting to INR 94,956 on the said</p>	<p>action will be initiated for compliance.</p> <p>Necessary action will be initiated as per advise of the Audit team.</p>
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1.	Startx Simulations	License Purchase	224,158																	
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		<p>➤ <u>GST on room rent charges: -</u></p> <p>It has been observed that excess GST Rates have been charged on Room Rent received by the Institute as they are charging 18% GST instead of 12% on the Value of Taxable supply less than 7500 per day. Also GST has been charged where Value Taxable Supply is less than INR 1,000, which is exempt under the GST Act. The details of the same are as enclosed in Annexure-5.</p>	<p>Intermediary services along with interest to the department.</p> <p>It is recommended that the Institute should comply with Correct GST rates as per Law.</p>	<p>Necessary action will be initiated as per advise of the Audit team.</p>
7.	LEDGER SCRUTINY	<p>a. <u>Difference in Opening Balances:</u></p> <p>It has been observed that there is a difference of INR 3,584,565.91 in the Opening Trial Balance as at 1st April, 2021. As informed by the Institute, the difference is due to the entries posted by the Delhi Office, for which no information has been provided by to them to Finance team.</p>	<p>It is recommended that the Institute should reconcile the difference in opening Trial Balance at the earliest. We suggest that IMI-Delhi should sent a reconciled Trial Balance to IMI Bhuvneshwar.</p>	<p>Point well noted for implementation. It is also requested to take up case with IMI Delhi for sending trial balance to IMI Bhubaneswar for reconciliation at both ends.</p>

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		<p>b. <u>Absence of appropriate Supporting Documents:</u></p> <p>While scrutinizing the ledger account of advertisement expenses, we have noted that following payments are made to the various vendors, which are not supported by regular invoices from the vendors. The details of the same is enclosed below:</p> <table><tr><th>S. No</th><th>Vendor Name</th><th>Amount</th></tr><tr><td>1.</td><td>Facebook</td><td>170,000</td></tr><tr><td>2.</td><td>Google India Private Limited</td><td>350,000</td></tr></table> <p>c. <u>Earmarked Funds:</u></p> <p>While scrutinizing the ledgers, it has been noted that the Institute has two funds namely Student Welfare Fund & Alumni Fund. The expenses incurred for Student Welfare and Alumni Welfare are directly debited to Income & Expenditure Account instead of debiting to the respective fund accounts. This has resulted into accumulation of funds in the respective fund accounts. The Closing Balances as at 31st March, 2022 is given below:</p>	S. No	Vendor Name	Amount	1.	Facebook	170,000	2.	Google India Private Limited	350,000	<p>It is recommended to enclose the required supporting documents along with the invoices.</p> <p>It is recommended that the Institute should follow proper accounting policies in respect of various funds.</p>	<p>Point noted for compliance.</p> <p>Student Welfare Fund and Alumni Fund both are taken as part of fee component from the students alongwith their academic fees in total six installments and that is the sole reason the same is debited directly to Profit and Loss Account and subsequently, the same is converted to</p>
S. No	Vendor Name	Amount											
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		<table><tr><th>S.No</th><th>Earmarked Funds</th><th>Balance as at 31st March, 2022</th></tr><tr><td>1.</td><td>Alumni Fund</td><td>5,240,788</td></tr><tr><td>2.</td><td>Student Welfare Fund</td><td>4,062,677</td></tr><tr><td colspan="2">Total</td><td>9,303,465</td></tr></table> <p>d. <u>Sundry Creditors:</u></p> <p>During the course of audit, it was observed that some creditors were appearing in the books with a debit balance which are standing in the books of accounts since last 2 Financial Years. Details of all such sundry creditors is enclosed in Annexure-6.</p> <p>e. <u>Non-Deduction of TDS:</u></p> <p>It has been observed that Payment for advertisement has been made to Google and Facebook during the period from October-2021 to March-22, on which on TDS has been deducted under Section 194-C @ 2% amounting to INR 8,400. The Details of the same is enclosed below:</p> <table><tr><th>S.No</th><th>Vendor Name</th><th>Expense Amount</th></tr><tr><td>1.</td><td>Google India Private Limited</td><td>350,000</td></tr><tr><td>2.</td><td>Facebook India Private Limited</td><td>170,000</td></tr><tr><td colspan="2">Total</td><td>420,000</td></tr></table>	S.No	Earmarked Funds	Balance as at 31 st March, 2022	1.	Alumni Fund	5,240,788	2.	Student Welfare Fund	4,062,677	Total		9,303,465	S.No	Vendor Name	Expense Amount	1.	Google India Private Limited	350,000	2.	Facebook India Private Limited	170,000	Total		420,000	<p>It is recommended that regular follow up be done with the Vendors for receipt of services or material along with tax invoice.</p> <p>It is recommended that the Institute should TDS on the following payment to avoid the disallowance of the expense under Income Tax Act, 1961.</p>	<p>Student Welfare Fund and Alumni Fund. Accounting of Alumni fund and Student Welfare Fund is being done as per established practice. As discussed, Institute will take up case for writing off.</p> <p>Point noted for compliance</p>
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Total		420,000																										

S. No.	AREA	OBSERVATION	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE																								
		<p>f. <u>Refund of Security Deposit:</u></p> <p>During the Course of audit, it has been noticed that Security Deposit from the Year 2017 is standing in the Books of accounts for which no Claims has been received, the details of the same is enclosed below:</p> <table><tr><th>S. No</th><th>Vendor Name</th><th>Amount</th></tr><tr><td>1.</td><td>Security Deposit PGDM (2017-19)</td><td>33,000</td></tr><tr><td>2.</td><td>Security Deposit PGDM (2019-21)</td><td>1,660,000</td></tr><tr><td>3.</td><td>Security Deposit</td><td>4,427,848</td></tr><tr><td colspan="2">Total</td><td>6,120,848</td></tr></table> <p>g. <u>EMD of Old Vendors:</u></p> <p>It has been Observed that Institute has not refunded the EMD/Retention Money of few vendors which are non-operative and is outstanding for more than 3 Years. The details of the same is enclosed below:</p> <table><tr><th>S. No</th><th>Vendor Name</th><th>Amount</th></tr><tr><td>1.</td><td>Karukrity</td><td>139,332</td></tr><tr><td>2.</td><td>Ajitosh Ghosh</td><td>10,000</td></tr></table>	S. No	Vendor Name	Amount	1.	Security Deposit PGDM (2017-19)	33,000	2.	Security Deposit PGDM (2019-21)	1,660,000	3.	Security Deposit	4,427,848	Total		6,120,848	S. No	Vendor Name	Amount	1.	Karukrity	139,332	2.	Ajitosh Ghosh	10,000	<p>It is recommended that the Security Deposit should be refunded at the earliest to the students.</p> <p>It is recommended that the Institute should refund these EMD at the Earliest to the vendors or otherwise recognize the same as income of the Institute.</p>	<p>All efforts are being made to release security deposit immediately after convocation. As per policy student can claim security deposit upto 3 years from date of convocation</p> <p>Case will be taken up for writing off EMD of Karukrity and Ajitosh Ghosh. Institute is regularly following up with Quantum Global Infratech Ltd to submit No due certificate to release EMD.</p>
S. No	Vendor Name	Amount																										
1.	Security Deposit PGDM (2017-19)	33,000																										
2.	Security Deposit PGDM (2019-21)	1,660,000																										
3.	Security Deposit	4,427,848																										
Total		6,120,848																										
S. No	Vendor Name	Amount																										
1.	Karukrity	139,332																										
2.	Ajitosh Ghosh	10,000																										

S. No.	AREA	OBSERVATION				AUDIT RECOMMENDATION	MANAGEMENT RESPONSE
		3.	Quantum Global Infratech Ltd	70,000			Opening balance has been shared by IMI Delhi. Case may be taken up with IMI Delhi for providing details.
		Total			219,332		
		h. <u>Expenses Payable:</u>					
		While scrutinizing the Expense payable ledger, there was an opening Balance of INR 10,799,373 as at 31 st March, 2021 out of which invoices were received only for INR 7,767,536 in the Current FY: 2021-22. The Balance Expenses Payable amounting to INR 3,031,837 , remains unpaid/ unadjusted till 31 st March, 2022. It is further noted that no details are available with the Institute for the unpaid amount of INR INR 3,031,837 .				We would suggest that the Institute should provide proper details for this unpaid of INR 3,031,837 .	Point noted for compliance.
		i. <u>Prepaid Expenses:</u>					
		During the course of audit, it has been observed that there was an opening Balance of INR 1,496,404 as at 31 st March, 2021 for prepaid expenses, which has not been booked as expense in the current period, due to which the Current Assets are overstated as on 31 st March, 2022.				It is recommended that institute should make appropriate entries to rectify the same.	Point noted for compliance at the time of finalization of accounts.

S. No.	AREA	OBSERVATION	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE						
		<p>j. <u>Accrued Interest on FDR:</u></p> <p>While scrutinizing the ledger, it has been noticed that Interest Accrued on FDR for previous financial year 20-21 amounting to INR 967,715, has not been reversed and no Accrued Interest on FDR for the Current Financial Year i.e., 2021-22 has been booked till date.</p> <p>k. <u>Review of Inter-Unit reconciliation of accounts:</u></p> <p>Balance confirmation of IMI-Delhi as at 31st March, 2022 or the ledger account on IMI- Bhubaneswar is not available to verify the accuracy of balance appearing in the account of IMI-Delhi. The Closing Balances as at 31st March, 2022 is enclosed as below:</p> <table><tr><th>S. No</th><th>Name</th><th>Closing Balance as at 31st March, 2022</th></tr><tr><td>1.</td><td>IMI Delhi</td><td>741,188,774 Cr.</td></tr></table>	S. No	Name	Closing Balance as at 31 st March, 2022	1.	IMI Delhi	741,188,774 Cr.	<p>It is recommended that the management should pass appropriate entries for the same</p> <p>It is recommended that account with IMI-Delhi should be reconciled on the regular basis.</p>	<p>.</p> <p>Point well noted for compliance. It is also requested that case may be taken up with IMI Delhi under intimation to IMI-Bhubaneswar regarding the same for proper functioning and reconciliation purpose.</p>
S. No	Name	Closing Balance as at 31 st March, 2022								
1.	IMI Delhi	741,188,774 Cr.								

S. No.	AREA	OBSERVATION	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE																
		<p><u>I. Balance Confirmation:</u></p> <p>It has been observed that the Balance of related party i.e., IMI Incubation Foundation does not reconcile as at 31st March, 2022 in the Books of Accounts as the Balance Outstanding is INR 1,468,613 Dr in the Books of IMI-Bhubaneswar, whereas Balance in the Books of IMI Incubation Foundation is amounting to INR 968,613 Cr. Hence there is a difference of INR 500,000 in Balance Outstanding.</p> <p><u>m. Bank:</u></p> <p>During the Course of audit, it has been observed that following bank accounts are inoperative since last 1 Year with following closing balances as at 31st March-2022.</p> <table><tr><th>S. No</th><th>Bank Name</th><th>Account Number</th><th>Closing Balance as 31st March, 2022</th></tr><tr><td>1.</td><td>Yes Bank Ltd</td><td>106694600000101</td><td>23,078</td></tr><tr><td>2.</td><td>HDFC Bank Ltd</td><td>50100208031034</td><td>348,493</td></tr><tr><td colspan="3">Total</td><td>371,571</td></tr></table>	S. No	Bank Name	Account Number	Closing Balance as 31 st March, 2022	1.	Yes Bank Ltd	106694600000101	23,078	2.	HDFC Bank Ltd	50100208031034	348,493	Total			371,571	<p>It is recommended to the Institute that Half yearly confirmation shall be taken from the related parties.</p> <p>It is recommended that the Institute should initiate the proceedings for closure of the said Bank Accounts after approval from the Management.</p>	<p>Point noted for compliance.</p> <p>As informed both accounts are being activated for collection of fees.</p>
S. No	Bank Name	Account Number	Closing Balance as 31 st March, 2022																	
1.	Yes Bank Ltd	106694600000101	23,078																	
2.	HDFC Bank Ltd	50100208031034	348,493																	
Total			371,571																	

S. No.	AREA	OBSERVATION	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE
		<p>n. <u>Financial Management:</u></p> <p>During the course of the Internal Audit, it was observed that the Institute has an average monthly balance of more than INR 1,900,000 approximately lying in the various bank accounts, which does yield any interest income to the Institute.</p>	It is recommended that the management should introduce policy regarding Investing surplus funds based on cash flow requirements.	Institute is investing funds based on operational requirements.
8.	MHRD Norms	<p>➤ As per MHRD, for each earmarked long-term funds maintained by the Institute, there shall be separate bank account maintained for the same from the which all the expenses related to such fund shall made.</p> <p><u>Observation:</u></p> <p>It has been observed that the Institute has two earmarked funds namely Student Welfare Fund and Alumni Fund, for which no separate Bank Accounts has been maintained by the Institute. The Closing Balance of the funds as at 31st March, 2022 is enclosed below:</p>	It is recommended that Management should comply Strictly with MHRD Regulations	Student Welfare and Alumni both components are part of the fees.

S. No.	AREA	OBSERVATION			AUDIT RECOMMENDATION	MANAGEMENT RESPONSE
		S.No	Earmarked Funds	Balance as at 31 st March, 2022		
		1.	Alumni Fund	5,240,788		
		2.	Student Welfare Fund	4,062,677		
		Total		9,303,465		
9.	OTHERS	NON-COMPLIANCE OF THE PREVIOUS INTERNAL AUDIT REPORTS As a prudent practice the Institute is advised to take appropriate steps to address the observations mentioned and recommendations provided by the auditors in their Internal audit reports. However, it was observed that no compliance report was prepared by the Institute with respect to past audits.			It is recommended that the Institute prepare the compliance report based on the corrective actions taken so as to provide a better understanding to the auditors about the irregularities removed.	Point noted for Compliance.

We are thankful to the Management and staff for the cooperation extended to us, in conducting to the Internal Audit.

Annexure**Annexure-1 Continuous Shifts by Security Personnel:**

S. No	Month	Number of People Worked in Double Shift	No of Shifts during the month*
1.	October-21	22	165
2.	November-21	25	144
3.	December-21	22	176
4.	January-22	14	124
5.	February-22	26	205
6.	March-22	23	173

Annexure -2 Detailed calculation of penalty that should has been charged from Quantum Global Infratech Limited in case of security agreement:

Date (A)	Number of Personnel that should be deployed as per the Agreement (B)	Number of Personnel actually deployed as per the Agreement (C)	Shortage (D)	% Deployed (E=C/B*100)	Penalty that should have been charged (F)
01-10-2021	29	22	7	75.86%	1,050
02-10-2021	29	21	8	72.41%	1,600
03-10-2021	29	23	6	79.31%	900
04-10-2021	29	24	5	82.76%	500
05-10-2021	29	22	7	75.86%	1,050
06-10-2021	29	21	8	72.41%	1,600

07-10-2021	29	24	5	82.76%	500
08-10-2021	29	24	5	82.76%	500
09-10-2021	29	25	4	86.21%	200
10-10-2021	29	23	6	79.31%	900
11-10-2021	29	23	6	79.31%	900
12-10-2021	29	23	6	79.31%	900
13-10-2021	29	25	4	86.21%	200
14-10-2021	29	23	6	79.31%	900
15-10-2021	29	23	6	79.31%	900
16-10-2021	29	25	4	86.21%	200
17-10-2021	29	25	4	86.21%	200
18-10-2021	29	23	6	79.31%	900
19-10-2021	29	23	6	79.31%	900
20-10-2021	29	22	7	75.86%	1,050
21-10-2021	29	23	6	79.31%	900
22-10-2021	29	23	6	79.31%	900
23-10-2021	29	22	7	75.86%	1,050
24-10-2021	29	21	8	72.41%	1,600
25-10-2021	29	20	9	68.97%	2,700
26-10-2021	29	22	7	75.86%	1,050
27-10-2021	29	24	5	82.76%	500
28-10-2021	29	24	5	82.76%	500
01-11-2021	29	25	4	86.21%	200
02-11-2021	29	24	5	82.76%	500
03-11-2021	29	24	5	82.76%	500
04-11-2021	29	21	8	72.41%	1,600
05-11-2021	29	25	4	86.21%	200
10-11-2021	29	25	4	86.21%	200

11-11-2021	29	25	4	86.21%	200
12-11-2021	29	22	7	75.86%	1,050
13-11-2021	29	23	6	79.31%	900
14-11-2021	29	23	6	79.31%	900
15-11-2021	29	24	5	82.76%	500
16-11-2021	29	25	4	86.21%	200
17-11-2021	29	24	5	82.76%	500
18-11-2021	29	24	5	82.76%	500
19-11-2021	29	24	5	82.76%	500
20-11-2021	29	24	5	82.76%	500
21-11-2021	29	23	6	79.31%	900
22-11-2021	29	23	6	79.31%	900
23-11-2021	29	24	5	82.76%	500
24-11-2021	29	23	6	79.31%	900
25-11-2021	29	25	4	86.21%	200
26-11-2021	29	24	5	82.76%	500
27-11-2021	29	22	7	75.86%	1,050
28-11-2021	29	23	6	79.31%	900
29-11-2021	29	23	6	79.31%	900
30-11-2021	29	23	6	79.31%	900
01-12-2021	29	22	7	75.86%	1,050
02-12-2021	29	25	4	86.21%	200
03-12-2021	29	23	6	79.31%	900
04-12-2021	29	24	5	82.76%	500
05-12-2021	29	22	7	75.86%	1,050
06-12-2021	29	22	7	75.86%	1,050
07-12-2021	29	22	7	75.86%	1,050
09-12-2021	29	23	6	79.31%	900

11-12-2021	29	24	5	82.76%	500
12-12-2021	29	24	5	82.76%	500
13-12-2021	29	23	6	79.31%	900
14-12-2021	29	22	7	75.86%	1,050
15-12-2021	29	21	8	72.41%	1,600
16-12-2021	29	23	6	79.31%	900
17-12-2021	29	19	10	65.52%	3,000
18-12-2021	29	25	4	86.21%	200
20-12-2021	29	25	4	86.21%	200
21-12-2021	29	24	5	82.76%	500
22-12-2021	29	24	5	82.76%	500
23-12-2021	29	24	5	82.76%	500
24-12-2021	29	24	5	82.76%	500
25-12-2021	29	22	7	75.86%	1,050
26-12-2021	29	22	7	75.86%	1,050
27-12-2021	29	23	6	79.31%	900
28-12-2021	29	24	5	82.76%	500
29-12-2021	29	23	6	79.31%	900
30-12-2021	29	24	5	82.76%	500
31-12-2021	29	23	6	79.31%	900
02-01-2022	29	22	7	75.86%	1,050
03-01-2022	29	23	6	79.31%	900
05-01-2022	29	25	4	86.21%	200
08-01-2022	29	24	5	82.76%	500
09-01-2022	29	24	5	82.76%	500
10-01-2022	29	22	7	75.86%	1,050
11-01-2022	29	24	5	82.76%	500
12-01-2022	29	21	8	72.41%	1,600

14-01-2022	25	22	3	88.00%	150
15-01-2022	23	18	5	78.26%	750
16-01-2022	23	20	3	86.96%	150
18-01-2022	23	19	4	82.61%	400
22-01-2022	23	15	8	65.22%	2,400
24-01-2022	23	19	4	82.61%	400
26-01-2022	23	20	3	86.96%	150
27-01-2022	23	20	3	86.96%	150
28-01-2022	23	20	3	86.96%	150
03-02-2022	23	19	4	82.61%	400
04-02-2022	23	19	4	82.61%	400
05-02-2022	23	19	4	82.61%	400
06-02-2022	23	17	6	73.91%	1,200
07-02-2022	23	19	4	82.61%	400
08-02-2022	26	20	6	76.92%	900
09-02-2022	29	25	4	86.21%	200
10-02-2022	29	25	4	86.21%	200
11-02-2022	29	23	6	79.31%	900
12-02-2022	29	24	5	82.76%	500
13-02-2022	29	21	8	72.41%	1,600
14-02-2022	29	19	10	65.52%	3,000
15-02-2022	29	19	10	65.52%	3,000
16-02-2022	29	19	10	65.52%	3,000
17-02-2022	29	19	10	65.52%	3,000
18-02-2022	29	21	8	72.41%	1,600
19-02-2022	29	23	6	79.31%	900
20-02-2022	29	22	7	75.86%	1,050
22-02-2022	29	25	4	86.21%	200

23-02-2022	29	22	7	75.86%	1,050
24-02-2022	29	22	7	75.86%	1,050
25-02-2022	29	24	5	82.76%	500
26-02-2022	29	23	6	79.31%	900
28-02-2022	29	24	5	82.76%	500
01-03-2022	29	24	5	82.76%	500
02-03-2022	29	22	7	75.86%	1,050
03-03-2022	29	24	5	82.76%	500
04-03-2022	29	24	5	82.76%	500
05-03-2022	29	23	6	79.31%	900
06-03-2022	29	23	6	79.31%	900
07-03-2022	29	24	5	82.76%	500
08-03-2022	29	24	5	82.76%	500
09-03-2022	29	24	5	82.76%	500
17-03-2022	29	25	4	86.21%	200
19-03-2022	29	24	5	82.76%	500
20-03-2022	29	21	8	72.41%	1,600
21-03-2022	29	22	7	75.86%	1,050
23-03-2022	29	25	4	86.21%	200
25-03-2022	29	24	5	82.76%	500
27-03-2022	29	24	5	82.76%	500
30-03-2022	29	25	4	86.21%	200
31-03-2022	29	22	7	75.86%	1,050
Total					114,500

Annexure -3 Detailed calculation of penalty that should has been charged from Quantum Global Infratech Limited in case of housekeeping agreement:

Month (A)	Total Number of Personnel that should be deployed as per the Agreement (B)	Total Number of Personnel actually deployed as per the Agreement (C)	Shortage (D)	Penalty that should have been charged (E)
Oct-21	527	402	125	29,200
Nov-21	510	409	101	15,900
Dec-21	527	376	151	41,500
Jan-22	527	357	170	55,000
Feb-22	476	354	122	28,200
Mar-22	527	360	167	56,000
Total				225,800

Annexure-4 Penalties pertaining to different laws which are not displayed:

Name of the Act and Section	Implication	Abstract not displayed in
Payment of Gratuity Act, 1972, Rule 20	As per Section 9(2), Failure to comply with any provision of the Act or Rules, Shall be punishable with imprisonment up to 1 year but will not be less than 3 months or with fine, which will not be less than INR 10,000 but may extend up to INR 20,000 or with both.	Local Language
Employees Provident Fund Act, 1952 Provident Fund Section 27AA (8)	As per Section 56, If any person is guilty of contravention of or non-compliance with any requirement of this Scheme, he shall be punishable with imprisonment which may extend to [one year, or with fine which may extend to four thousand rupees], or with both.	English and Local Language

Minimum Wages Act, 1948 Section 18	As per Section 22A, any employer who contravenes any provision of this Act or of any Rule or order made there under shall, if no other penalty is provided for such contravention by this Act, be punishable with fine which may extend to five hundred rupees.	English and Local Language
Payment of Wages Act, 1936 Section 25	As per Section 20, The first contravention of any provision of the Act or Rules is punishable by fine. The subsequent contravention is punishable by way of imprisonment not less than 1 month and up to 6 months and fine up to 3 thousand rupees.	English and Local Language
Contract Labor (Regulation and Abolition) Act, 1970	As per clause 23, Whoever contravenes any provision of this Act or of any Rules made there under prohibiting, restricting or regulating the employment of contract labor, or contravenes any condition of a license granted under this Act, shall be punishable with imprisonment for a term which may extend to three months, or with fine which may extend to one thousand rupees, or with both, and in the case of a continuing contravention with an additional fine which may extend to one hundred rupees for every day during which such contravention continues after conviction for the first such contravention.	English and Local Language

Annexure-5 GST on room rent charges:

Date	Particulars	Voucher No.	Room Rent Charges	GST rate applied	Remarks
05-10-2021	Opsita Kundu	RR/21-22/003	750.00	18%	GST not Applicable
20-10-2021	Sabyasachi Kar	RR/21-22/005	750.00	18%	GST not Applicable
20-10-2021	Mainak Biswas	RR/21-22/006	750.00	18%	GST not Applicable
21-10-2021	Bidisha Ghosh	RR/21-22/009	750.00	18%	GST not Applicable
11-11-2021	Smriti Priya	RR/21-22/025	750.00	18%	GST not Applicable
31-03-2022	Sayani Bhattacharya	RR/21-22/047	750.00	18%	GST not Applicable

Annexure-6 Debit balances of Sundry Creditor:

S.No.	Name of the Parties	Amount (Rs.)
1	Hindustan Ply & Doors	12,912
2	BPL Telecom Private Ltd	12,500
Total		25,412