GUIDANCE NOTE ON
INTERNAL AUDIT
OF
EDUCATIONAL INSTITUTIONS

INTERNAL AUDITING & ASSURANCE STANDARDS BOARD
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016
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Behind every successful business decision, there is always a CMA

ABOUT THE INSTITUTE

The Institute of Cost Accountants of India is a Statutory body set up under an Act of Parliament in the year 1959. The Institute as a part of its obligation, regulates the profession of Cost and Management Accountancy, enrols students for its courses, provides coaching facilities to the students, organises professional development programmes for the members and undertakes research programmes in the field of Cost and Management Accountancy. The Institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants are increasingly contributing towards the management of scarce resources and apply strategic decisions. This has opened up further scope and tremendous opportunities for cost accountants in India and abroad.

After an amendment passed by the Parliament of India, the Institute is now renamed as "The Institute of Cost Accountants of India" from "The Institute of Cost and Works Accountants of India". This step is aimed towards synergising with the global management accounting bodies, sharing the best practices which will be useful to large number of trans-national Indian companies operating from India and abroad to remain competitive. With the current emphasis on management of resources, the specialized knowledge of evaluating operating efficiency and strategic management the professionals are known as "Cost and Management Accountants (CMAs)". The Institute is the 2nd largest Cost & Management Accounting body in the world and the largest in Asia, having approximately 5,00,000 students and 85,000 members all over the globe. The Institution headquartered at Kolkata operates through four Regional Councils at Kolkata, Delhi, Mumbai and Chennai and 108 Chapters situated at important cities in the country as well as 11 Overseas Centres. It is under the administrative control of Ministry of Corporate Affairs, Government of India, New Delhi.

Internal Auditing and Assurance Standards Board (IAASB)

The Institute & eminent resource persons from our profession have felt the need for the constitution of board for Internal Audit. The Present Council for the first time has nurtured the Board to formulate and issue standards, guidelines and advisory for the Internal Audit Function. The Cost Accountants have been recognized by the Companies Act, 2013 and other regulatory bodies for appointment as Internal Auditors.

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FOREWORD OF PRESIDENT

It is my great pleasure to share that the Council in the year 2019 constitutedInternal Auditing & Assurance Standard Board (IAASB),keeping in view the need arising on account ofstatutory provisionsrelating to appointment of cost accountants as Internal Auditors of the Companies Act, 2013.

As per Section 138 (1) of the Companies Act, 2013, companies fulfilling certain criteriaarerequired to appoint an internal auditorand further Section 138(1) empowersCost Accountants to conduct internal audit of the functions and activities of the company. Keeping this in mind and in line with the regulatory recognition of practicing Cost Accountants under section 138 (1) of Companies Act 2013 to be appointed as Internal Auditors, the present Council for the first time as a hall mark in the history of the Institute, has constituted the Board to formulate and issue standards, guidance notes, guidelines and advisory for the Internal Audit activities.

This Guidance Note focuses on Internal Audit in Education Sector. It also provides an insight into the general framework of Internal Audit mechanism vis-à-vis sector specific issues which are prevalent in Education Sector.

On behalf of the Institute, I do acknowledge the sincere andpersistent effort of CMA Rakesh Shankar Ravisankar, member of the Institute and a member of IAASBwho has supported the preparation of this Guidance Note as an author. I also extend sincere gratitude to CMA K.Ch.A.V.S.N Murthy, Council Member and Member of IAASB, CMA M. Gopalakrishnan and CMA Dr. A.S. Durga Prasad, Past Presidents of the Institute and for their enormous support as reviewers nominated by IAAB.

I am thankful to CMA Biswarup Basu, Vice-President of the Institute and also CMA P. RajuIyer, Chairman of the Internal Audit Assurance &Standards Board (IAASB) for their relentless support without which, the formation and smooth functioning of the Board would have been difficult.

I am quite sure that the readers of this Guidance Note will find it very useful in their professional life and will be benefitted to enrich their knowledge in the field of Internal Audit.

CMA Balwinder Singh
President

Dated: 15th Sept, 2020

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

FOREWORD OF VICE- PRESIDENT

It gives me immense pleasure to present the Guidance Note onInternal Audit in Education Sectorprepared by the Internal Auditing and Assurance Standards Board (IAASB). I also extend my personal gratitude to the Council for formation of Internal Auditing & Assurance Standard Board (IAASB) taking into consideration the Statutory Provision of the Companies Act, 2013 wherein the Cost Accountants along with other professionals have been considered for taking up the assignment of Internal Audit.

The IAASB has been constituted to provide an opportunity to the members of the Institute to further their skills and knowledge in the field of Internal Audit by way of imparting specific training and providing guidance notes and standards for serving the industry in both the Manufacturing as well as the Service Sector.

I am sure that this Guidance Note would go a long way in strengthening and updating the professional expertise of Cost Accountants and all other stakeholders in the field of Internal Audit in delivering a far greater role and responsibilities in the years to come.

I would like to place on record my sincere gratitude to CMA Rakesh Shankar Ravisankar, member of IAASB and author of this Guidance Note,and also express my gratitude to CMA K.CH.A.V.S.N Murthy, Council Member and Member of IAASB, CMA M. Gopalakrishnan and CMA Dr. A.S. Durga Prasad, Past Presidents of the Institute for their enormous support and guidance as reviewers for imparting their expert knowledge in the field of Internal Audit in Education Sector for finalization of this guidance note.

I am happy to be associated with board as a member and would like to extend my sincere thanks to CMA P. Rajulyer, Chairman of the Internal Audit Assurance & Standards Board (IAASB) and to all the members of the board for their relentless effortsin bringing out this Guidance Note in the present form within a short span of time.

I wish all the success of the Board in its future endeavor.

CMA Biswarup Basu

Vice President

Place & Date: Kolkata, 15th Sept, 2020.

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FOREWORD OF THE CHAIRMAN

The Council of the Institute, under the able guidance of CMA Balwinder Singh, President and CMA Biswarup Basu, Vice President had constituted the Internal Audit Standards Board (IAASB) in the year 2019. This was a historic decision to promote the role of Cost & Management Accountants in the domain area of internal audit. The objectives and functions of the Board include development & issue of standards, guidance notes, implementation guides, technical guides, practice manuals, information papers and case studies etc. and to undertake their revision, where ever necessary.

The requirement of IAASB was the need of the hour considering the inclusion of "Cost Accountants" in the scope of Internal Audit as per provisions of Companies Act, 2013 and other legislations in force.

As the business activities and operations are undergoing continuous changes, auditing today, is not confined only to verification of documents and financial transactions but may also be suitably aligned with the developments in Artificial Intelligence and data mining. To assess the organization's performance, and to ensure the overall quality, credibility, consistency and comparability of the work performed by the Internal Auditors, it is necessary to follow the prescribed standards, policies, rules, and regulations covering various sectors.

To support & enable the Cost Accountants to qualitatively perform internal audit assignments, the Board felt the need for the preparation and development of Guidance Notes on Internal Audit for General requirement as well as for specific Industry /Service Sectors.

Considering the same, the board took up the assignment of preparation of Internal Audit Guidance Note on Education Sector along with other guidance notes which will be published very soon.

On behalf of the Institute as a Council Member and as a Chairman of IAASB, I sincerely thanked CMA Rakesh Shankar Ravisankar, member of the Institute and a member of IAASB who has dedicated his professional knowledge and expertise in preparing this Guidance Note as an author and also extending my sincere gratitude to CMA K.CH.A.V.S.N Murthy, Council Member and Member of IAASB, CMA M. Gopalakrishnan and CMA Dr. A.S. Durga Prasad, Past Presidents of the Institute for their enormous support, guidance and expertise as reviewers for finalization of this guidance note. I do also acknowledge and appreciate the support, expertise and guidance of all the members of the board for preparation and finalization of this guidance note.

I am sure that our members would find this Guidance Note as a very useful document for enriching their knowledge in the field of Internal Audit in Education Sector and in furtherance to establish a lucrative career in Internal Auditing to tap the fullest potential of Internal Auditing and Assurance services.

CMA P. Raju Iyer
Chairman of IAASB

Place & Date: Chennai, 15th Sept, 2020.

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C O N T E N T S

EXECUTIVE SUMMARY

Audit of Educational Institutions, is a process of systematic evaluation and documentation of financial statements of educational organisations such as schools, colleges universities, institutions of national importance, etc..

Conducting this type of audit -

■ simplifies the preparation of audit procedures at the planning stages

■ provides foresight of risk factors and steps to mitigate them

■ improves internal control and standardizes the policies and procedures

■ nurtures administrative operations, risk control & management, and

■ promotes good governance whilst ensuring quality assurance in higher education.

The administrators, stakeholders of the educational sector and its observers have wrung hands over rising costs for years. While there are many reasons for escalating costs, the educational leadership need to focus on the complete control over the cost, compliance and efficiency improvement in the sector and the issues should be addressed immediately. Without knowing the cost of their educational activities, faculty and administrators of the educational institution lack the ability to improve productivity and efficiency in a systematic and sustainable manner. They do not have the requisite information needed to make targeted cost reductions or systematic changes to improve outcomes. If this sustainability is achieved only then, they would be able to focus on the performance and metrics to improve the qualitative and quantitative aspects of the sector.

It is to be understood that -

■ there is almost a complete lack of visibility on how much it actually costs to deliver education to the students and

■ how those costs compare with the outcomes achieved.

While "measuring education outcomes" has been receiving rapid national attention, the "cost to deliver" aspect has received much less attention. Both issues must be addressed. Accurately measuring costs and comparing them with outcomes is one of the most important strategies that can be pursued in transforming the economics of education. This principle has also been emphasized in the proposed New Education Policy, 2020 by the Government of India.

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Since institutions, for the most part, do not understand the cost of their educational activities and how they relate to outcomes, they cannot target cost reductions to specific activities. Hence when a need arises to reduce costs, many institutions have turned to simplistic actions such as across-the-board cuts. These types of non-strategic cuts generally achieve only marginal savings and can often lead to higher total costs and poorer delivery of services. The flip-side of this issue is that institutions also cannot calculate the effect of innovations on their cost structure, such as implementation of new learning technologies. Thus, they end up treating spend in new learning methodologies as one-off initiative costs, not as part of a change in the operating model of the institution, and thus cannot effectively scale these innovations. It is not that traditional accounting is inaccurate; it's just irrelevant when it comes to this issue. Accounting requirements are not structured to measure cost in a way that can answer the fundamental value problem in education sector: ***How can institutions deliver improved outcomes at a lower total cost?***

Traditional accounting groups data in a way show how much an institution spends on salaries and benefits. It can even be used to calculate a high level cost figure such as total cost per student. However, existing accounting systems do not provide information on an institution's activities and how changes in these activities affect their underlying cost structure. ***How can an institution make effective trade-offs between activities if it doesn't know its relative cost or how it affects the outcomes?***

Also, it is to be noted that education sector has wide and enhanced regulatory compliance. Failure to adhere to the regulatory compliance results in increased cost of compliance, penalties and this results in a dip in the brand image and quality of the institutions concerned.

Fortunately, there is a path available that will help answer both these questions. That path requires institutions to look at their costs through a new lens, a lens in the name of <u>Internal Audit with a focus on performance management and decision making</u> that will allow the institutions to compare their costs with whatever outcomes are deemed most important for them. Moreover, this proposed methodology is meant to provide an ongoing operational model, not to be a one-time data collection effort.

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INTRODUCTION

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1.1   INTRODUCTION

Education in India is a holistic process for the attainment of continuing values in the life of each and every citizen, consistent with his or her ability to contribute towards nation's development and also contribute towards creating a fair, just and equitable society of responsible citizens. Educational institutions play a vital role in the development of human resources in a Nation. In a developing country such as India, educational institutions are numerous in number that deploy public funds in achieving a social objectives. Hence, the functioning of the educational institutions need review in terms of finance , procedures and performance . The operational excellence can be achieved with the help of internal audit.

Objectives of the Educational Sector

The following strategic objectives define the context for imparting education:

*   Promoting education as a fundamental human right in accordance with the Universal Declaration of Human Rights

*   Improving the quality of education through the diversification of contents and methods, and promotion of universally shared values

*   Promoting experimentation, innovation , diffusion and sharing of information and best practices as well as policy dialogue in education

*   Promote liberal arts approach in higher education

*   Focus on high quality research

*   Facilitate transformation of the education system thereby facilitating nation's development

*   Ensuring implementation of educational policies of the Government in letter and spirit .

Global Sustainable Development Goals:

The direction of the global education development agenda is reflected in the Sustainable Development Goal 4 (SDG4) of the 2030 Agenda for Sustainable Development. SDG4 seeks to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" by 2030. Five of the seven targets

of SDG4 focus on quality education and learning outcomes. SDG4 is, therefore, an all-encompassing goal, which is applicable to every nation attempting to bring quality of life to its citizens in a sustainable way, without degrading the environment. [Source: Draft New Education Policy, 2019]

1.2 OBJECTIVE OF THIS GUIDANCE NOTE

1. To provide guidance to Members to carry out the internal audit of educational institutions. These educational institutions provide education from primary level to higher level research based education.

2. To advise to the management on the determination of cost per student.

3. To describe the scope of our testing of internal control over financial reporting and statutory compliance as applicable to the institution.

4. To determine the audit procedures that is appropriate in the circumstances for the purpose of expressing our opinion on the cost management and internal control

1.3. SCOPE & PURPOSE OF THE GUIDANCE NOTE

1. The purpose of this internal auditing is solely to describe the scope of our testing of internal control and compliance but we do not purport to provide an opinion on the effectiveness of the organization's internal control or on compliance.

2. To focus on the procedures that the institution uses to maintain and develop the quality of its operations and to shift the focus of internal audit from detection to solution,

3. To develop a synergy in cost management by applying suitable strategic and operational management decisions based on the internal audit.

4. To act as a handbook for internal auditors,

5. To Identify the roles and responsibilities of members of the internal audit team,

6. To introduce the annual plan and programme for post-audit through risk based assessment,

7. To develop the concept of systematic sampling,

8. To standardize conduct of audit and reporting mechanism to improve audit effectiveness,

Coverage of the Study

The following aspects relevant to the above study are explained in this Guidance Note.

1. Cost of establishment and creating infrastructure facilities in the new educational institutions for higher studies.

2. Operational cost and revenue of the institutions.

3. Financial accounting methods to account and control cost.

4. Cost accounting methods and records for cost management of educational institutions.

5. Operational control mechanism.

Limitations

The nature, size, structure and functioning of educational institutions are unique to each organisation. But this Guidance Note does not discuss the intricacies of the institutions under different circumstances or practical situations. However, an earnest attempt is made to ensure that there is a proper understanding of the internal control, operations and cost management for the educational institutions. This Guidance Note is not intended to dwell on the basic internal audit procedures and specific statutory compliances stipulated by the government.

OVERVIEW OF INTERNAL AUDIT $\quad$ 2

2.1 DEFINITION OF INTERNAL AUDIT

According to the Institute of Internal Auditors "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Internal audit is the function of an entity that performs assurance and consulting activities designed, amongst other things, for examining, evaluating and monitoring the adequacy and effectiveness of the entity's governance, risk management, and internal control processes.

2.2 OBJECTIVES OF INTERNAL AUDIT

- To assess the effectiveness and efficiency of an entity's operations.
- To assess compliance with the applicable laws and regulations.
- To assess reliability and integrity of financial and operational information.
- To assess compliance with internal policies and procedures.

2.3 SCOPE OF INTERNAL AUDIT

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the adequacy of internal controls.
- Reviewing the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the company is in compliance with these.
- Reviewing the means of safeguarding assets.
- Reviewing and appraising the economy and efficiency with which resources are employed.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Reviewing specific operations at the request of the Audit Committee or management, as appropriate.
- Monitoring and evaluating the effectiveness of the entity's risk management and governance processes.
- Reviewing the adequacy of IT controls.

2.4   METHODOLOGY OF INTERNAL AUDIT

The purpose of internal audit methodology is to provide a consistent basis for the delivery of internal audit services. The internal audit methodology is written as a reference document that provides guidance on the key phases and activities applied in an internal audit engagement.

2.5   INTERNAL AUDIT PLANNING

The Internal Auditor must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals. The purpose of annual audit planning is to ensure that the audit is relevant to the organization's needs and is adding value towards the achievement of the preset objectives. It also helps in better utilization of the limited audit resources.

2.6   INTERNAL AUDIT SAMPLING

Audit sampling is used to provide factual evidence and a reasonable basis to draw conclusions about a population from which a sample is selected. The internal auditor should design and select an audit sample, perform audit procedures, and evaluate sample results to obtain sufficient, reliable, relevant, and useful audit evidence to achieve the engagement's objectives. Sufficient, in that the information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable, in that the information is the best attainable information through the use of appropriate engagement techniques. Relevant, in that the information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful, in that the information helps to provide assurance that the organization will meet its goals.

2.7   INTERNAL AUDIT EVIDENCE

Audit sampling is defined as, the application of audit procedures to less than 100 per cent of items within a class of transactions or account balance such that all sampling units have a chance of selection. Population is defined as the entire set of data from which a sample is selected and about which the internal auditor wishes to draw conclusions. Sampling risk is defined as, the risk that the internal auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure.

Audit evidence can be physical, testimonial, documentary, or analytical. The type and source of test evidence obtained and used to complete testing are documented in a relevant working paper. This enables an independent reviewer to arrive at the same findings and recommendations by reviewing the working papers.

Each test procedure should link back to the specific scope of our internal audit project. Upon completion of the test work, the test program may be referenced to the relevant working papers, signed, and dated by the staff member who performed the procedure or test.

2.8   INTERNAL AUDIT ANALYTICAL PROCEDURES

Internal auditors may use analytical procedures to obtain audit evidence. Analytical procedures involve studying and comparing relationships among both financial and non financial information. The application of analytical procedures is based on the premise that, in the absence of known conditions to the contrary, relationships among information may reasonably be expected to exist and continue. Examples of contrary conditions include unusual or non recurring transactions or events; accounting, organizational, operational, environmental, and technological changes, inefficiencies, ineffectiveness, errors, fraud or illegal acts. Internal auditors may perform analytical procedures using monetary amounts, physical quantities, ratios, or percentages. Specific analytical procedures include ratio, trend, and regression analysis; reasonableness tests; period-to-period comparisons; comparisons with budgets; forecasts; and external economic information. Analytical procedures assist the internal auditors in identifying conditions that may require additional audit procedures

2.9   INTERNAL AUDIT DOCUMENTATION

"Internal audit documentation" refers to the written record (electronic or otherwise) of the internal audit procedures performed, the relevant audit evidence obtained and conclusions reached by the Internal Auditor on the basis of such procedures and evidence (Terms such as "work papers" or "working papers" are also used to refer documentation). The Internal Auditor is expected to record and collate all the evidence obtained in the form of complete and sufficient audit documentation. This Guidance Note explains certain key requirements in the process of collection, preparation, retention and subsequent review of internal audit documentation.

2.10   INTERNAL AUDIT REPORT WRITING

The primary objective of reporting is to effectively communicate the results of the internal audit work, thereby helping to drive changes that contribute to the achievement of organizational objectives. Reporting occurs through formal documentation and respective meetings with the process owner, senior management, Audit Committee and other stakeholders of the audit process.

All the work and documents previously prepared provide input to the reporting process. However, the following documents are drawn from in preparing reports to management and the Audit Committee:

- Audit committee charter
- Internal audit charter
- Risk register
- Internal audit plan
- Process analysis documentation
- Process risk register
- Audit working papers
- Audit evidence obtained
- Audit reports from individual projects.

2.11 FOLLOW-UP

Follow-up is a process by which Internal Auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations, including those made by external auditors and others. His process also includes determining whether senior management and/or the Board have assumed the risk of not taking corrective action on reported observations. The internal audit activity charter should define the responsibility for follow-up. The chief audit executive (CAE) determines the nature, timing, and extent of follow-up, considering the following factors:

- Significance of the reported observation or recommendation.
- Degree of effort and cost needed to correct the reported condition.
- Impact that may result should the corrective action fail.
- Complexity of the corrective action.
- Time period involved.

GLOSSARY OF SPECIFIC TERMS IN EDUCATION SECTOR

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Admission Fee	Admission charges for entry into a course/Institution, fixed amount of fees charged by the Institutions for the course
Board of Management/ Institutions Committee / Governing Body	Group of individuals form part of the management committee consisting of elected representative of local authority, Government, sponsoring trust, parents or guardian of children admitted in institutions, educationists and teacher representatives
Senate [Academic Body]	An academic senate is a governing body in some universities and colleges and is typically the supreme academic authority for the institution.
Syndicate	The syndicate is the executive body of the University and exercises general supervision over the affairs and management of the University.
IQAC	The internal quality assurance mechanism of the institution may be called "Internal Quality Assurance Cell (IQAC)". The IQAC is meant for planning, guiding and monitoring Quality Assurance (QA) and Quality Enhancement (QE) activities of the colleges.
Technical Institutions / Institute of Technology	An institute of technology (also referred to as: technological university, technical university, university of technology, technological educational institute, technical college, polytechnic university or just polytechnic) is an institution of tertiary education (such as a university or college) that specializes in engineering, technology, applied science, and natural sciences.
Professional Institutions	Professional institutions are the societies and associations, that help develop and promote a career and the people who practice in it. The different areas of work that are covered includes constructions, health, journalism, personnel, finance, engineering, law and of course, management.
Self Finance Courses	Self finance courses refer to courses in which students pay their full fees without any grant in aid from the Government.
Grant in Aid Scheme	A grant is financial aid offered by the Government in administering the educational course / Institution. It also refers to grant offered in support of specific projects, etc.,
Open & Distance Learning	The concept of open learning and distance education system focuses on open access to education and training to make the learners free from the constraints of time and place, and offering flexible learning opportunities to individuals and groups of learners under the non-conventional mode.

OVERVIEW OF THE EDUCATION SECTOR — 4

4.1   BACKGROUND & SIGNIFICANCE OF EDUCATION

Education in India is provided by public schools (controlled and funded by three levels: Central, State and Local) and private schools. Under various Articles of the Indian Constitution, free and compulsory education is provided as a fundamental right to children between the age of 6 and 14. The approximate ratio of public schools to private schools in India is 7:5.

India has made progress in increasing the attainment rate of primary education. In 2011, approximately 75% of the population, aged between 7 and 10 years, was literate. India's improved education system is often cited as one of the main contributors to its economic development. Much of the progress, especially in higher education and scientific research, has been credited to various public institutions. While enrolment in higher education has increased steadily over the past decade, reaching a gross enrollment ratio of 24% in 2013, there still remains a significant distance to catch up with tertiary education enrolment levels of developed nations, a challenge that needs to be overcome in order to continue to reap a demographic dividend from India's comparatively young population.

4.2   TYPES OF EDUCATIONAL INSTITUTIONS

4.2.1 Primary & Secondary Schools

The school system in India has four levels: lower primary (age 6 to 10), upper primary (age 11 and 12), high (age 13 to 15) and higher secondary (age 17 and 18). The lower primary school is divided into five "standards", upper primary school into two, high school into three and higher secondary into two. It is administered by Centre / State through School Boards.

4.2.2 Colleges & Universities for Higher Education

The Indian higher education system has expanded at a fast pace by adding more than 20,000 colleges and more than 8 million students in a decade and as of today, India has more than 800 Universities, with a break up of Central, State, Deemed and Private universities along with many institutions established and functioning under the State Acts, and Institutes of National Importance - which include AIIMS, IITs and NITs among others.

Other institutions include Government Degree Colleges and Private Degree Colleges, including exclusive women's colleges, functioning under these universities and institutions. Colleges may be autonomous, i.e. empowered

to examine their own degrees, up to the PhD level in some cases, or non-autonomous, in which case their examinations are under the supervision of the University to which they are affiliated; in either case, however, degrees are awarded in the name of the University rather than the college.

The emphasis in the tertiary level of education lies on science and technology. Indian educational institutions by 2004 consisted of a large number of technology institutes.

4.2.3 Technical & Professional Institutes

The National Institute of Technology (NITs), Indian Institutes of Information Technology (IIITs), Indian Institutes of Technology (IITs), Netaji Subhash University of Technology are among the most prestigious institutions within the science and technology . Indian Institute of Science (IISc) and Indian Institute of Science Education and Research. (IISERs) are the premier research institutes in the field of science education and research. There are several thousand colleges (affiliated to different universities) that provide undergraduate science, agriculture, commerce and humanities courses in India. Amongst these, the best also offer post graduate courses while some also offer facilities for research and PhD studies.

Technical education has grown rapidly in recent years. Of the 27.3 million students enrolled in undergraduate studies, about 4.5 million are in engineering fields. With recent capacity additions, it now appears that the nation has the capability to graduate over 500,000 engineers (with 4-yr undergraduate degrees) annually, and there is also a corresponding increase in the graduation of computer scientists (roughly 50,000 with post-graduate degree). In addition, the nation graduates over 1.2 million scientists. Furthermore, each year, the nation is enrolling at least 350,000 in its engineering diploma programs (with plans to increase this by about 50,000). Thus, India's annual enrollment of scientists, engineers and technicians now exceeds 2 million.

Also, to cater to development of professional studies, The Institute of Cost Accountants of India, The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India, The Institute of Actuaries of India have been established under separate Acts of Parliament.

4.2.4 Skill Development/Vocational Centres

Skill Development & Vocational, Industrial Training Centres in India are remaining in the regulated and unregulated sectors in India. To regularize the same, the National Skill Development Corporation India (NSDC) was set up as a one of its kind, public private partnership company with the primary mandate of catalysing the skills landscape in India. NSDC is a unique model created with a well thought out underlying philosophy based on the following pillars:

1. Create: Proactively catalyse creation of large, quality vocational training institutions.

2. Fund: Reduce risk by providing patient capital including grants and equity.

3. Enable: Creation and sustainability of support systems required for skill development. This includes the industry led Sector Skill Councils.

4.2.5 Institutes of National Importance

Institutions of National Importance (INI) is a status that may be conferred on a premier public higher education institution in India by an Act of Parliament of India, an institution which "serves as a pivotal player in developing highly skilled personnel within the specified region of the country/State". Institutes of National Importance receive special recognition and funding from the Government of India.

As of June 2020, there were 155 institutes, declared as Institutes of National Importance under a distinct Act of Parliament. These INIs include 23 IITs; 15 AIIMSs; 20 IIMs; 31 NITs; 25 IIITs; 7 IISERs, 7 NIPERs; 5 NIDs; 3 SPAs; 5 central universities; 4 medical research institutes and 10 other specialized institutes.

4.2.6 Open Schools

Open learning is offered under non-conventional mode to those who could complete a formal education in India. Open learning is offered by Open Universities of the State / Centre and even schooling system has been brought under the purview of open learning. The National Institute of Open Schooling (NIOS) or (NOS for National Open School) is the Board of Education for open schools in India. One could also say that it's a school of open learning. This autonomous open school board in India was established by the Government in 1989. NIOS administers the secondary and senior secondary examinations of the open school system, which are equivalent to the CBSE and the CISCE exams. As of 2016, about 19 lakh students from across the country were pursuing secondary (class 10), senior secondary (class 12) and vocational education programmes under NIOS. It is one of the three open school boards in India, and the only Indian board looking after school education through open and distance education. It is on par with other national/state level boards of school education.

4.2.7 Distance Learning

Distance learning and open education is also a feature of the Indian higher education system, and is looked after by the Distance Education Council. Indira Gandhi National Open University is the largest university in the world by number of students, having approximately 3.5 million students across the globe.

4.3   STRUCTURE OF EDUCATIONAL INSTITUTIONS

Structure of Educational Institutions in India

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                    │   Nature of     │
                    │   Management    │
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│ 100% Government /│ │Institutions under│ │ Private Institutions /│
│  Autonomous or   │ │  Grant in Aid    │ │Institutions not receiving│
│Statutory Institutions│ │     Scheme       │ │ any Government Aid /│
│                  │ │(Government Aided) │ │      Grant       │
└──────────────────┘ └──────────────────┘ └──────────────────┘
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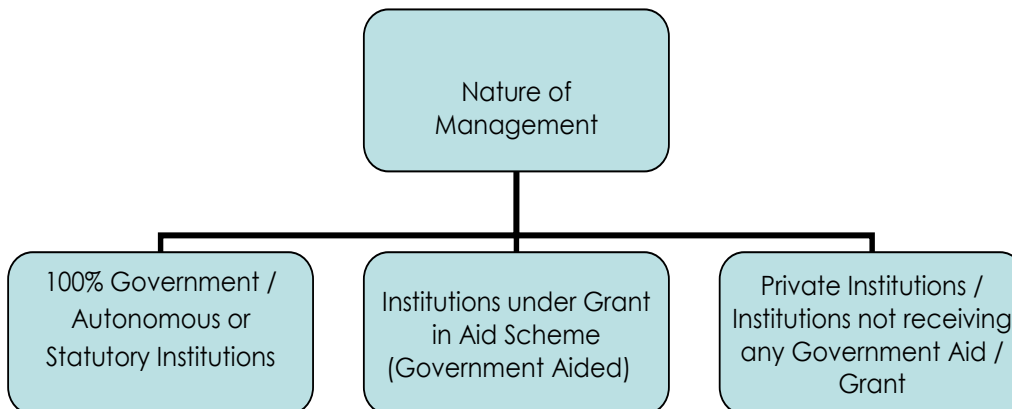
4.3.1   Wholly Government owned/ Autonomous / Statutory Institutions

These institutions are established and administered by Government. They are managed through Governing Boards constituted under the Ministry / Department.

4.3.2 Institutions under Grant-in-Aid

Private institutions established by trust / society receive grant in aid from Centre / State towards maintenance of the institutions, staff salaries, etc.,

4.3.3 Unaided Private Institutions

They are established as private institutions under the scheme of "Self Supporting" Mode and do not receive any grant from Government for maintenance, staff salaries

4.3.4 Religious & Minority Institutions

Article 30(1) of the Constitution of India gives linguistic and religious minorities a fundamental right to establish and administer educational institutions of their choice. They enjoy certain special privileges with regard to functioning and administration, subject to the rules and regulations prescribed.

4.4   LITERACY LEVELS IN INDIA

Literacy in India is a key for socio-economic progress,. Despite government programmes, India's literacy rate increased only "sluggishly". The 2011 census, indicated a 2001–2011 decadal literacy growth of 9.2%, which is slower than the growth seen during the previous decade. An old analytical 1990 study estimated that it would take until 2060 for India to achieve universal literacy at the then-current rate of progress.

Census of India - literacy rates (age 7+)			
Year	**Male %**	**Female %**	**Combined %**
1872[29]			~3.25
1881	8.1	0.35	4.32
1891	8.44	0.42	4.62
1901	9.8	0.6	5.4
1911	10.6	1.0	5.9
1921	12.2	1.8	7.2
1931	15.6	2.9	9.5
1941	24.9	7.3	16.1
1951	27.16	8.86	18.33
1961	40.4	15.35	28.3
1971	45.96	21.97	34.45
1981	56.38	29.76	43.57
1991	64.13	39.29	52.21
2001	75.26	53.67	64.83
2011	82.14	65.46	74.04

[Source : https://en.wikipedia.org/wiki/Literacy_in_India]

4.5   PRESENT STATUS OF SCHOOL EDUCATION

The Central Board and most of the State Boards uniformly follow the "10+2" pattern of education.: In this pattern, study of 10 years is done in schools and 2 years in Junior colleges and then 3 years of study for a bachelor's degree in colleges . The first 10 years is further subdivided into 4 years of primary education, 6 years of High School. This is followed by 2 years in Junior colleges.

4.6   PRESENT STATUS OF HIGHER EDUCATION

India's higher education system is the third largest in the world, next to the United States and China. The main governing body at the tertiary level is the University Grants Commission, which enforces its standards, advises the Government, and helps coordinate between the Centre and the States. Accreditation for higher learning is overseen by 15 autonomous institutions established by the University Grants Commission (UGC). According to MHRD , India has the third largest higher education system in the world, behind China and the United States comprising of 795 universities, 39,671 affiliated colleges, 10,15,696 teaching faculty and 2,37,64,960 students including 29,34,989 post-graduate and 2,00,730 research scholars.

4.7   PRESENT STATUS OF TECHNICAL/PROFESSIONAL EDUCATION

Since Independence, the technical education system in our country has grown into a fairly large-sized system, offering opportunities for education and training in a wide variety of trades and disciplines at certificate, diploma, degree, postgraduate degree and doctoral levels in institutions located throughout the country. In order to maintain the standard of technical education, The All India Council for Technical Education (AICTE) has been set up. AICTE is responsible for the planning, formulation and maintenance of norms and standards, quality assurance through accreditation, funding in priority areas, monitoring and evaluation, maintaining parity of certification and awards and ensuring coordinated and integrated development and management of technical education in the country.

EDUCATION - STATUTORY & REGULATORY FRAMEWORK

5

5.1 CONSTITUTIONAL PROVISIONS RELATING TO EDUCATION

Constitution of India

- The Constitution is the fundamental legal document according to which the government of a country functions. It is the basic law that defines and delimits the main organs of governance, their jurisdictions, and also the basic rights of all citizens. The Constitution is superior to all other laws of the country and no law can be enacted which is not in conformity with the Constitution. Main organs as per the Indian constitution are Legislature, Executive, and Judiciary. The fourth organ also an important one is the Press.

- The Constitution (86th Amendment) Act, 2002 has made education as a Fundamental Right

Under Article 12 the term" State" includes -

- the Government and Parliament of India;

- the Government and Legislature of each of the State; and

- all local and other authorities within the territory of India and under the control of Government of India.

Constitution and Education

Fundamental Rights – Articles 15, 21, 29 and 30

- Article 21A – Right to Education: The State shall provide free and compulsory education to all children of the age six to fourteen years in such manner as the State, may, by law, determine. This right has not been enforced till date.

- Article 29(1) – Any section of the citizens residing in the territory of India or any part thereof having a distinct language, script or culture of its own shall have the right to conserve the same.

- Article 29(2) – No citizen shall be denied admission into any educational institution maintained by the State or receiving aid out of State funds on the grounds only of religion, race, caste, language or any one of them.

- Article 30(1) – All minorities, whether based on religion or language, shall have the right to establish and administer educational institutions of their choice.

Directive Principles of State Policy – Articles 45, and 46

- Article 45 – The State shall endeavour to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years.

- Article 46 – The State shall promote with special care the educational and economic interests of the weaker sections of the people, and, in particular, of the Scheduled Castes and the Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation.

Fundamental Duties – Article 51

- Article 51 A (k) – It shall be the duty of every citizen of India who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

- Article 337 – This Article provides for special provision with respect to educational grants for the benefit of Anglo-Indian community.

- Article 350A – It relates to facilities for instruction in mother tongue at primary stage.

- Article 350B – It provides for the appointment of a special officer by the President of India, for linguistic minorities.

- Article 351 – It relates to the development and promotion of Hindi Language.

Education on the Concurrent List

- Till 1976 education was a State subject with certain provisions at the Central level. The Constitution (42nd Amendment)Act, 1976 brought education within the Concurrent List.

- Both the Centre and the States can make laws on any aspect of education from the primary to the university level. In case of any dispute, the Central Government will have the overriding authority.

- The National Policy of Education [NPE], 1992 accepted the concurrency in education. It means meaningful partnership between the Central Government and the State Governments. The Central Government's role would be to promote excellence at all levels of the educational pyramid throughout the country.

- Central List

  o Entry 63 – Institutions of National Importance. These institutions are Banaras Hindu University, the Aligarh Muslim University, the Delhi University, the Vishva Bharti University, the Shanti Niketan, and the J.L.N. University. Later many others were added to the list.

  o Entry 64 - Institutions of Scientific and Technical Education, financed by

the Government of India wholly or in part and declared by law to be the institutions of national importance.

- o Entry 65 – Union agencies and institutions for (a) Research centers for special studies; (b) Scientific or technical assistance in the investigation of detection of crime; and (c) Training of police officers, Professional, vocational or technical training.

- o Entry 66 – (i) Co-ordination and determination of standards in institutions for higher education or research and scientific and technical institutions; and (ii) Establishment of University Grants Commission [U.G.C.]

- o Entry 67 – Under Article 49, protection of monuments and places and objects of National importance.

- • State List

- o Directive Principles of State Policy – Article 45 – The State shall endeavour to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years.

- o The State Governments have to try to provide conditions under which fundamental rights like, right to free & compulsory education, right to work, right to an adequate livelihood etc. can become legal rights of their citizens.

- o The State must maintain Entry II instructions which are concerned with education means to maintain Union List Entry Nos. 63, 64, 65, & 66.

- • Concurrent List

- o Entry 25 – Vocational and technical training of labour

- o Uniformity in education policy – to bring same pattern of education in the entire country

- o Improvement in standards of education

- o To impart education to ensure emotional integration of all citizens in the country

- o To bring better discipline in education in the entire country

- o To ensure proper and better utilization of funds for education

- o To provide quality leadership from the Central Government

- o To ensure better implementation of education policies

- o For creating an egalitarian society where everyone has equal rights

Weaker Sections of Society

- • Indian Constitution provides for abolishing the inequalities of different status in socially, culturally, economically and politically deprived members of society. There are

- o Scheduled Casts and Scheduled Tribes
- o Other Backward Classes
- o Handicapped
- o Minorities
- All these groups of the Indian Society have been leading their lives as socially disadvantaged people. So the Constitution provides for the following relating to the education of weaker sections:
  - o Free and compulsory education to all children
  - o Education of Scheduled Casts and Scheduled Tribes
  - o Education of socially & educationally Backward Classes of Society
  - o Education of the Handicapped
  - o Education of the Women [Gender Equality]
  - o Education of the Minorities
  - o Minorities' rights to establish & administer educational institutions
  - o Freedom for providing religious education
  - o Education functions of the government at various levels
- Article 29(1) – Any section of the citizens residing in the territory of India or any part thereof having a distinct language, script or culture of its own shall have the right to conserve the same.
- Article 29(2) – No citizen shall be denied admission into any educational institution maintained by the State or receiving aid out of State funds on the grounds only of religion, race, caste, language or any one of them.
- Article 30(1) – All minorities, whether based on religion or language, shall have the right to establish and administer educational institutions of their choice.
- Article 15(1) - The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, place of birth or any of them.
- Article 15(3) - Nothing in this Article shall prevent the State from making any special provision for women and children.
- Article 15(4) - Nothing in this Article or in clause (2) of Article 29 shall prevent the State from making any special provision for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes and the Scheduled Tribes.
- Article 15(5) - Nothing in this Article or in sub-clause (g) of clause (1) of Article 19 shall prevent the State from making any special provision, by law, for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes or the Scheduled Tribes in so far as such special provisions relate to their admission to educational institutions including private

educational institutions, whether aided or unaided by the State, other than the minority educational institutions referred to in clause (1) of Article 30.

Universalization of Elementary Education

- Universalization of elementary education means universal access, enrolment, retention, and qualitative education up to the age of 14.

- Following provisions in the Constitution have made elementary education a Fundamental Right. Even though it has not been enforced so far, various other provisions contained in the Constitution insist on providing elementary education to all children up to the age of 14.

- Article 21A – Right to Education: The State shall provide free and compulsory education to all children of the age six to fourteen years in such manner as the State, may, by law, determine.

- Article 45 – The State shall endeavour to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years.

- Article 51 A (k) – It shall be the duty of every citizen of India who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

- Problems in respect of universalization are
    - Lack of financial resources
    - Very small villages
    - Free text books and writing material
    - Free school health service
    - Lack of suitable buildings
    - Poverty of parents
    - Parents' non co-operation
    - Stagnation in the matter of women education
    - Indifference to primary education
    - Disinterest of illiterate people to education

Education of Women

- Article 15(1) - The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, place of birth or any of them.

- Article 15(3) - Nothing in this Article shall prevent the State from making any special provision for women and children.

- Article 21A – Right to Education: The State shall provide free and compulsory education to all children of the age six to fourteen years in such manner as the State, may, by law, determine.

- Article 29(2) – No citizen shall be denied admission into any educational institution maintained by the State or receiving aid out of State funds on the grounds only of religion, race, caste, language or any one of them.

- Article 51 A (k) – It shall be the duty of every citizen of India who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

- Following are the measures for improving the literacy level of women in India:

  o Schemes for girls in rural, tribal and slum areas – help of voluntary organizations

  o Free uniform, books and mid-day meal for girl child

  o Social welfare measures – remove social evils like child marriage, caste system, dowry, child labour, male child preference, etc.

  o Social education for adult women

  o Incentives for saving girl child and for her education, adult marriage, etc.

  o Vocational curriculum for girl child

Right to Education Act, 2009

- *Directive Principles of State Policy, Article 45* – The State shall endeavour to provide, within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of fourteen years.

- In fulfillment of these Directives, Right to Education Act, 2009 was enacted, This Act came into force from April 1, 2010.

- The Act provides for free and compulsory education to all children of the age of six to fourteen years i.e. every child in the age group of 6-14 years will be provided 8 years of elementary education.

- Every State shall be responsible of enrolling every child, ensuring attendance and completion of 8 years of schooling.

- Children with disabilities will also be educated in the mainstream schools.

- All private schools shall be required to enrol children from weaker sections and disadvantaged communities in their incoming class to the extent of 25% of their enrolment by simple random selection. No seat in the quota can be left vacant.

- These children will be treated at par with all the other children in the school and subsidized by the state.

- Any school that do not comply with these provisions shall not be allowed to function. They would be liable for fine of Rs. one lakh and Rs.10,000/- per day.

Various Education Programs

- District Primary Education Projection
- Sarva Shiksha Abhiyan
- National Programme of Nutritional support to Primary Education or Mid-day Meal Scheme
- Education Guarantee Scheme and Alternative and Innovative Education
- National Programme of Education of Girls at Elementary stages Scheme
- Kasturba Gandhi Balika Vidyalaya Scheme
- Prathmik Shiksha Kosh
- Rashtriya Madhyamik Shiksha Abhiyan
- Inclusive Education for Disabled Persons
- National Merit cum Means Scholarship
- Adolescence Education Programme
- Saakshar Bharat
- Jan Shikshan Sansthans
- Beti Bachao Beti Padhao

5.2 MINISTRY OF EDUCATION [FORMERLY MINISTRY OF HUMAN RESOURCE EDUCATION]

The Ministry of Education, Government of India formerly Ministry of Human Resource Development [MHRD], is responsible for the development of human resources in India.

- The Department of School Education and Literacy, deals with primary, secondary and higher secondary education, adult education and literacy.
- The Department of Higher Education, deals with university education, technical education, scholarship etc.

5.3 DETAILS OF LAWS/STATUTES RELATING TO EDUCATION

(The following list is not exhaustive)

1) The Right of Children to Free and Compulsory Education Act, 2009

   - Impact on the Government Grants to be received by the Institution for the education provided to the students admitted as per the provisions of the Act.

2) National Policy on Education, 1992

- Pattern of Education & Structure and its impact on the Income & Expenditure to the institution

3) Regulations & Norms framed by the Ministry of Human Resource Department, Department of Education (School & Higher Education) of Centre & State, Statutory or Autonomous bodies such as AICTE, UGC, NTA, etc.,

a. University Grants Commission Act, 1956 (UGC)

b. The Institutes of Technology Act, 1961 (IIT)

c. National Institutes of Technology Act, 2007 (NIT)

d. The All India Council for Technical Education Act, 1987 (AICTE)

e. The National Council for Minority Educational Institutions Act, 2004

f. The Medical Council of India Regulations & Other Medical Bodies

4) Regulations governing the establishment, maintenance of Private Educational Institutions. (separate laws are applicable to the states)

5) Societies Registration Act, 1860 & Standalone acts passed by the respective states for administrations of Societies

6) Indian Trust Act / Public Trust Act

7) Companies Act, 2013

- Educational Institutions can be established under section 8 of the Companies Act, 2013

- Group of Educational Institutions can be registered under the Companies Act

8) Income tax Act, 1961

- Impact on the taxation of income, accumulation of corpus fund etc.,

9) Goods & Services Tax Act, 2017

- Impact on the Services rendered by the educational institutions.

10) Other Central & State Enactments

5.4 DETAILS OF STATUTORY/REGULATORY BODIES

The University Grants Commission (UGC), a national body, co-ordinates and looks after the maintenance of standard of university education in India. Apart from the UGC there are various statutory professional councils that are responsible for recognising courses, promoting professional institutions and providing grants and various awards to undergraduate programmes. Some of them are as follows:

(a) All India Council for Technical Education (AICTE)

(b) Bar Council of India (BCI)

(c)   National Council for Teacher Education (NCTE)

(d)   Medical Council of India (MCI) now called as National Medical Commission [NMC]

(e)   Pharmacy Council of India (PCI)

(f)   Dental Council of India (DCI)

(g)   National Council of Educational Research and Training [NCERT]

(h)   All India Council for Technical Education

(i)   State Council for Educational Research and Training [SCERT]

5.5   NATIONAL COUNCIL OF EDUCATIONAL RESEARCH AND TRAINING

The National Council of Educational Research and Training is an autonomous organization of the Government of India which was established in 1961 as a literary, scientific and charitable Society under the Societies' Registration Act.

5.6   UNIVERSITY GRANTS COMMISSION

The University Grants Commission of India is a statutory body set up by the Government of India in accordance with the UGC Act 1956 under the Ministry of Human Resource Development,(Ministry of Education) and is charged with coordination, determination and maintenance of standards of higher education.

Objectives:

Coordination, determination and maintenance of standards of university education. It provides recognition to universities in India, and disburses funds to such recognized universities and colleges.

5.7   ALL INDIA COUNCIL FOR TECHNICAL EDUCATION

All India Council for Technical Education (AICTE) was set up in November 1945 as a national-level apex advisory body to conduct a survey on the facilities available for technical education and to promote development in the country in a coordinated and integrated manner. To ensure the same, as stipulated in the National Policy of Education (1986), the AICTE Act,1987 was passed to provide for the establishment of an All India Council for Technical Education with a view to properly plan and co-ordinate the d development of a technical education system throughout the country, the promotion of qualitative improvements of such education in relation to planned quantitative growth, and for the regulation & proper maintenance of norms and standards in the technical education system and for the matters connected therewith.

AICTE is vested with:

- Statutory authority for planning, formulation, and maintenance of norms & standards

- Quality assurance through accreditation

- Funding in priority areas, monitoring, and evaluation

- Maintaining parity of certification & awards

- The management of technical education in the country

The purview of AICTE (the Council) covers programmes of technical education including training and research in Engineering, Technology, Architecture, Town Planning, Management, Pharmacy, Applied Arts and Crafts, Hotel Management and Catering Technology etc. at different levels.

NATIONAL EDUCATIONAL POLICY   6

6.1   NATIONAL POLICY ON EDUCATION [NPE-1968]

- The Indian Education [Kothari] Commission recommended that radical reconstruction of education is essential for economic and cultural development of the country, for national integration and for realising the idea of a socialistic pattern of society.

- Based on the Kothari Commission Report, the Government of India issued in 1968 a National Policy Statement on Education for the country.

- Main features of the NPE-1968 are as follows:

    o   Free and Compulsory Education – Strenuous efforts should be made for the early fulfilment of the Directive Principles under Article 45 of the Constitution seeking to provide free and compulsory education for all children up to the age of 14 years.

    o   Status, Emoluments and Education of Teachers – Teachers should be accorded an honourable place in society, their emoluments and other service conditions should be adequate and satisfactory having regard to their qualifications and responsibilities.

    o   Development of Languages – The policy addressed all issues relating to regional languages, three language formula, Hindi, Sanskrit, and International languages.

    o   Equalization of Educational Opportunity – Strenuous efforts should be made to equalise educational opportunities. Education of girls should receive emphasis, not only on ground of social justice, but also because it accelerates social transformation.

    o   Identification of Talent – For the cultivation of excellence, talent in diverse fields should be identified and promoted.

    o   Work experience and National Service – To promote character building and social and community service.

    o   Science Education and Research – High priority accorded on mathematics and science education.

    o   Education for Agriculture and Industry – Special emphasis should be given on the development of education for agriculture and industry.

    o   Production of Books – Quality of books should be improved.

    o   Examination – Improve reliability and validity of examinations and make evaluation a continuous process.

o   Part time Education and Correspondence Courses – Part-time education and correspondence courses should be developed on a large scale at the university stage.

o   Spread of Literacy and Adult Education – Focus should be to spread the literacy levels in the country by educating the adults and farmers.

o   Games and Sports – To improve physical fitness, games and sports should be developed on a large scale.

o   Education of Minorities – Every effort should be made not only to protect the rights of minorities but to promote their educational interests as well.

o   The Educational Structure – It will be advantageous to adopt uniform education structure in the country. The ultimate objective should be to adopt the 10+2+3 pattern.

• The reconstruction of education on the lines indicated above will need additional resources. The aim should be to gradually increase the education outlay to 6% of the national income.

6.2   NATIONAL POLICY OF EDUCATION [NPE-1986]

• Education helps in the growth of physical, mental, intellectual, and social power of a man which in turn helps in propagating national progress.

• The First Education Policy of 1968 that was based on the report of the Indian Education [Kothari] Commission resulted in sufficient development in all fields of education.

o   Almost 90% of rural population was provided primary schools

o   County adopted one education structure – 10+2+3

o   Science and Mathematics were made compulsory subjects in school curriculum

• On 5th January 1985, in a message to the nation, the then Prime Minister Late Shri Rajiv Gandhi said, "An education policy will be adopted for the country which will bring economic and scientific development and prepare it for the 21st century."

• NPE-1986 carries all issues mentioned in NPE-1968. The special focus of this Policy was on few additional points, such as social involvement and education for equality

  □   Education for women equality
  □   Education for Scheduled castes
  □   Education for Scheduled tribes
  □   Education for minorities
  □   Education for handic apped
  □   Adult education

6.3 POST-NPE DEVELOPMENTS

- Ramamurti Education Committee [1990] - Acharya Ramamurti Committee was popularly known as The Review Committee. It was appointed on May 7, 1990 to review the National Policy on Education, 1986. The Committee submitted its report titled "Towards an Enlightened and Humane Society" on December 26, 1990. This Committee laid emphasis on all round development of a student's personality. Besides this, the Committee also laid emphasis on contribution by non-government institutions.

- Later in 1992, the Janardhane Committee also examined the related issues.

- Programme of Action [POA-1992] - To implement various recommendations of NPE 1986 and other two committees, a Programme of Action [POA} was chalked out developed in 1992

- National Curriculum Framework [NCF-2005] - NPE 1986 and POA 1992 assigned a special role to NCERT in preparing and promoting the National Curriculum Framework. A national steering committee was set up under the chairmanship of Prof. Yash Pal, an eminent scientist and scholar; National Curriculum Framework [NCF], 2005 was recommended by this Committee.

6.4 NATIONAL EDUCATION POLICY, 2020

National Education Policy 2020 has been implemented by the Government of India after considering the suggestions received from the stakeholders for the Draft National Education Policy, 2019 released through the public domain. Drawing inputs from the T.S.R. Subramanian Committee report and the Ministry of Human Resource Development (MHRD), the K. Kasturirangan Committee has produced the policy document.

Salient features of NEP 2020

The policy aims to universalize the pre-primary education by 2025 and provide foundational literacy/numeracy for all by 2025

- It proposes new curricular and pedagogical structure, with 5+3+3+4 design covering the children in the age group 3-18 years. Under this, Pre-Primary & Grades 1-2 are considered as foundational stage; Grades 3-5 as preparatory stage; Grades 6-8 as middle stage and Grades 9-12 as secondary stage. This is an academic restructuring only; there will be no physical restructuring of schools

- It aims at equitable and inclusive education for every child in the country, with a special focus on under-represented groups (URGs).

- Universal access & retention with 100% gross enrolment ratio for all school education by 2030.

- Children learn languages, most quickly between 2-8 years, and multilingualism has great cognitive benefits for students. Therefore a three-language formula has been proposed

- It proposes the teaching of other classical languages and literature, including Tamil, Telugu, Kannada, Malayalam, Odia, Pali, Persian, and Prakrit in schools

- A new independent State School Regulatory Authority (SSRA) is to be created

- It aims to consolidate 800 universities & 40,000 colleges into around 15,000 large, multidisciplinary institutions

- The policy proposes three types of Higher Educational Institutions (HEIs): Research Universities, Teaching Universities and Autonomous degree-granting colleges

- It aims to provide autonomy to all higher education institutions. Higher education institutions to be governed by Independent Boards with complete academic and administrative autonomy

- An autonomous body called the National Research Foundation (NRF) to be set up through an Act of Parliament

- Rashtriya Shiksha Aayog or the National Education Commission – an apex body to be constituted. It will be chaired by the Prime Minister and will comprise eminent educationists, researchers, Union Ministers, representatives of Chief Ministers of States, eminent professionals from various fields

- MHRD to be re-designated as the Ministry of Education (MoE)

- Increase in public investment by the Central and State Governments to 20% of overall public expenditure over a 10 year period.

AUDIT OF OPERATIONAL ACTIVITIES / INSTITUTIONS

7

7.1 PRIMARY & SECONDARY SCHOOL EDUCATION

Internal auditing is a process that can provide significant growth prospect of the auditee institution and help it in achieving its objectives and goals. However, administrators may be unaware or have a limited perspective of internal auditing functions and the benefits that can come from this practice. Internal auditing can help in evaluating the process used to improve the operations of eeducational institutions. This would help the management to achieve its goals by bringing a systematic approach to evaluating and improving the effectiveness of various areas (risk management, governance, etc.). Internal auditing may evaluate technology standards and practices, risks, ethics, communication methods, finances, and other processes or procedures of the Institution. These assessments make certain that satisfactory regulations and checks are in place to mitigate risks.

Objectives

The objectives of the internal audit are to:

1) assess the extent of compliance with statutory requirements, financial regulations, policies and procedures, and other relevant codes of practice;

2) evaluate the internal control environment to determine the extent to which controls promote compliance with statutory requirements, policies and procedures prescribed in financial regulations, and other policies in respect of institutions/schools; and

3) assess the extent to which management / governing body have implemented adequate and effective financial and management controls to safeguard the assets of the institution/School and to ensure the economical, efficient, and effective use of resources.

Scope of Internal Audit

The scope of the internal audit includes the assessment of the following areas:-

1) adequacy of accounting, financial and other controls;

2) compliance with established plans and procedures;

3) the integrity and reliability of financial and other information;

4) whether assets and other interests of the Council are properly safeguarded; and

5) whether the use of resources achieves value for money.

Role of the Internal Auditor

Auditors focus on all facets of the activities related to the institution/school – whether , financial and non-financial. This is imperative as their assessments are not just concerned with current operations and performance, but also the future of the institution/ school. The work performed by the auditor must be comprehensive, as it should help the Institution in accomplishing its goals and objectives, developing better practices and procedures, mitigating risks, and improving better governance.

Scope for Internal Auditor

The following areas are to be exhaustively covered by the Internal Auditor in the process of the internal audit.

1) Governance

2) Financial planning & budgetary control

3) Procurement policy

4) Accounting Procedures – income, expenditure, payroll, banking transactions, etc.,

5) Financial records & registers

6) Asset acquisition, maintenance etc.,

7) Non financial records

8) Fund management

9) Health and safety / fire / premises security assessments

Audit checklist for educational institutions

☐ Examine and evaluate trust deed or regulations by referring to the relevant Act of Parliament/State Legislature.

☐ Inspect the minutes of meeting of institution's Meeting Committee or Governing Body

☐ Examine the copies of financial statements, balance sheets, and budget plans

☐ Verify the receipts, and transactions of all sorts of fees (transportation, hostel, academic, registration, admission, fees paid in the form of penalties, fines, late submissions in the library, etc. etc.) paid by students on a monthly and yearly basis

☐ Validate advance deposits and caution money

☐ Record of funds and donations granted to the institutions, income from endowments and legacies, and interest and dividend from investments

☐ Keep a track of payroll and its compliance with social security rules and regulations

☐ Verify provident fund register

- ☐ Vouch for institution's expenditures
- ☐ Verify scholarships granted to students based on endowments, Government grants, sponsorship received.
- ☐ Verification of institution's bank account, transactions, passbook, etc.
- ☐ Vouching of expenses on library items, sports equipment, books, furniture, etc.,
- ☐ Validate petty expenditures
- ☐ Verify fixed assets register & capital expenditures

Guidance Checklist for Audit of Schools [Primary to Senior Secondary]

Scope	Audit Guidelines
Governance & Management	1. Governing Body and Committee meetings are held in line with their terms of reference. The Governing Body should meet at least once during the specified term.
	2. Timings of meetings are reasonable taking into account financials
	3. Deadlines such as setting the budget.
	4. Meeting minutes are agreed and signed as an accurate record by the chair at the following meeting. These should be made available to the Auditors for review
	5. Governing Body meeting minutes demonstrate that actions to address any issues are being monitored and regular updates are being provided by Committees.
	6. A terms of reference is in place for each committee, defining the responsibilities delegated to the committee, financial authorisation limits, quorum and frequency of meetings. Each committee should report to the Governing Body. Terms of reference should be available to the auditor for review
	7. The governing body should formally delegate financial authority. The delegations should be up to date reflecting delegations for current staff and have been formally approved. The Register of Certifying Officers should include the roles and responsibilities of the members , committees, head teacher and other relevant members of staff in relation to financial decision making in respect of capital expenditure, revenue expenditure and payroll.
	8. Financial limits are clearly specified and are reasonable for the size of the school. It should be clear as to what these limits relate to e.g. raising orders, approving invoices for payment, signing contracts.

Financial Procedures	1. Schools should have written financial procedures covering the key financial activities in that school e.g. ordering & payment, authorisation of free school meals, petty cash use, maintaining inventories, lettings, procurement cards, expenses.
	2. Procedures should be approved by the Board of Management and this should be evidenced in minutes. Procedures should be reviewed periodically. And this should be evidenced so that the auditor can verify this.
Budgetary Control	1. Budgeting is essential to good financial management. It provides the school with a clear view of how it intends to use its resources and sets out in clear terms how the school applies its financial resources to implement its development plan. Regular monitoring of the budget by the Head Teacher, governors and staff is essential for effective financial control. Regular monitoring enables potential overspends to be identified promptly so that remedial action can be taken .
	2. The budget is prepared parallel with the school development plan and considers long term objectives.
	3. There should be documented evidence that progress against the budget including income, both actual and committed expenditure and year end forecasts of income and expenditure are monitored on regular basis
	4. In addition to the budgeted position, the school should monitor cash flow and ensure bank balances are not overdrawn
Procurement Policy	1. There should be clear segregation of duties in place so that an individual cannot order, receive and authorise payment for any single transaction.
	2. Schools use public funds and hence it is important that they get the best value for money for all purchases. This includes both goods and services, and is especially important for higher value purchases. Without comparative quotes being sought for higher value purchases, there is a risk that the School may be unable to demonstrate that value for money has been sought. This area is also important to prevent waste, reputational damage and fraud.
	3. The auditor will look to ensure that purchase orders have been raised and authorised by an individual with the relevant delegated authority to verify that there is control over the spending decisions.

	4. Upon receiving purchased goods or services from a supplier, it is important to make sure that the correct quantity and quality was received. Without goods/services received checks, there is a risk that payments are made for goods and services that are not received.
	5. It is important that adequate arrangements are made at schools for proper control to be exercised over the payment of invoices. There needs to be a consistent procedure for the certification of and payment of invoices for goods and services received. As far as possible/practicable , different people should be involved in authorising orders, checking deliveries, and checking and authorising invoices, in order to reduce the risk of fraud. Without approval and certification of invoices, there is risk that authorisation requirements may be bypassed, duplicate payments may be made, payments may be made for goods and services that have not been received and/or inappropriate expenditure may be incurred.
Audit of Expenditure [Cash, Bank & Petty Cash Payments]	All claims should be: 1. Reasonable and relate to the School 2. Submitted promptly. 3. Supported with a completed claim form (setting out the reason for the spend and signed by the claimant) and valid receipts. 4. Approved by an authorised officer who is independent of (and preferably more senior than) the claimant. 5. Signed by the claimant to confirm receipt of the money.
Income	1. All income received by the School should be recorded at the point of receipt (through issuing receipts or maintaining cash collection records). 2. All income should be identified, collected and banked in full into the imprest account promptly with adequate records being maintained. Regular banking should be taking place. 3. There should be adequate segregation of duties. For example, one officer should not be responsible for collecting, recording, carrying out daily reconciliation, preparing paying in slips, and recording onto records and registers. 4. A clear audit trail should be maintained from the stage of income collection upto banking.

Assets & Inventory	1. Schools often have attractive and portable items of equipment such as computers, televisions, and cameras. These assets need to be kept securely and recorded as inventory,
	2. The inventory should include attractive, valuable and portable items.
	3. Schools may keep the record manually or electronically and should include the following details: a) Date of acquisition b) Serial number c) Description of item d) Location e) Cost/estimated replacement value f) Disposal Date
	4. Records should be updated as and when assets are purchased or disposed of.
	5. An asset check should be carried out annually, by an officer independent of the person maintaining the inventory. This check should be evidenced, and the outcome of the check should be reported to the Governing Body. Where any discrepancies are identified (for example if there are some assets on the record which cannot be physically located), these should be investigated promptly and also reported to the Governing Body.

Format of Reporting

A) Executive summary

B) Introduction

C) Scope, coverage and limitations of internal audit

D) Findings and recommendations

[Restricted to findings, recommendations and action plan]

Sl. No	Findings	Risks & Observations by the Internal Auditor	Risk Category [Low / Medium / High]	Agreed Actions [Significant Assurance, Satisfactory Assurance, Limited Assurance, No Assurance]
1	Governance			
2	Purchasing			
3	Income			

4	Expenditure			
5	Fund Accounting			
6	Asset Management			
7	Record Maintenance & Retention			
8	Compliance with Statutes, Policies and Procedures			
9	HR Records & Updation			
10	Health, Safety & Welfare Measures for the Institution			

[The above headings are only illustrative but not exhaustive. The internal audit can update the format based on the requirements].

7.2 TECHNICAL EDUCATION

The role of internal audit is to ensure proper maintenance of records, proper application of rules, regulations and instructions issued by the Government from time to time as well as by the Council and also ensure accuracy in accounts and efficiency in operation. The basic role of internal audit is to point out grey areas where authorities have to immediately focus their attention and help management take timely action for corrective action. Internal audit of technical education is aimed at monitoring and assessing the progress made by the individual institutions through financial [internal] cum performance auditing based on action plans prepared by each project institution, implementation schedule and milestones agreed upon and evaluation based on achievements made on a set of key performance indicators (KPIs); physical verification of all receipts & vouchers as per stock register/ledger/cash book in consonance with pre-determined policies and procedures.

Special Points Related to Technical Education

The following coverages shall be made applicable for colleges:

1) Details with regard to programmes offered, number of students in each programme, number of male and female students, number of reservation students, number of students from outside the State, scholarship obtained, list of MoUs, list of linkages, details of field trips, field projects, dropout ratio, etc.,

2) Details of assets – fixed assets register and log book for usage of sophisticated assets

3) Compliance with specific statutes – AICTE, UGC, etc.,

4) Details of existence of Financial Management System

5) Details of investments and interest income

6) Verification of cash

7) Verification – receipts and investment of corpus / specific funds

8) Tax compliance

9) Records   and registers – compliance and maintenance

The AICTE recommends to the Technical Institutions to undertake performance cum internal audit. Performance audit is an independent assessment or examination of the extent to which an organisation, programme or schemes operate economically, efficiently and effectively.

Performance audit assesses the following:

1. Economy – Audit of the economy of administrative activities in accordance with sound administrative principles and practices and management policies.

2. Efficiency: Audit of the efficiency of utilisation of human, financial and their resources and procedures followed for remedying identified deficiencies.

3. Effectiveness: Audit of the effectiveness of the performance in relation to the achievement of the objectives of the audited entity and audit of actual impact of activities compared to the intended impact. In other words effectiveness addresses the issue as to whether the scheme, programme or organisation has achieved its objectives.

The evaluation parameters are:

☐ Strengthening institutions to improve learning outcomes and employability of Graduates

☐ Scaling-up postgraduate education and demand driven research and development and innovation

☐ Faculty development for effective teaching basic and advance pedagogical training and content updation training.

☐ Strengthening the Institutions in terms of infrastructure

☐ Capacity building to strengthen Management

☐ Implementation of adherence to accounting policies, procurement procedures and maintenance of receipt and payment accounts.

☐ Project management, monitoring, evaluation and accreditation

7. 3   COLLEGES, UNIVERSITIES, AND AUTONOMOUS BODIES FALLING IN THE CATEGORY OF INSTITUTIONS OF NATIONAL IMPORTANCE

Audit of books of educational institutions i.e. Colleges, Universities etc., is known as audit of educational institutions. This type of audit comes under the category of special audit. Generally, the procedures for auditing is the same like other audits .

Need for Internal Audit of Higher Educational Institutions

An independent internal audit would, therefore, help the management of the institutions in the effective discharge of all these functions. Internal audit should, therefore, aim at looking both at the financial and non-financial aspects of the institutions' operations and providing an assurance on achievement of the vision and mission of the institution as well as short/long term targets. Internal audit would help the institution in improving the economy, efficiency, effectiveness and transparency in Institution's administration in general and financial administration in particular. It will also help in maintaining a sound record keeping system with adequate checks and balances to ensure a sound information system for decision making by the executives.

Objectives of Internal Audit in Higher Educational Institutions

The internal audit would be conducted with the objectives to assess whether:

o   planning and budgetary mechanism is in place,which is adequate and effective;

o   funds were utilized in an economic, efficient and effective manner for the intended purpose;

o   procurement was made in a transparent and fair manner and were effectively utilized;

o   assets were created in economic, efficient and effective manner;

o   statutory provisions of law and administrative instructions issued by the institution have been duly complied with;

o   the system of internal control exists and is working effectively;

o   annual accounts have been properly drawn up, considered all known liabilities and depicts a true and correct picture on the finances of the institution..

The constructive appraisal of activities of internal audit moves beyond the financial accounting aspects into operational auditing. Appraisal of management methods and performances, whether established policies and procedures are adequate for the attainment of objectives, critical analysis and review of the soundness and adequacy of operating controls are included in the constructive appraisal activities.

Planning and Execution of the Audit Programme

Planning and execution of annual audit programme includes the following:

- Assessment of internal controls within the institution
- Risk assessment and sampling to narrow down the areas of focus
- Tracking audit objections and monitoring compliance
- Pre-auditing procurement activities with special reference to economy, efficiency and effectiveness
- Ensure/suggest adequate capacity building measures to the accounts and other staff
- Strengthening of financial management system

Generic Audit Guidelines

The steps for audit of educational institutions are as follows:-

1) Study of the trust deed or regulations.
2) Noting of provisions applicable.
3) Examine the minutes of the meetings and resolutions. [Governing Body / Committee/Board etc.]
4) Examine the previous financial statements.
5) Evaluation of internal control system.
6) Verification of students fee register.
7) Authorization for fee concessions including free studentship
8) Verification of cashbook with respect of counterfoils of receipts and payments.
9) Verification of fees collection through digital mode
10) Examination of capital fund regarding admission fees.
11) Confirmation of fines for late payment or absence.
12) Check hostel fees collection, dues , recovery, etc.,
13) Verification of rental income or expenses.
14) Examine bank pass book, investment register and deposit receipts.
15) Verify grants from local bodies or Government with reference to memo or sanction letter. Reporting of any arrears.
16) Vouch counterfoils of receipts from donors.
17) Confirmation of any deposits / caution money and its treatment.
18) Examination of expenses for library books and sports equipments.
19) Checking of acknowledgement letter if any with regard to scholarships.
20) Examination of payments with respect to prizes, endowment awards, etc

21) Examination of the payroll records and other social security payments, tax deductions and compliances

22) Vouching of all establishment expenses.

23) Vouch payment for electricity and water bill.

24) Examination of payment for hostel maintenance and any other miscellaneous expenses.

25) Inspection of facilities given to students under any schemes associated with Government. Verification of Fixed Assets Register with regard to ownership and existence of fixed assets .

Checklist for Internal Auditors

Sl. No	Subject Matter of the Internal Audit	Yes	No	Not Applicable	Working Paper Reference
1	Whether there exists a formal mechanism in the shape of Acts & Policy statement in respect of standards and processes for internal control				
2	Whether the organizational structure provides for clear reporting lines that establish links between accountability, responsibility and authorization of various activities				
3	Whether the top management is conscious of the importance of internal control and gives adequate importance to it.				
4	Whether a well-defined delegation of powers exists, with important/ exceptional matters being under the powers of higher levels of management				
5	Whether the objectives of the organization are well defined and whether any specific targets have been prescribed				
6	Whether procedural manuals exist in respect of: a. Financial matters (cash, banking, accounting, income, expenditure, budgeting, etc.)				

	b. Staff recruitment, training, performance and discipline				
	c. Purchase of goods and services, contracts				
	d. Outsourcing of functions				
	e. Code of personal conduct with guidance on gifts and hospitality				
	f. Use of computer system				
7	Whether the officials are given adequate training in their functional areas				
8	Whether there are specific and attainable targets set for various officers/officials in the organization				
9	Whether there is a separation of duties in such a way that more than one individuals is involved in a transaction				
10	Whether there are physical access measures restricting access to buildings, information systems, valuables, etc				
11	Whether there is a system of supervision and review of the work of various functionaries				
12	Whether there is a system for taking adequate remedial action in case of thefts fraud, defalcation, etc				
13	Whether there are adequate safeguards to protect cash, valuable and recourses through security/police escorts, safes, strong rooms physical access restriction ,etc.				
14	Whether there are systems to ensure sequential numbering of documents, receipts vouchers, etc.				
15	Whether there are systems of reconciliations, i.e. the act of balancing one system to another; for example, bank reconciliation, and reconciliation of department figures with accounting figures.				
16	Whether there are systems to ensure timely rendition of accounts				

17	Whether there are systems to obtain declaration of assets, intimation of certain high value transactions, etc.				
18	Whether there is an adequate and reliable MIS which will ensure that important/exceptional matters of matters requiring attention are being reported to appropriate higher levels of managements,				
19	Whether the department has prepared any manual or flowchart listing out steps in various activities and procedures which are specific to working.				
20	Administrative Control Registers/ Documents Maintenance of various control registers is an important element of internal control structure. All registers including subsidiary records should be numbered. Following is an illustrative list of some of the standard control registers being maintained a. Expenditure control register b. Advance register c. Pay bill register d. TA and LTC bill register e. Medical claim expenditure register f. Library accession/issue register g. Stationery register h. Stock register i. Stock issue register j. Dead stock register k. Investment register l. Investment register m. Grant -in -aid register n. Sanction register o. Register of cheque books p. Ledgers				

21	EDP controls 1) Type of activity/function computerized 2) Whether various reports generated are being authenticated / utilized for the purpose for which those have been developed. 3) Whether provision exists for generating management information system (MIS) reports for control purpose. 4) Whether adequate security existed for accessing as well as/ modification of data only by authorized personnel.				
22	Whether surprise check of cash balance is conducted periodically by authorities not responsible for maintenance of cash book and a certificate to the effect that the cash balance found during physical verification agreed with the book balance is recorded.				
23	Whether a report of surprise checks is maintained				
24	Whether cheque books are kept in safe custody and the prescribed procedure is duly observed.				
25	Whether adequate care is taken in issuing cheques in lieu of cancelled/ time barred cheques with references to relevant records				
26	Whether there are rules and instructions relating to the formulation of budget and revised estimates and responsibilities of different functionaries.				
27	Whether systems have been prescribed for ensuring that: a. Proper record of receipt books is kept and the books are issued only to persons authorized to issue receipts.				

	b. Receipts are machine numbered and are issued in chronological order.				
	c. Receipts are correctly posted in main cash book.				
	d. Where subsidiary accounts are kept, totals are taken to main cashbook and the receipts are correctly posted.				
	e. Revenue to be realized is correctly assessed, demand notice is issued and recovery watched through proper control records which are periodically reviewed.				
	f. Revenue is correctly classified in accounts.				
	g. In respect of realization by way of money order, cheques and drafts, an effective system of collection and accounting has been prescribed and followed.				
	h. The revenues realized are duly posted in demand and collection registers and cross checked to ensure that collections as posted in demand and collection register have been duly taken to the cash book.				
	i. Loss of revenues is duly examined and written of				
28	Manpower analysis Whether internal controls are in place for ensuring that: a. Staff patterns conform to the norms and standards prescribed for the purpose. b. Clear demarcation of functional responsibilities exist among the personnel. c. Job analysis, description and specifications have been clearly spelt out.				

	d. Allocation and actual deployment of manpower is as per sanctioned strength and controls are available for monitoring efficient and effective utilization of manpower.				
	e. Systems have been instituted for reviewing at periodical intervals the work load and adequacy or otherwise of manpower resources				
29	Whether there is a Best Practice Guide or Manual for Procedures & Policies for all kinds of transactions and whether they are updated.				

Contents of the Internal Audit Report

1) Executive Summary

2) Introduction

3) Objectives, scope and limitations

4) Audit planning & sampling procedures

5) Review on the internal control mechanism

6) Follow up/ action taken report on previous audit reports / statutory audit observations / CAG audit observations [as applicable] / external – special audit

7) Report on accounting policies, procedures and conventions

8) Findings, recommendations & suggestions

    a) Major irregularities

    b) Other deviations

Documentation Related to Audit in Higher Education Institutions

Internal Audit Observation Memo: [IAOM]

1. After audit of each unit, Internal Audit Observation Memo (IAOM) showing the observations of audit along with action taken on previous year's observations, if any, is to be issued to the unit head / responsible officer for compliance. No objection shall be booked or reflected in draft internal audit inspection report without issue of a Internal Audit Observation Memo.

2. The IAOMs issued by auditors shall be complied by the unit heads promptly. Compliance/ replies to the IAOMs should be furnished by the unit heads within 15 days of the date of receipt and IAOMs in original returned to the Internal

Auditor under the signature of the head of the department / institution. Satisfactory compliances would not get reflected in the final internal audit report.

3. In case the reply of the officer is found to be satisfactory, the objection need not be incorporated in the Internal Audit Inspection Report (IAIR). The original audit memos with reply thereon shall be appended with the Audit Inspection Report for reference. The Auditor shall mark "dropped" with red ink on the memo with date and signature. IAIR would be issued, whenever considered necessary, considering the nature and gravity of audit finding.

4. If IAOM is not returned within the stipulated time or returned with unsatisfactory replies, the Auditor shall incorporate the objection in the internal audit report without waiting for an indefinite period for the reply. The duplicate copy of the memo shall be attached with the report / documented in the file to substantiate the audit views.

5. At the end of the audit period, considering the compliances furnished and action taken on audit observations raised, Internal Auditor would prepare an Internal Audit Report [IAR], which would be placed before the Governing Body / College Committee, with recommendations for improvement , if any and it shall be pursued with the auditee, till final settlement of the audit qualifications.

7.4 MEDICAL EDUCATION

Special Points related to Medical Colleges & Hospitals

The objectives of internal audit are to examine whether -

☐ the planning for medical education, health infrastructure, training and research, specialized health care and management of bio-medical waste was judicious and effective;

☐ financial resources were managed efficiently and effectively; and

☐ the monitoring, evaluation and internal control mechanism were in place and effective.

The following shall be adopted as the sources of various criteria applied in assessing the performance of the Medical Colleges and their attached hospitals:-

☐ Guidelines of Government of India/Medical Council of India/Dental Council of India/Indian Nursing Council/Pharmacy Council of India and the rules framed by the State Government.

☐ Codes, manuals and instructions of the Department and Financial Rules of the Government.

Key Considerations

1) As per the National Medical Commission [NMC] – erstwhile Medical Council of India [MCI] norms, every medical college shall have the primary health centre and the urban health centre for imparting training to the students in community oriented health issues and should have full administrative jurisdiction over these centres.

2) Rule 5 of the Bio Medical Waste Management Rules, 1998 provides that bio medical waste (BMW) should be treated and disposed of properly.

3) The health institutions should augment their own resources by enforcing timely collection of charges and revision of charges, fee etc.

4) Monitoring, evaluation and internal control of the directorate should be strengthened to be commensurate with the level of activities of the department.

7.5   PROFESSIONAL INSTITUTES

Professional institutions are the societies and associations, which help to develop and promote a career and the people who practice in it. Higher education institutions need to have a distinct image and to develop, this so that they can create a competitive advantage as the market is increasingly becoming competitive and this lead to the birth of specialized professional institutes. They are also termed as professional bodies as they encompass individual members practicing a profession or occupation in which the organisation maintains an oversight of the knowledge, skills, conduct and practice of that profession or occupation.

Internal Auditors are expected to furnish Half yearly Internal Audit Report covering the following :

☐ Transaction audit including day to day records of receipts and payments of financial transactions.

☐ Adequacy and effectiveness of financial and managerial control system of the institute & suggest measures to rectify weakness identified by the Internal Auditor.

☐ Assist in remedial measures of functional deficiencies and inventory control mechanism of the Institute.

Key Focus Areas

The five major focus areas are:

i.   Evaluation of systems (process flow, work flow and document flow)

ii.   Adherence to systems

iii.   Adherence to the financial policies laid down by BOG/MHRD

iv.   Adequacy of controls in the accounting and related functions

v.   Judicious use of the Institute's resources

Process of Audit

a)   Auditor's field personnel will segregate the audit observations and discuss the same with the concerned department/section head for having an in depth understanding of the issue and prepare the draft audit report accordingly.

b)   The draft audit report will be discussed by senior level personnel of the audit firm with the department heads/ Audit Committee of the Institute. If the auditor is satisfied the para will be dropped; otherwise the para could be considered and incorporated in the audit report.

d)   All the document received during the course of audit should be returned after completion of the audit and it shall be the Auditor's responsibility to ensure that all documents and information received from the institute will be used exclusively for the internal audit purposes only and should be kept confidential and not to be disclosed to third party at any point of time.

e)   In case any serious financial irregularity and points relating to grave deficiencies, is found, the same may be communicated to the administrative head / director immediately without waiting for the submission of the final audit report in normal course.

f)   As per requirements of the Institute the auditors will also be asked to give presentation on finding in the Audit Reports to the Finance & Audit Committee or to the Governing Board of the Institute.

Reporting Structure

i.   Draft report to Finance department and then a final report to Director

ii.   Audit report would highlight;

- •   Department audited
- •   Audit findings
- •   Risk category
- •   Risk rating
- •   Financial impact
- •   Recommendations
- •   Auditee's response /agreed action plan
- •   Agreed Action date

iii.   Follow-up status of previous audit recommendations

7.6   LEGAL EDUCATION

In India, legal education has been traditionally offered by the Government Law Colleges in terms of the Advocates Act, 1961, which is a law passed by the Parliament both on the aspect of legal education and also regulation of conduct of legal profession. In recent years, private law colleges & universities have been granted permission to offer law courses. Legal education in India is regulated by the Bar Council of India, a statutory body established under section 4 of Advocates Act 1961. Any institution imparting legal education in India must be approved by the Bar Council of India.

The Scope of internal audit in legal education are:

1)   Compliance with the norms laid down by Bar Council of India with regard to

    a)   Approval process from the University concerned

    b)   Maintenance of accounting records with regard to fees collection, receipts and payments, payroll records as per General Financial Regulations laid down by the BCI

    c)   Resolutions & minutes of the governing body

    d)   Details with regard to investment, infrastructure and general fund as desired by the BCI

    e)   Compliance report to be signed by a legal professional

2)   Preparation of audit working papers based on the audit programme in an accurate and timely manner

3)   Update the list of outstanding audit issues

4)   Assist in ensuring that the process owners confirm the implementation status of the audit recommendations

5)   Analyse and evaluate the accuracy of accounting systems and procedures

6)   Verify the value of assets and liabilities

7)   Assist in verifying accuracy of records and financial transactions

8)   Verification of budget plans for the department

9)   Developing the audit tests to be executed during the auditing process

10)   Managing the Department files and records

11)   Receive and dispatch documents

12)   Requisition of items needed by the Department

13)   Support External Auditors as required

14)   Collect and compile data for audit reports

15)   Follow up on implementation of recommendations and corrective action recommended during the course of audit.

7.7 MANAGEMENT EDUCATION:

In India, management education has made significant growth since its inception in 1950s, and by the mid 1960s, India became one of the leaders in the field of management education; at present, India has the second largest number of business schools in the world.

In India all educational institutes, which are providing management education are certified by the All India Council of Technical Education (AICTE).

Structure of management education in India is divided into major divisions as outlined below:

1) Institutions of national importance

2) University departments

3) Colleges affiliated to the universities

4) Non University Autonomous Institutions

5) Distance learning /Correspondence based Institutions

6) Unaffiliated Institutions

While discharging audit function, the Internal Auditor should generally ensure the following:

a. Compliance with Govt. rules and internal governance procedures wherever applicable.

b. Effectiveness of internal control system

Scope of Audit

1) Pre-audit of certain specified transactions on case to case basis restricted to compliance vis-à-vis processes and procedures.

2) Transaction audit of accounting records, registers, non -financial & mandatory registers.

3) Compliance audit with regard to Government / AICTE / University norms.

4) Certification of accounts of sponsored projects/consultancies of external agencies.

5) Conduct of audit of systems and procedure to assess its effectiveness in the manner of efficiency-cum-performance audit.

6) Analytical review of systems and procedures of all important activities/ area and conduct of management audit, to assess the effectiveness and efficiency in each such area.

7) Suggesting automation of the procedures and improvements in the flow of information between various functional sections.

8) Risk based analysis of the weaknesses is to be done by the Internal Auditors to ensure improvements thereof.

Sl.No	Scope Area	Detailed Scope
1	Revenue (Academic, Research Sponsorship, Contribution and Grants)	☐ Reconciliation of fees charging vis-à-vis collection through Payment Gateways ☐ Review of Grants and Contribution receipts and utilization ☐ Fees waivers and deferrals ☐ Provision and payment of interest subvention to the students ☐ Review of income from research sponsorships ☐ Review of interest and other income (if any) ☐ Follow up for pending fees and late payment charges ☐ Entire system of revenue accounting and recognition it in the books of accounts
2	Procurement and Inventory	Vendor selection and appraisal process ☐ Vendor master management ☐ Purchase order regularization ☐ Receipt management of stock assets ☐ Physical verification of stock ☐ Review of process for control over assets and stock by the management
3	Statutory Compliance	Review of computation of dues and filling of returns and remittance for statutory dues such as • Income tax • GST • Professional tax • Contract labour law • Any other applicable law
4	Finance & Accounts	Review of account payable and receivable ☐ Verification and checking of financial transactions from cash book/bank book and other ancillary records maintained by the Institute. ☐ Review of the records/system of bill payment to various contractors and also the compliance on them in terms of the contract with the Institute ☐ Cash and bank management ☐ Checking of periodical Bank reconciliation statements ☐ Review of the expenses incurred with the approved Budget. ☐ Vouching/ledger scrutiny ☐ Review the last statutory/internal audit comments and compliances

		□ Review of annual accounts of the institute
		□ Review of expenses on sponsored projects (SRIC) and its accounts
		□ Review of subsidiary accounts at quarterly intervals
5	Investments	Fund management system
6	Pay Roll	Review of policy and guidelines
		□ Review of loans, travel expenses and full and final settlement
		□ Employees payroll , disbursement and deduction
7	Operational Activities	□ Repairs and maintenance expenses undertaken by the civil , waterworks, electrical, sanitation sections of the Institute
		□ Construction projects of the Institute
		□ Guest house
		□ Income and expenditure of technology Gymkhana
8	Assets Management	Fixed assets management
9	Other Areas	□ Report on risk management issue and internal control deficiencies identified and provide recommendation for improving Institute's operations.
		□ Presentation of comprehensive report highlighting major issues, objections, suggestions and corrective measures before the Finance Committee at least twice in a financial year.
		□ Suggestions for improvement of the existing system of accounting, internal control and Management Information System (MIS)from time to time

7.8 UNIVERSITY [FROM THE VIEW OF GOVERNING BODY]

The Internal Auditor has particular responsibility to assist and advise the Governing Body / Senate / Syndicate / Academic Council in fulfilling its governance and independent oversight responsibilities in relation to the University's management of risk, compliance with legislation and standards, its internal control structure and audit requirements, and its external reporting responsibilities.

The scope of the Internal Auditor's work shall be to monitor risk and internal controls as under:

a. Oversee the processes for identification and assessment of the general risk spectrum, review the outcomes of risk management processes and monitor emerging risks based on changes in the external environment.

b. Review and recommend to the Management new and significant amendments to policies and related items, in the areas of risk management, compliance management fraud detection and prevention and monitor compliance with applicable laws and regulations.

c. Oversee the adequacy of measures taken to mitigate organisational exposure to fraud and corruption, including receiving a report at least annually detailing all significant incidents and the manner in which they were dealt with.

d. Oversee risk reporting in all areas of University operations including but not limited to commercial activities, workplace health and safety, security and staff and student conduct.

e. Ensure a University-wide risk assessment, or update, involving all key stakeholders is undertaken at least annually.

f. Oversee the processes of compliance with external compliance obligations and reporting.

g. Review the internal audit charter and ensure that there is appropriate resourcing of the internal audit function.

h. Review and approve the internal audit plan annually and monitor progress against the Plan, ensuring that the independence and integrity of the internal audit function is maintained.

i. Review significant internal audit reports and findings, including management response in terms of content, appropriateness and timeliness.

j. Monitor management implementation of internal audit recommendations.

7. 9 E-LEARNING PLATFORM – SECURITY ANGLES, EFFECTIVENESS, BACKUP PROCESSES, ETC

E-Learning is one of the booming technologies in IT field which brings powerful e-learning products with the help of cloud power. Cloud technology has numerous advantages over the existing traditional e-learning systems but at the same time, security is a major concern in cloud based e-learning. Thus security measures are unavoidable to prevent the loss of users' valuable data from the security vulnerabilities. Cloud based e-learning products also need to satisfy the security needs of customers and overcome various security threats which attack valuable data stored in cloud servers.

The scope of audit in e-learning ecosystem are :

1) Security management & application of standards

2) Information systems security compliance

3) Server security

4) Authentication & validation mechanisms

5) End user services

INTERNAL AUDIT OF FUNCTIONAL AREAS 8

[Generic Information Regarding the Internal Audit Related to Educational Institutions (Applicable for all Educational Institutions)]

8.1   BACKGROUND MATERIAL FOR PREPARATION OF INTERNAL AUDIT

The Internal Auditor should have reviewed and gained appropriate understanding of the following :

1)   All underlying documents which grant the legal status and authority to the institution to carry on its activity

[Examples - Trust Deed , Bye Laws of the Society / Institution, Act of Legislature relating to the University, and   relevant statutory provisions applicable to the institution]

2)   Laws, Regulations, norms, Rules in force.

(Reference to Local Rules & Regulations, State Government Regulations & Norms, Central Government Regulations, rules & Norms)

3)   Records & Registers:

Relevant registers, accounting records, resolutions or minutes of the Management Committee/ Managing Board, circulars of the statutory authorities relevant to the accounting.

4)   Evaluation of the internal control system:

Internal auditor needs to understand the internal control system and ensure its adequacy, existence and consistency - that means internal controls have to be evaluated by the auditor and the auditor has to ensure that such internal controls are in place for a longer period of time and they are being consistently followed.

Preliminary Audit of Educational Institutions

Following points need to be considered by an Auditor while conducting audit of educational institutions. The Auditor should-

•   Confirm whether the letter of his appointment (the Auditor's) is in order.

•   Obtain a list of books, documents, registers and other records as maintained by the educational institution.

•   Examine the audit report of last year and should note down the observation and qualification, if any.

- Note down the important provisions regarding to accounts and audit from the Trust Deed, Charter or Regulations.

- Examine the minutes of meetings of the Board of Trustee or the Governing Body for important decisions regarding the sale or purchase of fixed assets, investments or delegation of finance power.

- Examine the policy of the State regarding grant-in-aid.

Further the Auditor should be aware of all the provisions of related laws concerning books of accounts and audit.

In case of colleges and universities , the University Grants Commission provides grants to them subject to certain conditions. The Auditor should study all the conditions concerning grants.

8.2   INTERNAL CONTROL SYSTEM – ASSESSMENT & COMPLIANCE

Internal control is an arrangement which provides for proper division and definition of tasks and responsibilities, introduction of an appropriate accounting system and the institution of forms of internal check. By internal check is meant the checks on day to day transactions which operate continuously as part of the routine system whereby the work of one person is proved independently or is complimentary to the work of another, the objective being the prevention or early detection of errors or fraud.

The following are the internal control points relating to finance & accounting functions:

☐   Accounting of cash receipts and payments

☐   Realization of receipts

☐   Sanctions to expenditure and authorization to disburse payments

☐   Disbursement of subsidy, scholarship and utilization

☐   Prompt making of entries in the books of accounts

☐   Evidence for substantiation of the entries in the books of accounts

☐   Measures for periodical surprise check of physical cash

☐   Method of matching balance in the Bank with balance as per books of accounts

☐   Classification of capital and revenue expenses

The Auditor should independently check the internal control system regarding authorization procedures, record maintenance, safeguarding of assets, rotation and division of staff duty, etc.

Following are some of the important aspects that need to be considered by an Auditor to keep a check on the internal control system –

☐ Whether internal control and internal check system is working, if yes, how effectively.

☐ Whether control system for payment is adequate or not.

The process of internal control measures are as under:

1. Depositors: Students and other parties depositing money should be requested to deposit only cheques/drafts or resort to other electronic modes such RTGS/ NEFT etc. Cash as such should be deposited only in exceptional cases.

2. Printed receipt from software or Bank counterfoils or other forms must be issued. Counterfoils of the pay in slips for depositing in the Bank account should be retained as record in support of the deposit. This requires that the receipt is classified and recorded in the ledger.

3. Cheques/drafts and other direct credits should be checked from Bank statement as appearing in the net-banking access. This check should be carried out by the superintendent or other senior staff next day or within few days of credit in the Bank and the pay in slip or deposit receipt should be verified. This also requires that the Institute migrate all bank accounts to net banking facility so as to enable periodic direct viewing of the Bank account for reconciliation purpose.

4. Similarly, all cash receipts should be deposited in the Bank account every day before the close of business hours of the Bank.

5. All Bank accounts should be reconciled with the Bank account in the books of accounts and a reconciliation as appearing in the software be printed and kept in a separate file for audit purpose duly authenticated by the in charge of the Accounts section. Un-cleared cheques deposited in the bank and cheques not presented by the beneficiaries should be closely checked to ensure that the same have been cleared or presented in subsequent month or months. Such clearance must be noted in the month's reconciliation to which the same relates. Long pending cases be carefully investigated and pursued to ensure that there is no misappropriation or fraud.

6. Periodically, cash balance in hand should be checked and results recorded to be produced to audit when called for. It will be advisable to obtain this through an external authority not related to the Institute administratively.

7. Payments must invariably be made by cheque or other electronic modes / process such as RTGS/NEFT.

8. Before payment is made the relevant bills should be checked for correctness and submitted to the appropriate delegated authority and approval obtained on the passing of endorsement of the concerned official of the Accounts Section .

9. Bills, claims or invoices for services obtained must be addressed in the name of the Institute and should have all details of Registration, PAN/TAN, GSTIN. It should be checked to see that the same bill/invoice has not been produced to claim any other payment.

10. Documents evidencing of obtaining service and receipt of stores purchased should be looked for to ensure that the service/stores have been actually received and recorded in the relevant Stores Registers.

11. After making payment the documents submitted in support of the claim, bill/invoice should be stamped "PAID & CANCELLED" and signed by the staff passing the bill for payment to prevent making a second payment on the same document/bill.

12. It should be checked to see that purchase of service/stores be made only after calling for tenders/quotations following the laid down purchase procedure and placing purchase orders authorized by the competent authority.

13. It should be ensured that entries are regularly made in the Assets' Registers to be maintained in terms of GFR.

14. Periodically at least once in a year stores/assets are physically verified for its serviceability and working condition.

15. Investments made in the form of term deposits should be periodically verified and linked to the relevant ledger entries.

16. all payments above rs.5000.00 are required to be stamped with revenue Stamp to be legally valid.

17. All letters/remittances through cheques/DDs received directly or through post should be opened by a responsible person in the Accounts section and action taken immediately to avoid delay.

18. It should be checked to see that only one cheque book for each bank account is in use and all cancelled cheques are retained in record for eventual check by the Auditor or other authorities.

19. An Auditor should verify the control system concerning proper authorization, obtaining quotations, proper maintenance of accounts and records regarding purchase of fixed assets, material, investment, etc.

20. The practice of letting out conference hall and class rooms, etc. for seminars and conventions.

The auditor can frame suitable internal control assessment and compliance questionnaire to obtain relevant information to evaluate the internal control system.

A model format is reproduced below for reference.

INTERNAL CONTROL ASSESSMENT & COMPLIANCE

SELF-ASSESSMENT QUESTIONNAIRE

(Generic for Educational Institutions)

Name of the Institution :

Name of the responsible person :

Designation :

Part – A (Organizational Governance)					
Sl. No	Organizational Governance	Yes	No	Don't Know	Remarks
1	Does your department/organization have a written mission statement?				
2	Does the management clearly communicate and demonstrate integrity and other ethical values consistent with the Institution's conduct policy?				
3	Does your Institution have an organizational chart that defines the lines of authority and responsibility?				
4	Is the organizational chart up to date?				
5	Has your Institution documented all internal policies and procedures that are related to performing all significant administrative processes specific to the department's or division's operations?				
6	Are these policies and procedures reviewed and are up to date?				
7	Do you believe that responsible persons in your Institution are sufficiently familiar with the Institution's policies related to personnel management, financial matters, use of information and related technology and regulatory compliance?				
8	Are administrators within your Institution aware how to access policies and procedures from Human Resources, Finance, Procurement, the Public Safety Office, Research Administration and other key areas of the Institution?				

| **Part – B (Financial Planning & Monitoring)** |

Sl. No	Financial Planning & Monitoring	Yes	No	Don't Know	Remarks
1	Does the Institution have a manual / process document for guidance and information on financial and administration procedures related to accounting?				
2	Are revenue sources evaluated annually to assess the sustainability of current funding levels?				
3	Does your Institution prepare an annual financial budget?				
4	Does the budget process include key members of Management?				
5	Indicate how often the contents of these budgets are reviewed:				
6	Does the responsible person review the actual and budgeted figures at the time of sanction of approval for transactions?				
7	Do you obtain Management's approval whether actual expenditure exceeds the budgeted figure?				
8	Are responsibilities divided among staff members (so that no single employee controls all steps of a financial transaction) thereby maintaining appropriate segregation of duties? (If there is inadequate segregation of duties , please indicate the process or transaction affected in the Remarks section.)				
9	Does your institution record all financial transactions, duly supported by appropriate documentations/ vouchers?				
10	Whether the transactions are properly authorized and processed by persons acting within their designated authority?				
11	Can you confirm that all transactions are recorded as close as practicable to the time of occurrence, so that at all times the accounting records reflect the actual financial situation and can be verified with the documentation?				

	Part – C (Personnel Management)				
Sl. No	Financial Planning & Monitoring	Yes	No	Don't Know	Remarks
1	Does the Institution have a manual / process document for guidance and information on Personnel administration related to HR Policies and procedures?				
2	Whether appointment letters issued to all the new recruits?				
3	Does the institution have the procedure of confirming the new recruits after probationary period?				
4	Is a letter of confirmation issued to the employees at the time of confirmation?				
5	Are the employees aware of the position description / roles and responsibilities allocated to their job roles?				
6	Does the Institution obtain concurrence/ acknowledgment for the job roles/duties assigned to the employees?				
7	Are time entry records pertaining to casual leave, vacation and sick leave and other leaves up to date?				
8	Are sufficient training opportunities provided to improve employee work related competencies in accordance with regulatory requirements?				
9	Are annual performance evaluations given to				
10	Are payroll records made available to employees at appropriate intervals?				
11	Have procedures been established to ensure that terminating employees return ID cards, keys, laptops, equipment, etc. issued by the Institution and that appropriate systems administrators are notified to remove all logon privileges / access to Institution's systems?				
12	Are administrative employees sufficiently trained to perform assigned roles and responsibilities to support HR administration?				
13	Does the Institution remit the statutory dues such as EPF, ESI, TDS, Professional Tax and other payments on time?				
14	Does the Institution issue Form 16 from the TRACES Portal to the employees subjected to TDS to facilitate them to file their income tax returns?				

	Part – D (Cash & Bank Accounts)				
Sl. No	Financial Planning & Monitoring	Yes	No	Don't Know	Remarks
1	Does the Institution have a manual / process document for guidance and information on handling of cash & bank transactions?				
2	Does your Institution maintain a petty cash fund? If yes, what is the amount of this fund?				
3	Is imprest system followed in respect of petty cash?				
4	Is the petty cashier issued with proper instruction with regard to the nature of transactions eligible for petty cash payments and quantum of payments to be made under petty cash system?				
5	Do more than two individuals have physical access to the petty cash fund cash box or safe? Indicate their name & designation in remarks column				
6	Is the petty cash fund maintained in a safe or lockable cash box and stored in a secured place?				
7	Is supporting documentation & approval provided for all petty cash disbursements?				
8	Does a person other than the fund custodian reconcile the fund or perform an independent review of the reconciliation?				
9	Does adequate segregation of duties exist within your Institution between staff members responsible for receiving, depositing and reconciling cash and cheques, etc., ?				
10	Are all cheques made payable to Institutions accounts only?				
11	Is cash receipt / cheque receipts log maintained to create supporting documentation to which you can reconcile deposits?				
12	If cash receipts are accepted are pre-numbered receipts used to track receipt vouchers?				
13	Are cash deposits made on the same working day or the next working day into the bank account?				

14	When funds cannot be deposited daily, are they transported or stored in a secure location at the end of the workday?				
15	Is there adequate physical security where cash handling activities take place ?				
16	Are Bank deposit counterfoils for cash / cheques and the related correspondences stored for further referencing?				
17	Does the institution hold any account in the name of administrative/ management personnel to receive any receipts?				
18	Does the Institution have a proper tracking facility for dealing with dishonoured cheques?				

Part – E (Procurement Policy & Asset Management, Inventory Control)					
Sl. No	Financial Planning & Monitoring	Yes	No	Don't Know	Remarks
1	Does the Institution have a manual / process document for guidance and information on procurement of materials, assets?				
2	Does the department obtain 3 competitive written bids for any purchase as required by the Governmental Authorities [As per rules in force from time to time]				
3	Does the Institution split orders to avoid higher approval levels or to bypass limits of sanctioning limit by the authorities?				
4	Have the assets procured been properly tagged and the relevant particulars are entered in the assets register?				
5	Is physical verification of assets done? If Yes, when was it done last? [Mention the date]				
6	Has any mismanagement of assets been noted during the assets verification? If Yes, provide relevant details.				
7	Does the Institution have control on the issue and the usage of printing & stationery items?				
8	Is the issue of stationary items to the department based on requirements received from the Department?				

Note:

(1)   The above questionnaires is GENERIC in nature and is   framed for guidance. It is subject to modifications, based on the actual requirement of audit / Nature & Scope of the audit.

(2)   The Auditor can prepare additional questions to cover any specific transaction.

8.3   AUDIT OF INCOME & RECEIPTS

The following are the primary source of revenue for educational institutions

Collection from Students

Fees Collection	Security Deposit / Caution Deposit	Fines / Penalty	Other Collections
☐ Admission Fees ☐ Registration Fees ☐ Examination Fees ☐ Development Fees ☐ Affiliation Fees ☐ Certificate Verification Fee ☐ Special Fees ☐ Sports Fees ☐ Tuition Fess ☐ Hostel Fees ☐ Transportation Fees ☐ Group Insurance ☐ Re-admission fee ☐ Certificate Issue Fees ☐ Migration Fees	☐ Refundable Deposit ☐ Non Refundable Deposit	☐ Fees Fine (Delayed Payments) ☐ Library Fine ☐ Laboratory Fine ☐ Dress Fine ☐ Disciplinary action fine ☐ Breakage Fees (Lab) ☐ Condonation Fee ☐ Duplicate Certificate Issue Fees	☐ Mess Charges ☐ Canteen Collections ☐ [Owned & Operated by College] ☐ Sale from Bookstores, stationary etc., ☐ Sale of Prospectus ☐ Student's Parking facility charges

Note: The above list is exhaustive.

Other Income / Receipts:

•   Donations from public

•   Grants from Government for building, prizes, maintenance, etc.

- Research & consultancy income
- Alumni contribution /donations/ engagements
- Sponsorship from corporates under CSR Scheme
- Legacies received from philanthropists
- Income from organizing seminars, conferences, exhibitions, symposiums, self-sponsored programmes
- Revenue from placement and training activities

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┌─────────────────────────────────────────────────────────────┐
│     SOURCES & METHODS OF RECEIPTS FOR EDUCATIONAL INSTITUTIONS │
└─────────────────────────────────────────────────────────────┘
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- Fees, Fines from Students
- Grants / Subsidies
- Voluntary Donations
- Interest Collections
- Other Misc. Receipts

Modes of Receipts

- Cash Receipts
- Receipts in KIND
- Deposit in Bank
- Cheques / Instruments
- Direct Credit in Bank
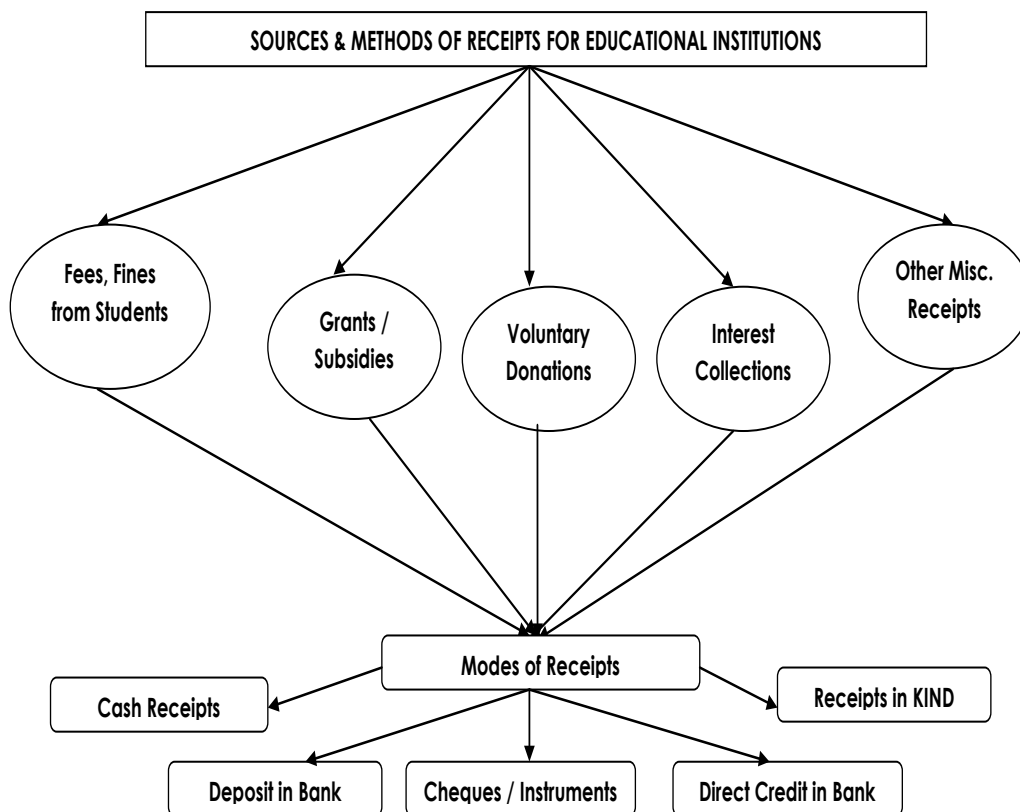
Registers to be maintained by the Institution

1. Register of security deposit/ caution deposit
2. Register of investments
3. Register of grant in aid
4. Register of sponsored /research and development projects
5. Register of scholarship/free ship
6. Daily receipts register
7. Register of fees (all kinds)

The following points need to be considered by an Auditor while conducting audit of the income of educational institutions –

COLLECTION FROM STUDENTS

► **Regulatory Compliance:**
- Fees and charges like admission fees, tuition fees, sports fees, examination fees etc. should be verified based on the approved fees structure.
- Adherence to the prescribed conditions for fee collection by the State Government /Central Government / Statutory Authority should be verified as to whether fulfilled or not.

► **Accounting Compliance:**
- Whether all income received by the Institution should be recorded at the point of receipt (through issuing receipts or maintaining cash collection records)
- Verification of counterfoil copies of fees receipt with fees register and cash book should be done.
- Reconciliation of fees receivable and actual fees received
- In case of fees collection through Bank/ online payment system, whether reconciliation of fees received and fees receivable has been carried out by the Accounts department?
- Are there any long pending issues with regard to fees credit by credit into bank?
- Whether the fees register maintained is up-to-date?
- Is the system of issue of "No Objection Certificate" from Accounts Department in place, before the issue of transfer certificate / course completion of students to have a control on the recovery of due from students?
- Whether the Institution is collecting the statutory fines for delayed payment of fees? If waiver of fine is granted, does the accounts department preserve the required waiver orders for fines, issued by the appropriate authority?
- The concession of fees and other charges should be duly authorized by the proper authority. Any charges becoming irrecoverable should be written off only after proper authority has approved it..
- Each receipting method requires verification and endorsement for accurate processing and tracking purposes and confirms proper internal controls are in place. Institutions can use manual, mechanical or electronic methods for issuing receipts, so long as effective controls are in operation.

Specific Guidelines:

Tuition Fees [Clear notes for treatment of fees are required. Fees may be collected before the end of financial year but it may pertain to activities that take place subsequent to the end of the financial year]	The fees pertaining to the next financial year should not be booked as income during the year, but should be shown as Advance Fees received from students under the head 'Current liabilities' and should be charged off to Income and Expenditure Account in the next financial year.
Hostel Fees	The hostel may be run by the educational institution itself or on contract basis by an outside party. In case the hostel is run in-house, separate set of books of account may be maintained for the hostel. The expenditure for running the hostel is booked as and when incurred. In cases where the hostel fee is charged separately, it will be possible to identify the income from running of the hostel.
Affiliation and Development Fees	The educational institutions may be charging the students affiliation and development fees, which may have to be paid to the University/ Affiliation body. Such fee is generally collected on actual basis and paid in full to such authorities. The fees collected must be reconciled with the fees paid/payable to such authorities.
Income from Transportation Facility	Transportation income may be received by the educational institution by one of the following methods: ● Transportation fees received from students where the transportation facility is provided by the institution itself, ● Contract charges where the service of providing transportation facility has been procured from an outside party.
Canteen Income	Canteen income may be received by the educational institution by one of the following methods: (a) Sale of products where the canteen is owned and run by the institution itself. (b) Contract charges, where the contract of running the canteen has been given to an outside party. (c) Mess charges received from the students living in the hostel.

Bookstores	Educational institution may also be running bookstores where books, notebooks, and other stationery items are sold to the students. The bookstores may sometimes be given on contract basis. In such a case, there are no complicated accounting issues. However, if the books store is run by the institution itself, separate books of account for such activity may be maintained
Publications Departments	Some of the large educational institutions are also engaged in publication of books and periodicals, case studies, curriculum material, research papers, etc. The publication may be done through in-house printing press or the services may be outsourced. Honorarium/royalty may also be paid to the authors. It should be ensured that the provision of such payments which are based on the terms of agreement entered with such parties, be done following the matching concept. Magazines and newsletters may carry advertisement of various outside parties. The charges recovered from the outside parties form the income of the institution.
Income from Seminars, Conferences, Programmes, etc.,	Educational institutions, imparting higher and technical education, engage in conducting seminars, workshops, on-the spot events, competitions, exhibitions, management development programs, technical festivals and also undertake industrial and other consultancies. For example, IIMs actively carry out research and consultancy for various industries, including the needs of noncorporate and under-managed sectors such as agriculture, rural development, public systems management, energy, health education, habitat, etc. These may form significant part of revenue of the institution. These activities are essentially in the nature of services rendered by the institution and the revenue there from is to be recognized accordingly.
Revenue from Placement & Training Activities	A Placement Cell for students disseminates information about employment opportunities.Educational institutions provide career guidance, pre-placement training and personality development programmes to graduates to enable them to achieve their career growth. The Placement Cell conducts various value based programs, guest lectures, mock interviews, orientation and strategy meetings, etc. In addition to that, the Placement Cell provides direct placement services by multinational companies and national companies. Placement talks and campus interviews are arranged for students. These companies provisionally select the candidates and wait for them to join after the completion of their courses. For rendering placement services, the educational institution charge fees from the corporate recruiting candidates through campus interviews.

Guidelines for Donations & Investments

- Cash book should be verified with donations register.

- Donation received should be accounted for according to the nature of donation; that means careful distinction should be there for revenue nature donations and capital nature donations; the same procedure is to be followed for grants received.

- The purpose and utilization of grant should be the same.

- Investment register and cash book should be verified for income received on account of interest on investment , dividends, etc.

8.4 AUDIT OF EXPENSES & PAYMENTS

Expenses	Payments
• Salary, allowances and provident fund contribution for teaching and non-teaching staff.	• Advances granted to staff
• Examination expenses	• Scholarship granted to the students
• Stationery & printing expenses	• Payments from the specific funds / Endowments
• Distribution of scholarships and rewards	• Tax deducted at source / tax collected at source
• Purchase and repair of furniture & fixtures	• GST Payments
• Prizes	• Other tax payments
• Expenses on sports and games	
• Festival and function expenses	
• Library books	
• Newspaper and magazines	
• Medical expenses	
• Audit fees and audit expenses	
• Electricity expenses	
• Telephone expenses	
• Laboratory running & maintenance	
• Laboratory equipment	
• Building Repair & maintenance	

Types of Expenses / Payments

The following points need to be considered by an Auditor while conducting audit of expenses of educational institutions –

• Electricity expenses, telephone expenses, water charges, stationery and printing, purchase of sports items should be properly verified with quotation, purchase bills, inward register and bills received from service providers, etc. All purchases should be authorized by the appropriate authority.

• Where hostels purchase food items, provisions, clothing, etc. these purchases should be properly verified.

• Verification of tax deducted at source and contribution to Employee State Insurance and Provident Fund should be done. It is also very important that all deducted amount should be deposited in appropriate Government accounts well within the specified time without any default. These can be verified from relevant bank challans.

• Payment made on account of salary should be verified from the terms of appointment and increment policy. The Auditor should verify the computation of salary and check whether all required deductions are made out of it like advance salary, loan installment, deduction for absence from duty, ESI (Employee State Insurance) and PF (Provident Fund) contributions etc. The net amount of salary payable will have to be verified from cash book and bank pass book for salary paid.

• Terms and conditions, cash book, voucher and receipts should be the basis for the verification of scholarship paid.

• Appropriate provision should be made on account of outstanding payments.

8.5 AUDIT OF ASSETS AND LIABILITIES

The following points need to be considered while conducting an audit of assets and liabilities :

• Verification of assets register should be done considering grants for purchase of assets, if any received from State Government/ University Grants Commission (UGC).

• Verification of depreciation is very important; it should be according to the useful life of assets or as per the Companies Act, whichever is applicable.

• If the educational institution is being run under Indian Public Trust Act, it is a must for an Auditor to check, where investments have been made, because as per the Indian Public Trust Act, investment can be made in specific securities only.

• If donation is received in the form of investment, an Auditor has to check all related correspondence with the donor.

- All the applicable requirements of law should be fulfilled for the purchase of investments and fixed assets.

- An Auditor should read and note down the policy, conditions and procedure laid down by the State Government relating to the grants. He should also verify the requirements of State/UGC which are to be fulfilled by the educational institutions for receiving grants and also for the continuation of the grants.

8.6 FUND ACCOUNTING & AUDIT

- Educational institution, generally, follow fund accounting concept while preparing the financial statements. Fund accounting is a method of accounting and presentation whereby assets and liabilities are grouped according to the purpose for which they are to be used. A fund is either created by law or by management or by the donor. Funds are represented by the assets whether in the form of fixed assets, investments, inventory, bank account, etc. Fund accounting does not necessarily involve opening of a new bank account for its operations. Funds are just the restriction imposed for utilization of asset.

- Fund based accounting essentially involves preparation of financial statements fund-wise and consolidation of those statements to represent the financial results/position of the institution as a whole. This is quite similar to the fund accounting for government institutions. The basic difference between the fund accounting for the government and private institutions is that in the case of government institutions, most of the funds are earmarked, and as compared to this, in a private institution the funds may be restricted or free depending upon the source.

- An educational institution may maintain separate ledgers for each fund. It may receive funds the use of which is unrestricted, i.e., these funds can be used for the general purposes of the institution or the use of which is subject to the restrictions imposed by the contributors, i.e., the funds can only be used for specific purposes. An educational institution may, on its own, earmark certain funds for specific purposes. The different types of funds are as under:

  (a) Restricted Funds - When the donor or the governing body restricts the usage of the funds or income earned from the funds or both and the funds can be used only as per the instructions of the donor, then those funds are known as restricted funds.

  (b) Endowment Funds – They are a form of restricted funds which have been received from the donor with a stipulation that the amount received should not be used for any purpose and only the income earned from investments of these funds can be utilised for general or specific purposes. There may be two types of endowments – perpetual endowment and term endowment. In the first case, such endowments are given in perpetuity and the fund principal is never spent or repaid. Interest earned on perpetual endowment fund may be transferred

directly to the endowment fund, if specified. Term endowments are gifts for which the donor has specified a date or event after which the funds may be spent.

(c)   Unrestricted funds: It refers to funds contributed to an institution with no specific restrictions. The unrestricted fund is augmented by the income from the operations of the institution, such as tuition fees, income from investments, besides unrestricted donations/gifts/grants from individuals/government or income from auxiliary services such as, canteen, bookstores, etc. The unrestricted funds are utilised for the day-to-day operations of the institution. The unrestricted funds are further classified into following two categories:

(i)   Designated Funds – These are unrestricted funds which have been set aside by the institutions for specific purposes or to meet future commitments e.g., library fund for purchase of books, development funds for acquiring building, equipment, etc. The designated funds are self imposed and not legally binding.

(ii)   General Fund - Unrestricted funds other than the designated funds are a part of the general fund. It represents the corpus of the society/ institution and is not subject to any restrictions on its utilisation.

Current Requirements of Educational Sector

(1)   Establishing review and documentation requirements to assure the reasonableness of large research facility costs.

(2)   Implementing a new alternative approach to replace the practice of using special cost studies for the recovery of utility costs and deferring the elimination of special cost studies for the recovery of library costs.

(3)   Providing additional guidance on the calculation of depreciation and use allowances on buildings and equipment.

(4)   Changing the distribution basis for the facilities and administrative cost application (from salaries and wages to modified total direct costs) at universities that use the simplified (short-form) method to calculate their facilities and administrative rate.

INTERNAL AUDIT OF SIGNIFICANT AREAS — 9

9.1   INTERNAL AUDIT BASED ON MINISTRY OF EDUCATION (MOE) NORMS

Education is on the "Concurrent list" subject to Entry 66 in the Union List of the Constitution and thus the Government is responsible to provide for planned development of educational institutions. The Ministry of Human Resource and Development (MHRD) regulates university level Institutions through the Department of Higher Education. The Ministry obtains grants from the Ministry of Finance through Budget for plan expenditure and non plan expenditure.

The Government had found the need for sound accounting and common financial reporting framework for promoting accountability and for development of the education sector. Therefore, the MHRD introduced the new uniform accounting standard for educational institutions to ensure proper accountability, financial discipline, end use of funds and to meet the needs of the stakeholders under MHRD letter no.21-16/2012-TS.II dated 21.2.2012 and No.29-4/2012-IFD dated 17.4.2015. The new system for accounting and financial reporting has been introduced from the financial year 2013-14 which is has been further updated.

MHRD has introduced the Scheme of Financial Assistance for Strengthening Culture and Values in Education providing for financial assistance on 100 % basis to the project proposals approved by Grant-in-Aid Committee of the Ministry for the following components of the Scheme:-

1.   Strengthening cultural and value education inputs in the schools and non-formal education system.

2.   Strengthening the in-service training of art, craft, music and dance teachers.

An illustrative list, but not exhaustive one, regarding the nature of activities for which assistance may be given is as under:-

(i)   Development of teaching/learning material and audio-visual aids.

(ii)   Training of teachers including art, craft, music and dance teachers.

(iii) Meetings, conferences, workshops and seminars for parents/ community/ students or teachers.

(iv)   Activities to secure participation of community, parents teachers, students interaction aimed at inculcation of human values among children.

(v)   Motivating children to participate in meaningful creative activities.

(vi)   Cultural exchange programmes among students at school and college/ institution levels.

(vii)   School children theatre movement.

(viii) Comparative study of common basic values inherent in all religions by students at senior levels.

(ix)   Documentation of strategies and experiences from the innovative projects.

(x)   Production of audio-visual materials and harnessing media to give wide publicity to the EHV.

(xi)   Research projects in Education in Human Values.

Compliance Requirements:

(1)   Pre-Project Proposal

(2)   Constitution of Grant in Aid Committee

(3)   Utilisation of Grant – Review & Monitoring

(4)   Submission of Utilization Certificate, Asset Certificate

Finance and Accounts Functions

The Finance and Accounts Department is primarily concerned with receiving funds in the form of grants-in-aid (plan and non-plan), fees from students, and any other receipts and accounts for these receipts. Institution also receives grants for sponsored projects for research and development from other Ministries and organizations. Similarly, the Finance and Accounts Department is concerned with all payments towards salaries, utilities, academic and student related activities, for procurement and creation of capital assets for infrastructure and other requirements to run the Institution . Based on information contained in vouchers and bills for procurements, and other expenses compilation of accounts is made classifying all receipts and payments.

General principles relating to expenditure and payment of money

Standards of financial propriety

Every officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety. Every officer should also enforce financial order and observe strict economy and see that all relevant financial rules and regulations are observed by his own office and by subordinate disbursing officers.Some important principles on which emphasis is generally laid are the following:

a)   Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

b)   The expenditure should not prima facie be more than the occasion demands.

c) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to his/her own advantage.

d) Expenditure from public money should not be incurred for the benefit of a particular person or a section of the public, unless (a) a claim for the amount could be enforced in a court of law, or (b) the expenditure is in pursuance of a recognized policy or custom.

e) The amount of allowance granted to meet expenditure of a particular type should be so regulated that the allowance are is on the whole a source of profit to the recipients.

9.2 INTERNAL AUDIT FOR INSTITUTIONS RECOGNIZED BY UGC

The UGC provides general development assistance to all eligible Central Universities, identified Deemed Universities, State Universities, Autonomous Colleges and stand alone institutions which are included under Section 2(f) and 12 (B) of the UGC Act, within the frame work of norms and broad outlays specified by the UGC.

Nature of Assistance :   General Development Grant

- Infrastructure Development, Campus Development, Library Resources, Innovative Research Activities, New Extension Activities and Outreach Programmes, ICT, Health Care & Student's Amenities, Jubilee Grants, Assistance for overcoming damages caused by natural Calamities/ Disasters

Against this backdrop and subsequent to rationalization of schemes, the Commission has decided to give a fresh impetus to General Development Assistance by merging and regrouping different schemes. The scheme is titled as Block Grant to Colleges (BGC).

The following four components constitute Block Grant to Colleges:

I.   Component I (Basic Assistance)

II.   Component II (Quality Initiatives)

III.   Component III(Sports Infrastructure Development)

IV.   Component IV(Faculty Development Programme)

Compliance Requirements:

(1)   Construction of Building / Infrastructure / Facilities Committee

(2)   Preparation of plans and estimates for projects

(3)   Approval of building projects by the UGC

(4)   Submission of Utilization Certificate, Asset Certificate to UGC

General Financial Rules (Components I, II, III & IV)

☐   Grants released under capital assets and/or non-recurring grants should be utilized within the period prescribed under various components. Any grant not utilized during the prescribed period is liable to be refunded along with interest at the prescribed rate.

☐   Interest earned against grant-in-aid released should be mandatorily remitted to UGC account and should not be treated as additional funds over and above the allocation.

☐   Allocation under various components is subject to availability of funds and may not be treated as committed liability of the UGC.

☐   Expenditure on non-recurring items must be as per the provisions of General Financial Rules, 2017 and no deviation thereof is allowed.

☐   Colleges should submit statement of accounts from the bank in which the grants are being received through PFMS, at the end of every financial year.

☐   Colleges should ensure purchases from GeM portal of Government of India

Auditing of Accounts

For private colleges a certified Chartered Accountant/CA empanelled by CAG appointed by the Governing Body/Planning Board shall conduct the audit. For Government Colleges, State Accountant General (AG) or CA empanelled by CAG shall conduct the audit.

Basis of Grant

The pattern of assistance will be 100% on annual basis. Grants released under all heads are to be utilized within one year. All eligible colleges will be provided with financial assistance under Component I, in accordance to the ceiling of assistance.

Procedure for release of grant

Grants will be released under two object heads, Grant-in-Aid General (31) (20% of BGC) and Capital Assets (35) (80% of BGC). Capital Assets (35) include expenditure on books & journals, equipment, furniture, fixtures, software, construction/renovation/ extension of building. All other items will come under Grant-in-Aid General (31). 75% of the grant will be released to the colleges in the beginning of a financial year. The remaining grant would be released on receipt of utilization certificate and statement of expenditure for at least 50% of the allocated amount. On the basis of utilization certificate and statement of expenditure signed by the Principal and Coordinator (Planning Board), proposal from colleges for the subsequent year will be considered. However, after the completion of two financial years, any proposal from a college will be considered only on receipt of audited utilization certificate and audited statement of expenditure for the grants of the year preceding the last.

9. 3   COMPLIANCE WITH AICTE REQUIREMENTS

All India Council for Technical Education (AICTE) was set up in November 1945 as a national-level apex advisory body to conduct a survey on the facilities available for technical education and to promote development in the country in a coordinated and integrated manner. TO ensure the same, as stipulated in the National Policy on Education (1986), AICTE is vested with the following powers:

i.   Statutory authority for planning, formulation, and maintenance of norms & standards

ii.   Quality assurance through accreditation

iii.   Funding in priority areas, monitoring, and evaluation

iv.   Maintaining parity of certification & awards

v.   Management of technical education in the country

The Government of India decided in 1954 to set up a Board of Management Studies under AICTE to formulate standards and promote management education. Architecture was covered under the Architects Act, 1972. Subsequently, for better coordination of the professional courses, architecture education was also placed under the purview of AICTE. Programmes for technical education, during the first three Five Year Plans, were devoted to expansion of technical education to meet the growing demand for technical personnel at Diploma, Degree and Post Graduate Levels. From the fourth Five Year Plan onwards, the emphasis was shifted to the improvement of quality and standards of technical education. Hotel management education had a modest beginning with short programmes in nutrition and food science, which started in the late fifties. The National Council of Hotel Management and Catering Technology was set up in 1982, to which all the Institutions of Hotel Management run by the Government are affiliated. Education in other professional fields such as, pharmacy, applied arts and crafts have also undergone similar developments by being looped into the purview of AICTE.

AICTE Act, 1987

The AICTE Act, 1987 was passed by the Parliament, to provide for the establishment of the All India Council for Technical Education (AICTE) with a view to ensure proper planning and coordinated development of the technical education system throughout the country, qualitative improvement of such education in relation to the planned quantitative growth and the regulation and proper maintenance of norms and standards in the technical education system and for matters connected therewith.

Various schemes offered by AICTE

1)   Faculty Development Schemes

2)   Student Development Schemes

3)   Institution Development Schemes

4)   Research & innovation Development Schemes

5)   General Schemes

Major Functions & Schemes

- Approval of Diploma/ Post Diploma/ Under Graduate Degree/ Post Graduate Degree/ Post Graduate Diploma Level Programme(s) in technical institutions

- Approval of variation/ increase in intake, additional course(s)/ Programme(s) in technical institutions

- Approval for foreign collaboration/ twinning programmes

- Participation in the process of granting "Deemed to be University" status to institutions by MHRD

- Development of model curricula through All India Boards of Studies

- Share and Mentor Institutions (Margdarshan)

- Modernisation and removal of obsolescence (MODROBS)

- Entrepreneurship Development Cell (EDC)

- Project Centre for technical education

- Community Colleges under NSQF

- Innovation Promotion Scheme (IPS)

- Research Park

- e-Shodh Sindhu

- e-Learning Centre for Technical Education

- Industry Institution Partnership Cell (IIPC)

- Unnat Bharat Abhiyan

- Saansad Adarsh Gram Yojana (SAGY)

- Seminar Grant

- Travel Grant

- Faculty Development Programme (FDP)

- Quality Improvement Programme

- AICTE-Adjunct Faculty

- Trainee Teacher Scheme

- Research Promotion Scheme (RPS)

- AICTE-INAE-DVP (Distinguished Visiting Professor)

- AICTE-INAE-TRF (Teaching Research Fellowship)

- Post Graduate scholarships for GATE/GPAT Qualified Post Graduate students

- Hostel for SC/ ST Students

- Scholarship Scheme for Girl Child (SSGC) – PRAGATI

- Scholarship Scheme for Divyang – SAKSHAM
- AICTE-INAE-TG (Travel grant for students
- Skill and personality development programme centre for SC/ ST Students

Compliance Requirements:

(1) Checklist for eligibility of scheme

(2) Application form for the scheme with project proposal & financial proposal

(3) Undertaking by the Institution in prescribed format

(4) Compliance with annual norms of the Scheme

(5) Submission of Annual Report / Project Report with Certificate.

Administrative & Operational Audit

[Applicable only for AICTE Approved Institutions]

The following documents / records shall be maintained by all the institutions that are approved / to be approved by AICTE

Sl. No	Documents	Yes / No	Remarks
1	Building Plan of the Institution should have been prepared by an Architect registered with Council of Architecture/ Licensed Surveyor and approved by the competent authority as designated by concerned State Government/ UT. The Institution should bring two copies of Building Plan.		
2	In Metro and Mega Cities, Certificate of Occupancy/ Completion (as applicable) from the competent authority (as per standard format prescribed by the issuing authority).		
3	Fire safety certificate issued by the competent authority Certificate issued by an Advocate regarding land related documents.		
4	Certificate issued by an Architect regarding approved Building Plans		
5	Certificate issued by Bank Manager regarding financial status of applicant.		
6	A receipt with official seal from the authorized signatory of the Affiliating University as proof of submission of these documents		
7	Detailed project report (DPR).		

8	Registration document of the Trust/ Society/ Company/ PPP/ BOT indicating its members, objectives and Memorandum of Association and Rules, duly attested/ certified by the concerned competent authority.		
9	In the case of a company established under Section 8 of Companies Act, 2013, the MoA and AoA must contain a provision that the objective of the company is not profit making and any surplus earning shall be used exclusively for the purpose of development of technical institution.		
10	In case of an application made with a proposal of PPP/ BOT, the applicant shall submit a certified copy/ duly attested by a Gazette Officer of the agreement/ contract regarding PPP/ BOT. The applicant shall also submit a certificate or endorsement from the concerned District Magistrate or the SDM, regarding such a proposal pertaining to PPP/ BOT in the said area with the applicant Trust/ Society/ Company.		
11	Resolution by the applicant organization, pertaining to setting up of a Technical Institution or adding new programme (in Pharmacy) and allocation of land/ building/ funds to proposed activities in the format prescribed on the web-portal.		
12	Documents showing ownership of land in the name of the Applicant in the form of registered sale deed/ irrevocable gift deed (registered)/ irrevocable registered government lease (for a period of minimum 30 years with at least 25 years of live lease at the time of submission of application) by the concerned competent authority of Government or any other document issued by the concerned competent authority establishing the ownership and possession of the land in the name of the applicant. In case, the land documents are in vernacular language, notarized English translation of the documents shall be produced.		
13	Proof of working capital (funds) as stated in Clause 1.9.2 of Chapter I of Approval Process Handbook, in the form of either fixed deposits in the bank or latest bank statement of accounts maintained by the applicant organization in a Nationalized Bank or Scheduled Commercial Bank recognized by Reserve Bank of India, along with a Certificate issued by the Branch Manager of the Bank.		
14	Audited statement of accounts of the applicant organization for last three years, as may be applicable		
15	Proof of the availability of nomenclature of the applied Course(s) in the Affiliating University/ Board.		

16	Minority status certificate, if applicable, at the time of application. Any claim thereafter shall not be entertained.		
17	Undertaking from the applicant to the effect that no high tension line is passing through the Campus including hostel. In case high tension line passes through the Campus/ hostel, a certificate from the competent authority (Electricity Board) that it shall not affect the safety of the building/ students/ faculty/ staff etc. is required.		
18	Stock Register of dead stock items including laboratory equipment, computers, system and application software, printers, office equipment and other dead stock items.		
19	List giving titles of books and volumes of each purchased for library		
20	Sanction of electrical load by electric supply provider company.		
21	Details and proof about medical facility and counseling arrangements.		
22	No objection certificate from concerned State Government/ UT in the prescribed format		
23	No objection certificate from affiliating University/ Board in the prescribed format		
24	Resolution by the trust/ society/ company approving the institution for change of site/ location, duly signed by the Chairman/ Secretary in the prescribed format		
25	Details of the RPGF/ Joint FDR made with AICTE/ State Government/ UT/ University/ Board for establishment of the institution		
26	Latest salary sheet giving details, such as, scale of pay, gross pay, PF deduction, TDS for all faculty members and non teaching staff and faculty: student ratio.		
27	Pending Court cases and serious charges, violation of norms and pending ragging cases against the institution		
Additional documents to be submitted for approval of the establishment of the institution set up by a private limited or public limited company/ industry			
28	Certificate of registration of companies,		
29	Memorandum of Association and Article of Association		
30	Situation of the registered Office of the Company		
31	Particulars of the Directors, Managers or Secretaries		
32	PAN number – TAN Number – GST registration		

33	Companies general rules and forms		
34	NOC from directors or promoters		
35	Audited statement for last three years clearly indicating turnover through operations		

Prospects for Cost Accountants in AICTE recognized Institutions

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                    ┌─────────────────────────────┐
                    │ AICTE Accredited Institutions │
                    └─────────────────────────────┘
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Financial Perspective	Operational & Administrative Perspectives / Compliance
1. Fees collection as per fees fixation norms by Government 2. Staff salaries as per relevant statutes 3. Admissibility of expenses for TDS etc., 4. Payment of statutory dues on time 5. Maintenance of fixed assets registers 6. Maintenance of registers relating to students admission students fees collection students database, staff personal file & other mandatory registers. (the above list is not exhaustive)	1. Approval for college site / local development authority clearance 2. Compliance of the promoting / parent institution [annual filing of returns for promoter trust / society] 3. Compliance with the affiliation University & its norms 4. Adherence to admission, quota and reservation norms as per policies in force from time to time 5. statutory approvals and clearance from collaboration and twinning programme between Indian and Foreign University/ Institution in the field of Technical Education, Research and Training 6. Appointment of Teaching, Non – Teaching, Administrative Staff as per requirements and the relevant compliances with PF, ESI, etc.,

Role of Cost Accountant
1. **Adherence to Financial / Fees Collection Norms**
2. **Statutory Compliance advisory Services**

9.4   NATIONAL ASSESSMENT AND ACCREDITATION COUNCIL, BENGALURU

Academic and Administrative Audit (AAA) - A brief advisory note

Context

The National Assessment and Accreditation Council (NAAC) has evolved tools and guidelines for improving the quality for different levels of Higher Education Institutions (HEIs) and for its sustenance. By establishing internal quality assurance cell (IQAC) and undergoing external quality assurance process it is possible to continuously strive for achieving excellence.

The monitoring and evaluation of the institutional processes require a carefully structured system of internal and external review. The NAAC expects the institutions to undertake continuous Academic and Administrative Audits (AAA). This brief note is intended to serve as advisory to all accredited HEIs who volunteer to undertake AAA.

About Academic and Administrative Audit (AAA)

Academic and Administrative Audits (AAA), are very essential for achieving excellence in higher education. These are interrelated concepts. Thus in order to have a quality oriented academics, there should be a strong administrative background.

Academic Audit: - Academic audit can be understood as a scientific and systematic method of reviewing the quality of academic process in the institution. It is related with the quality assurance and enhancing the quality of academic activities in HEIs.

However, process based review of compliance and documentation can be reviewed by the Cost and Management Accountants.

Administrative Audit: - It can be defined as a process of evaluating the efficiency and effectiveness of the administrative procedure. It includes assessment of policies, strategies & functions of the various administrative departments ,control of the overall administrative system etc.

NAAC has not prescribed any specific methodology or guidelines for conducting AAA. It is expected that each HEI may evolve its own guidelines and methodology by learning from good practices followed by leading institutions within and outside India.

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│   NAAC Academic Administrative Audit Guidelines   │
└─────────────────────────────────────────────────┘
            ╱                           ╲
┌──────────────────────┐      ┌──────────────────────────┐
│  NAAC Academic Audit  │      │  NAAC Administrative Audit │
└──────────────────────┘      └──────────────────────────┘
            │                              │
     ╭──────────────╮             ╭─────────────────╮
     │ Compliance with│           │Cost Accountants can│
     │  the Rules /   │           │play active role in │
     │Process shall be│           │administrative system│
     │ verified by Cost│          │   effectiveness    │
     │  Accountants   │           ╰─────────────────╯
     ╰──────────────╯
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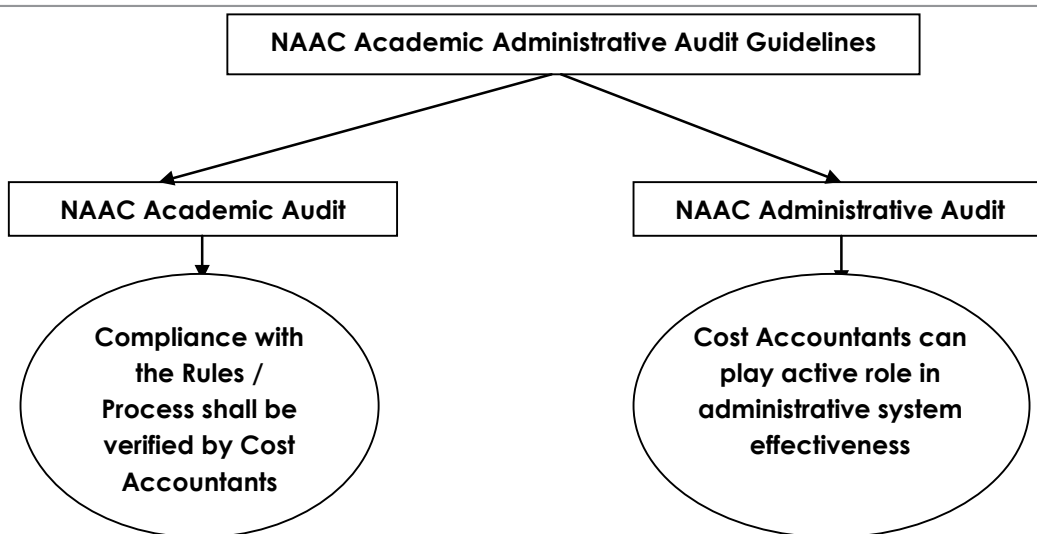
Administrative Audit Components

Sl. No	Components	Remarks
1	Department-wise student teacher ratio (last 4 years)	
2	Number of teaching posts sanctioned, filled and vacant (last 4 years)	
3	Faculty profile with name, qualification, designation, experience, nature of appointment (confirmed/probation/temporary)	
4	Number of academic support staff (technical) and administrative staff sanctioned, filled and vacant:	
5	Student profile programme-wise at UG and PG (last 4 years)	
6	Year-wise results of students at UG	
7	Student progression/ placement record: Number/ percentage of students proceeded for higher studies - Number/percentage of students placed	
8	Present details of departmental infrastructural & other facilities with regard to Central Library books, online books, journals, computers and internet facility, total number of classrooms, students laboratory, research laboratories, other infrastructure, etc.,	
9	Diversity of students: (Year-wise)	
10	Student progression/ placement record: Number/ percentage of students proceeded for higher studies number/percentage of students placed:	
11	Diversity of faculty	

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

12	Audit of academic branches & their functioning	
13	Audit of Accounts, Finance Departments, policies, procedures, etc.,	
14	Audit of Establishment Branch records	
15	Audit of purchase & stores procedures, policies, etc.,	
16	Audit of Registration & Scholarship Branch	
17	Audit of general policies, procedures, rules, etc.,	

9.5 AUDIT OF RESEARCH & CONSULTANCY SERVICES

Research & Consulting Services offered by Educational Institutions / Teachers

Higher educational & research oriented institutions recognize sponsored research (SR) and industrial consultancy (IC) as essential attributes of teaching and research. Sponsored research and industrial consultancy are two important modes through which the faculty supports the activities contributing to the development of knowledge and technology.

Need for Research & Consulting in Educational Institutions

- There is ample evidence that learning outcomes improve when educators are involved in research.

- Teachers engaged in research tend to be updated with current developments in their fields and would be familiar with changed facts which could be different from those mentioned in books and printed material that are dated.

- Teacher-Researchers are increasingly keen on connecting with the industry as this helps them identify and work on real-life problems and challenges.

- The research- consultancy, extension parameter acts as a mirror of the colleges where students and faculties are directly connected with the society and social problems.

- Monetary benefits derived from research & consulting is utilized for development of infrastructure, technical labs, and incubation centers to achieve excellence .

Scope for Research Activities / Consulting in Educational Institutions

Consultancy is essentially a knowledge based profession and consultants play an important role in technological, industrial and economic development and are effective agents of change in the society. Over the years, consultancy capabilities have grown in several sectors, public and private and more recently a number of foreign consultants have also started operations in India. However, the domestic consultancy capabilities need to be strengthened and skills upgraded continually in several sectors, since the consultancy profession's growth in India has not kept pace with the industrial and economic developments over the years. Consultancy

plays an important role in providing a competitive edge to an organization. The intangible assets of an organization such as technical know-how and expertise of the staff, are today, often more valuable than its physical assets. Over the last few decades, legitimate appreciation of the commercial value of technical know-how has grown both within the academic / non-academic community and in the society at large. The pace of development of the human mind, resulting in new and useful inventions, initiated a need for a central policy in determining the course of the creation, protection and commercialization of technical know-how in the institutions in the form of consultancy services which are not only being used as a tool to share the knowledge and generate revenue but also to build strategic alliances for the socio-economic and technological growth. Keeping in view the importance of higher education in spawning societal changes and transforming the economic fortunes of a country by emphasizing innovations, educational institutions undertake several measures for promoting innovative academic research and technical innovations by encouraging inter-disciplinary research through trans-institutions, intra -Institutions and Institutions-industry collaborations.

Modalities in Research & Consultancy

- Educational Institutions permit the faculty members to take part in research oriented programmes and undertake consulting activities by utilizing the resources available in the institution on the basis of "revenue sharing model".

- The management may provide a token grant as seed money for minor research projects. There are external funding agencies for sponsoring research. Teachers who wish to undertake research / consulting submit the proposal to "Sponsoring Institution". [The model format for proposal is given as an Annexed]

- Institutions encourage the staff members to use lab facilities / and available Infrastructure to the maximum extent. .

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Fields of Research / Consulting Activities

- Consultancy services may be offered to industries, service sector, Govt. Departments and other national and international agencies in niche areas of the faculty.

- The services offered shall be along the lines of 'professional services' and will hence carry with them obligations and ethical requirements associated with such services as indicated in the Standard Terms and Conditions of the consulting contract/agreement.

- All consultancy and related Jobs need to be structured and executed in the spirit of promoting institution - industry interactions, as a vehicle for augmenting current levels of excellence in teaching and research and in the process of generating funds.

Categories of Research / Consulting Activities

Category I: Expert Advice and R&D Consultancy

This type of consultancy will be expertise intensive and based on the expertise of the consultant.

Category II: Testing Consultancy

This type of consultancy will involve testing of sample/component/product against a standard.

Category III: Service Consultanc-

This type of consultancy will involve use of University's computational facilities / software / hardware and other technical, physical infrastructure by the client. For example, use of software/hardware by outside students, researchers, scientists, engineers, etc. or use of computers / technical manpower and other infrastructure of the university for conduct of online / offline examinations or tests; and other e-services.

Each project shall be undertaken under

I.   Standard terms and conditions as prescribed by the institutions – industry and other specified general consultancy rules.

(The work is taken up in good faith between the consultant and the client, the obligations and responsibilities of both parties.)

Specific research agreement or memorandum of understanding describing the details of contract (if any)

(It refers to consultancy projects that usually involve non-disclosure agreements, detailed negotiations of contract terms and signing of contracts in the form of agreement or MOU covering various aspects such as deliverables, milestones, payment schedules, role and responsibilities of the parties, non-disclosure of confidential information, disputes resolution, liability, IPR matters, arbitration, and applicable law. These projects involve significant amount of effort and time associated with the negotiation and implementation of the research contracts.)

Format for Revenue Sharing Model for Research / Consultancy Services

Particulars		₹
Total money received from client	A	XXXXXXX
University share [% agreed by the faculty consultant]	B	XXXXXXX
Consultant's share [A-B]	C	XXXXXXX
Expenditure incurred by the consultant 1. (items to be specified) 2. 3.	D	XXXXXXX
Surplus /(deficit) for the consultant [D-E]	E	XXXXXXX

Process of Undertaking Research / Consulting Activities

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┌─────────────────────────────────────┐
│ Consultancy proposal initiation by   │
│ the client to the Institution /      │
│ Faculty Member                       │
└─────────────────────────────────────┘
              │
              ▼
┌─────────────────────────────────────┐      ╭──────────────────╮
│ The Faculty Member (i.e. Consultant) │      │ Role of Cost     │
│ prepares a detailed report           │      │ Accountant       │
│ indicating the feasibility,          │      │ Help in          │
│ financial viability and other        │      │ Preparation of   │
│ information and forwards the same to  │      │ Reports /        │
│ the client / Industry                │      │ Financial        │
└─────────────────────────────────────┘      │ Estimates        │
        │                    │               ╰──────────────────╯
        ▼                    ▼
┌──────────────────────┐  ┌──────────────────────────────┐
│ Client accepts the   │  │ Client requests for          │
│ proposal and agrees  │  │ modification of the proposal │
│ to engage the        │  │ and based on the mutual      │
│ faculty as           │  │ agreement to the changes     │
│ "Consultant"         │  │ agrees to engage the faculty │
│                      │  │ as "Consultant"              │
└──────────────────────┘  └──────────────────────────────┘
              │
              ▼
┌─────────────────────────────────────┐      ╭──────────────────╮
│ Faculty Member (i.e. Consultant)     │      │ Role of Cost     │
│ forwards the intent letter from the  │      │ Accountant       │
│ client along with all the documents  │      │ Drafting &       │
│ to the Institutions Management /     │      │ Advising of      │
│ Authority seeking approval to        │      │ Agreements /     │
│ undertake the activity               │      │ Revenue Sharing  │
└─────────────────────────────────────┘      │ Model            │
              │                               ╰──────────────────╯
              ▼
┌─────────────────────────────────────┐
│ The Management of the Institution    │
│ grants permission to the faculty to  │
│ undertake the research/ consulting   │
│ based on revenue sharing model       │
└─────────────────────────────────────┘
        │                    │
        ▼                    ▼
┌──────────────────────┐  ┌──────────────────────────────┐
│ The Consultant enters│  │ Consultant enters into        │
│ into the Consulting /│  │ concurrence with the          │
│ Research Project     │  │ Institutions by agreeing to   │
│ contract with the    │  │ the Standard Terms &          │
│ Client with 2 Party  │  │ Conditions / Revenue Sharing  │
│ or 3 Party Contract /│  │ Model                         │
│ Agreement            │  └──────────────────────────────┘
│ 2 Party : Client –   │
│ Consultant           │
│ 3Party : Client –    │
│ Consultant –         │
│ Institution          │
└──────────────────────┘
        │                    │
        ▼                    ▼
┌─────────────────────────────────────┐
│ Performance of the Project /         │
│ Consulting, Completion of the        │
│ Project / Consulting Submission of   │
│ Report to the Client / Institution   │
│ Receipt of Revenue & Sharing with    │
│ Institution                          │
└─────────────────────────────────────┘
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Role of Cost Accountants in Internal Audit of Research / Consulting Activities

Sl.No	Components	Remarks
1	Project Proposal / Consultancy Proposal	a) Is the proposal received by Institution / Faculty complete in all aspects?
2	Project Feasibility / Viability Report	a) Has the project feasibility report / viability report been prepared by the Consultant / Faculty? b) Has the report been submitted to Client / Institution?
3	Confirmation from Client/ Research / Consulting Agreement	a) Is confirmation received from the client? b) Has the Research / Consulting Agreement been entered into? c) Have the terms and conditions between the client/ consultant been agreed by all parties concerned?
4	Permission for utilizing Institution's Resources	a) Has permission been granted by the Institution to conduct research / consultancy under its brand and banner? b) Has the revenue sharing model agreed between the consultant / Institution? c) Has the declaration / undertaking been obtained from the consultant for statutory compliance regarding the project / consulting including payment of relevant taxes and duties as applicable
5	Accounting of Revenue	a) Has the institution received the quantum of revenue as specified in the agreement? b) Whether necessary tax and other statutory compliances done for the revenue received? c) Is the revenue accounted for in relevant revenue / cost centres?
6	Availability of Documents	a) Are all documents relating to intellectual property rights, royalty agreements, minutes of the meetings with the clients, progress reports field visits reports as applicable available for inspection?
7	Statutory Clearances	a) Have clearances from various committees / board been obtained for conduct of research/ rendering of consultancy? [Based on rules and regulations in force]

INTERNAL AUDIT REPORT OF EDUCATIONAL INSTITUTIONS

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FORMAT OF INTERNAL AUDIT REPORT OF EDUCATIONAL INSTITUTIONS

[Applicable to all Institutions – Generic]

INTERNAL AUDITORS' REPORT

for the Period from _____ to _____.

Part A – Brief Details of the Audit

a)   Name & Address of the Auditee   :

b)   Name & Designation of KMP's   :

c)   Name & Designation of Audit Team Members   :

d)   Duration of the Audit   :

e)   Period covered in the Current Audit   :

Part – B – Executive Summary

We have audited the accounting records and other documents of the _____ _____ an entity registered under _____, for the period ended _____ and the related statements of revenue expenses and reconciliations for the period then ended, and the related notes to accounting policies and procedures.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation, updating and fair presentation of these accounting records in accordance with the General Accepted Accounting Principles and the relevant Accounting Standards prevalent in India. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

The objective of this audit was to ensure that adequate policies and procedures are in place to control the Institution's income and expenditure and evaluate the compliance with Financial Regulations and Standing Orders of the authorities concerned. We conducted our audit in accordance with Auditing Standards generally accepted in the India and the audit requirements as prescribed by the Department of _____, Government of _____.

Methodology

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Internal Control System

In planning and performing our audit of the financial statements, we considered _____ _____ (Name of the Educational Institutions) internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control implemented by the Management. Accordingly, we do not express any opinion on the effectiveness of the organization's internal control.

Detailed report on internal control system is exhibited in ANNEXURE – 1 to this Report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the accounting records, polices and procedural compliances followed are free from material misstatements, errors, etc., we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under the audit requirements prescribed by _____ (Name of the Statutory Authority).

The details are presented under ANNEXURE - 2

Opinion

In our opinion, the accounting records, registers and other documents maintained for the period from _____ to _____ present fair and true view of the transactions recorded therein in all material respects of _____ _____ (Name of the Institution), an entity registered under _____.

Signature , Seal and Membership No .of the Auditor

10.1 REPORT ON THE INTERNAL CONTROL SYSTEM

ANNEXURE – 1

Finance Management System was implemented in the Institution under the Board of Governance headed by _____. The internal control system implemented has been audited and analysed under the following five components of Internal Control mechanism and the observations are presented below for continuous process improvement by the management.

Components	Sub-Components	Observations
Control Environment	Integrity and ethical values Commitment to competence Board of Management (or Audit Committee) Management philosophy and operating style Organization structure Assignment of authority and responsibility human resource policies and procedures	
Risk Assessment	Identification of risks Estimation the significance of risks Risk management / mitigation techniques [Acceptance/Avoidance/Reduction/Sharing]	
Control Activities	Segregation of duties - Authorization - Custody of resources - Recordkeeping - Reconciliation function	
Information & Communication	Nature of communication & information sharing with stakeholders [employees, management, Government, students, parents, etc.,]	
Monitoring	Continuous evaluation of the administration	

The review of the above observations would help the management to-

☐ Identify operating areas within your department where the required business policies, administrative processes and regulatory compliance are important;

☐ Assess the adequacy of existing policies and procedures and other internal controls that are designed to ensure compliance in each of the identified areas;

☐ Raise awareness concerning certain efficiencies and cost saving opportunities that result from complying with the institution's policies and procedures.

☐ Formulation of best practices in administration and operational I that can be implemented by the peer institutions.

Our consideration of internal control was for the limited purpose described by the management and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiency in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Signature ,Seal and Membership No of the Auditor

10.2 COMPLIANCE & OTHER MATTERS

ANNEXURE – 2

(I)   Status of compliance of previous audit reports, including major audit observations pending compliance:

(II)

Sl. No.	Referencing in Previous Internal/Statutory Audit Report	Action Taken Report by the Institution	Management Response

(II)   SWOC analysis of the Institution [With regard to Financial, Administrative, HR & Operational Procedures]

Strengths	Weakness
Opportunities	Challenges

(III)   Key areas of procedural / policy lapses identified in the Audit

[Accounting, financial performance, deviation from prescribed set of rules & regulations,

Violation of statutory norms, etc.,]

Sl. No.	Area of Weakness / Procedural / Policy Lapse	Recommendations by the Auditor	Management Response

(IV)   Details of records / register not maintained

Sl. No.	Details of Records/ Register not maintained/ Not available for Audit	Implication of the Risk Involved	Recommendations by the Auditor	Management Response

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA   95

(V)   Details of delayed payment / non payment of statutory dues

Sl. No.	Nature of Payment	Delayed / Not Paid	Amount	Implication of the Risk Involved	Recommendations by the Auditor	Management Response

(VI) Details of statutory filings – non compliance

Sl. No.	Nature of Filing	Delayed / Not Filed	Amount	Implication of the Risk Involved	Recommendations by the Auditor	Management Response

[VII] Non compliance with Income Tax Act, 1961 / Goods & Services Tax, 2017 / Trust Act, Societies Registration Act, Foreign Contribution Regulation Act. etc.,]

Sl. No.	Relevant Sec	Details of Non Compliance	Implication of the Risk	Recommendations by the auditor	Management Response

[VIII] Other audit observations

Note: The above audit report is only for illustrative purpose. The auditor can make suitable modifications based on the audit requirement.

Explanatory notes to the Internal Auditor for ANNEXURE - 1

Nature of Deficiencies – Defined

•   A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

•   A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Components of Internal Control

Control Environment

It sets the tone of the organization, influencing the control consciousness of its people. It is the foundation of all other components, providing discipline and structure.

Risk Assessment

Risk (internal & external) is the possibility that an event will occur and adversely affect the achievement of objectives of the institution. Objectives must be established prior to risk assessment. Risk assessment is the identification and analysis of those risks and forming a basis for determining how the risks should be managed

Control Activities

It consists of policies and procedures that help ensure management directives are carried out in the correct and accepted directions. Help to ensure that necessary actions are taken to address risks to achieve the institution's objectives. The purpose of an internal control system is the achievement of objectives.

- Objectives must be defined

- Accurate financial reporting

- Compliance with laws and regulations

The objectives must be viewed from a holistic, inter relationship standpoint

Information & Communication

Communication is a continual process of providing, sharing, and obtaining necessary information. Relevant and quality information from both internal and external sources is necessary to support the functioning of the other components of internal control.

Monitoring

It should be built into the business process at various levels. Availability of timely information will result in effective monitoring.

COST MANAGEMENT IN EDUCATIONAL INSTITUTIONS

11

11.1 COST RECORDS & COST AUDIT IN EDUCATIONAL INSTITUTIONS

Maintenance of records [Reference to Companies (Cost Records and Audit) Rules,

(1) Every company under these Rules including all units and branches thereof, shall, in respect of each of its financial year commencing on or after the 1st day of April, 2014, maintain cost records in Form CRA-1.

Provided that in case of company covered in serial number 12 and serial numbers 24 to 32 of item (B) of rule 3, the requirement under this rule shall apply in respect of each of its financial year commencing on or after 1st day of April, 2015.

(2) The cost records referred to in sub-rule (1) shall be maintained on regular basis in such manner as to facilitate calculation of per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly or quarterly or half-yearly or annual basis.

(3) The cost records shall be maintained in such manner so as to enable the company to exercise, as far as possible, control over the various operations and costs to achieve optimum economies in utilisation of resources and these records shall also provide necessary data which is required to be furnished under these Rules.

Section 148 of Companies Act, 2013

Where the Central Government (CG) is of the opinion that the cost records of such class of companies engaged in the production of such goods and providing such services as may be prescribed , are required to be audited , then the CG in consultation with the regulatory body can order cost audit to be conducted.

Appointment of Cost Auditor

Cost auditor is to be appointed by the Board. A Cost Accountant in practice or a firm Of Cost Accountants can be appointed as a Cost Auditor.

Applicability of Cost Audit

Educational sector is covered under Non Regulated Sectors – Sl. No 23 of the Rules.

The coverage of Cost Audit can be read as "Education services, other than such similar services falling under philanthropy or as part of social spend which do not form part of any business".

11.2   COST ACCOUNTING STANDARDS [CAS] FOR EDUCATIONAL INSTITUTIONS

The Cost Accounting Standards followed as "Generally Accepted Cost Accounting Principles" are followed in India. Cost Accounting Standards for the education sector are yet to be released by the professional body concerned. However, we can draw reference from other countries with regard to CAS for educational institutions.

CAS in United States of America

In United States of America, Code of Financial Regulations [CFR] – Title 48 – Chapter 99 & Part 9905 throws light on "Cost Accounting Standards for Educational Institutions". Important Guidelines are listed below:

CAS 501

- Consistency in estimating, accumulating, and reporting costs by educational institutions

- Practices for estimating costs must be consistent with those practices used in accumulating and reporting costs during contract performance

- Should be able to compare proposed estimate with actual costs for any "significant" cost

CAS 502

- Consistency in allocating costs incurred for the same purpose by educational institutions.

- Each type of cost must be allocated once and on only one basis to any contract or other cost objective.

- If a contract is charged directly for a cost, the same type of costs should not be in the indirect cost rate and vice versa.

CAS 505

- Accounting for unallowable costs

- Does not provide additional guidance on what is unallowable

- Visibility requirement – Detailed records should establish and maintain visibility of identified disallowables, including allocation and cost accounting treatments

CAS 506

- Cost accounting period

- Institutions must use fiscal year as its cost accounting period

- Can use a different period only with prior Government approval

- Potential area of concern could be the costing of service centers based on prior year costing data

11.3 COST MANAGEMENT IN EDUCATIONAL INSTITUTIONS

The number of educational institutions is significantly growing due to recent increase in the demand for the institutions / courses. Therefore, it has been crucial for the administration of these institutions to be able to gain competitive advantage and to make strategic decisions including pricing decisions. These institutions have to determine appropriate annual fees in an intensely competitive environment in order to attract new students or not to lose current students. Many factors such as customer demand, attitudes of competing educational institutions, public image of the school, political environment, legal regulations, country's economic conditions and other factors are allmaterial factors that affect the pricing decisions. An educational institution determines the education fee using either market based or cost based approache. In this study we will focus on cost-plus pricing approach. The institution may determine the fee by adding a sufficient profit margin on the cost of resources consumed to provide educational services in cost plus pricing approach. Therefore in this approach accurately calculating the cost of services is significantly important. Activity based costing (ABC) method is a new approach in allocating indirect costs to cost objects and determining the unit costs by producing the most accurate data needed by the administrators and as an alternative to traditional costing methods. These Institutions have well recognized core competence in traditional engineering and their benefit is harnessed for the country's industrial and economic growth by extending consultancy services.

11. 4 ROLE OF COST & MANAGEMENT ACCOUNTANTS IN INTERNAL AUDIT

This Guidance Note provides a framework and practical guide for institutions to follow if they are interested in understanding their cost structure through the lens of activity-based cost accounting. CMA's can perform audit to improve the strategic decisions and operational efficiency. Many cost accounting exercises in the education sector in the past have been one-off efforts or focused only on a sub-set of operations. This methodology is intended to provide institutions with the ability to not only produce ongoing cost information for their entire operations, but ultimately to serve as a campus-wide planning and forecasting tool. By starting with the bottom up activity-based data and then rolling it up to course and program information, the dataset achieved is much richer for institutions.

In order to implement this framework, institutions will need to prepare their general ledger, ensure they have accessible non-financial databases and use sophisticated costing software to fully implement this type of solution. This section will describe solely the mechanics behind the cost framework, assuming institutions have all the other necessary data at hand.

The cost allocation framework comprises of the following five steps.

Step 1: Identify non-educational service lines (if applicable) and calculate their fully loaded cost .

Step 2: Create educational direct cost categories by identifying all relevant direct instructional activities.

Step 3. Allocate direct costs to courses/programs through a cost driver based allocation strategy .

Step 4: Create educational indirect cost categories by identifying all relevant indirect activities .

Step 5: Allocate indirect costs to courses/programs through a cost driver based allocation strategy.

Figure 2: Steps in Cost Allocation Framework
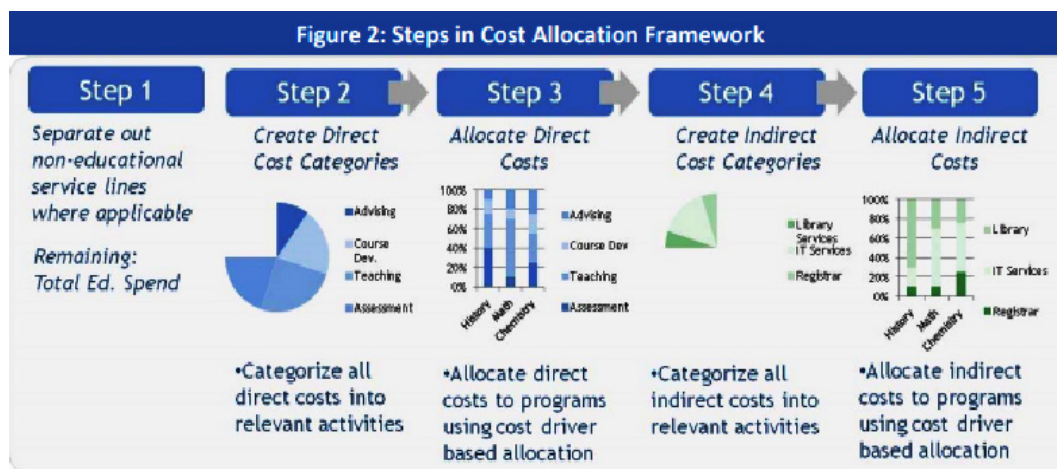
Step 1: Separate Non-educational Service Lines (if applicable)

Many types of education institutions can be considered multi-product firms because they produce a variety of things, not just education. Other service lines need to be pulled apart and are most appropriately analyzed separately. Specifically, the cost of the educational enterprise must first be separated from the business-like, self-supporting set of service lines that many institutions have. These are the activities whose costs should be covered by their revenues. However, it is important that all costs associated with these activities be identified and accounted for separately in order to calculate the true cost of the educational enterprise. To be meaningful, analysis of the cost of education must disaggregate costs to match the disaggregation of revenues.

Step 2: Create Educational Direct Cost Activity Categories

The cost of a course serves as the basic building block for institutional planning as it can be rolled up to provide the total cost of running a department or program. It can be used by Finance Officers to analyze their course portfolios and make comparisons across various portfolios. It also allows campus leadership to understand the total cost of running their educational enterprise. However, high level course cost information by itself does not help in the analysis of potential course transformation and analysis.

The activities outlined in the following Table are recommended to be utilized by institutions to capture the educational activities related to courses. While institutions are free to use their own categories, for the sake of promulgating activity-based costing standards in the higher education industry, the use of standards already developed is preferable.

	Course Level Direct Activities	
	Activities[11]	Description
1	Course Development	Creating and planning curriculum, pedagogy, instruction, and delivery methods to guide student learning.
2	Course Management	Planning learning activities, selecting and creating course content and materials, engaging in course organization.
3	Teaching	Delivering course content, managing and monitoring student assignments and classroom (physical or virtual) activities.
4	Tutoring	Formally providing supplemental academic assistance in support of regular coursework.
5	Advising	Assisting students with activities related to their educational experience including scheduling, academic support, planning and selecting curricular pathways and career development.
6	Assessment and Grading	Assessing prior and current learning; developing and selecting assessment methodologies; evaluating student assignments and performance to award course credit, and contributing to broader assessment of student learning outcomes.

It is important that activity cost estimates are built from the bottom up to form total course cost estimates as described in the following Table.. If they are not, what you are left with is allocating total current expenses to activities, which makes total expenses fixed, and the cost per course a black box. "With cost preceding rather than following the activity, departmental production function becomes fixed rather than variable and the activity itself is assumed to be beyond analysis." In order to enable institutions to look at their processes as something they can make more effective, the cost of each activity must be calculated from the bottom up. That is, estimates of time spent on each activity must be developed and aggregated up, instead of allocating total expenses down to activities.
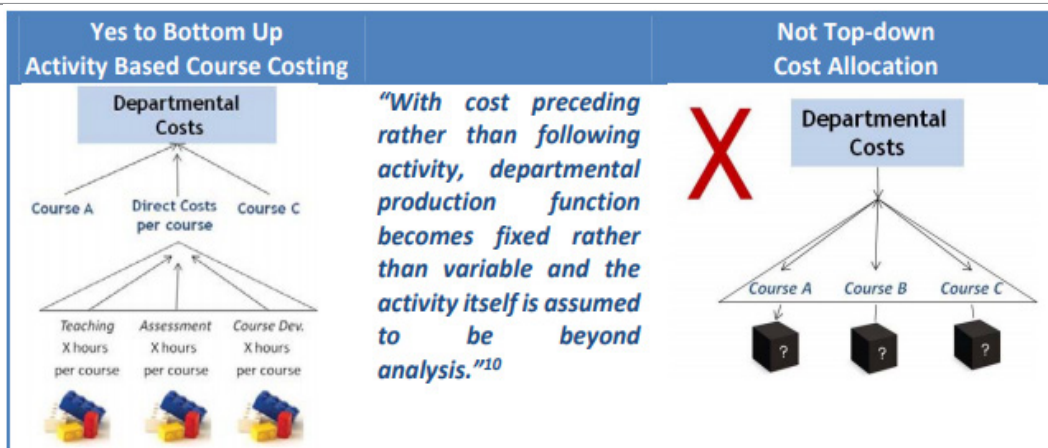
Step 3: Allocate direct costs to courses/programs through a cost driver based allocation strategy

Once the educational activities have been identified, the next step is to allocate the proper cost to each activity. Again, the idea is not to allocate total departmental costs to each activity, but rather to start with estimates on the time it takes to complete any given activity. This requires understanding how much time it takes to accomplish an activity and an estimate of the personnel cost attached to that time. The time involved in each activity can be difficult to obtain given the large amount of courses at any given institution. In order to alleviate this data requirement, one solution is to create broad course profiles that would have average times per activity associated with them. Institutions could create course profiles by type of class, such as lab, seminar, or lecture. Course profiles could also distinguish between academic areas. Course profiles allow institutions to start along the path of cost allocation more quickly than if activity data needed to be collected for every single course offered. As institutions become more sophisticated and experienced in the use of this costing methodology, they can revisit their original course profiles and create more nuanced profiles as necessary. The second piece of this puzzle is the personnel cost involved and how to express this cost as a standardized (e.g. hourly) rate. Once this is accomplished, then the cost of the activity can easily be calculated by the product of the hours per activity and the personnel cost per hour. The personnel cost associated with direct course activities will normally be faculty and teaching assistants, but could include a number academic personnel. In addition, within the faculty category, there are various categories that an institution may want to track separately for costing purposes; for example, adjuncts vs. tenured faculty. The categorization of personnel associated with courses is up to each institution. However, the cost per hour per faculty member must include both total salaries and benefits, adjusted for any percentage of time allocated to the institution's other service lines, such as research or public service.

Such detailed cost allocation was nearly impossible to do in the past, as historically, such calculations would have had to be done using tools such as excel which could not handle the enormous amount of information required for this methodology to work. However, decision support and analytics software are now available that can handle large amounts of data and can automate cost allocation.

Sample Course Profile & Attributes

Educational Activities		
Course Development	Hours	
Course Management	Hours	
Teaching	Hours	
Tutoring	Hours	
Advising	Hours	
Assessment & Grading	Hours	

- Effort on course activities can be captured in "course profiles" – minimizes interviews & effort
- Can be set to differ by school/department, by level/type of course or individual
- Can refine as appropriate over time

Course Attributes		
Class Type	Lecture/Lab/etc	
Credit Hours		
Delivery Mode	On-campus Online/ Hybrid	
Semester	Fall/Summer	
# of Students		

- Attributes can be added to course profiles to give more information
- Note that In Excel these would create unmanageable data sets, but DS software can handle this complexity

Step 4: Create Educational Indirect Cost Buckets by identifying all relevant indirect activities

The direct cost allocation is all that is needed by institutions to complete course redesign and efficiency work. However, from an institution-wide perspective, all costs should be allocated if the fully loaded cost of providing students with instruction is to be calculated. Indirect costs should not be spread like peanut butter, with an even spread among all courses. Different costs have different cost drivers and any cost allocation methodology must acknowledge these differences. For example, while career service costs are driven by the number of students using the service, facilities costs are driven by square footage usage. In addition, expenses should be broken out by type so that each in turn can be analyzed separately for efficiency opportunities. Lumping all expenses together leads to the same problem as when educational costs are lumped together, the expenses are seen as fixed instead of something that can be analyzed and improved. There are many ways to categorize indirect costs.

These categories allow the institution to create high level categories of expenses as well as the flexibility to analyze the specific activities within each category type. However, institutions should use whatever categorization works best for them and the following list can serve as a springboard to start conversations at any given campus.

Indirect Cost Categories			
Type of Expense	Activity	Type of Expense	Activity
College or Departmental Overhead	Academic Administration	Student Services[16]	Admissions (mktg/recruiting)
	Other Administration		Advising
	Facilities & Space		Tutoring
	Other Expenses		Counseling
Academic Overhead/Academic Support	Academic Administration		Career Services
	Faculty Development		Student Assessment/Testing
	Information Technology		Financial Aid Admin.
	Library Services		Student Support IT
	Facilities & Space		Other Student Activities
	Other Academic Support		
	Executive Management		
Institutional Overhead	Administration (HR/IT/Finance/Legal)		
	Alumni/Development		
	Facilities & Space		
	Other Institutional Overhead		

Step 5: Allocate indirect costs to courses/programs through a cost driver based allocation strategy

Once the types of categories and activities are agreed upon, the next step is to allocate the costs out to each course in order to calculate the fully loaded cost. As mentioned in Step 4, it is important that these costs all not be spread evenly among courses. Rather each category and activity should be analyzed separately and assigned appropriate cost drivers. Facilities costs could be allocated based on the square footage utilized by department or school, while many of the student service costs could be allocated based on total percentage of students served. The following sample cost allocation drivers can be utilized to spread costs out to indirect cost categories:

Indirect Cost Categories		
Type of Expense	**Activity**	**Cost Driver/Allocation Methodology**
College or Departmental Overhead	Academic Administration	# of FT Staff
	Other Administration	# of FT Employees
	Facilities & Space	Square Footage Utilized
	Other Expenses	Remaining Expenses
Academic Overhead/Academic Support	Academic Administration	# of Faculty
	Faculty Development	# of Faculty
	Information Technology	# of FT Employees
	Library Services	# of Faculty + # of students
	Facilities & Space	Square Footage Utilized
	Other Academic Support	# of Faculty
Institutional Overhead	Executive Management	# of FT Employees
	Administration (HR/IT/Finance/Legal)	# of FT Employees – This could be broken out further depending on administrative function
	Alumni/Development	# of FT Employees
	Facilities & Space	Square Footage Utilized
	Other Institutional Support	# of FT Employees
Student Services[17]	Admissions (includes marketing/recruiting)	# of FT Students
	Advising	# of FT Students
	Counseling	# of FT Students
	Career Services	# of FT Students
	Student Assessment/Testing	# of FT Students
	Financial Aid Admin.	# of FT Students
	Registrar	# of FT Students
	Student Support IT	# of FT Students
	Other Student Activities	# of FT Students

Final Outcome

Once all the five Steps are completed, institutions will have a fully loaded cost per each course. The methodology calculates costs at the course level but rolls☐up easily to total departmental costs and total major costs

11. 5 STAFF INFORMATION MANAGEMENT SYSTEM IN EDUCATIONAL INSTITUTIONS

Management Information System (MIS) helps in control of the management of the institution as well as integration of all departmental activities. Following are the departments that function in an educational institution:

1. Principals/ Dean's/ Academic Department

2. Admission Department

3. Billing/ Fees Collection Department

4. Examination Department

5. Hostel Management Department

6. Canteen/ Mess Management Department

7. Transport Management Department

8. Infirmary Department

9. Library Management Department

10. Human Resources Department

11. Payroll Department

12. Accounts Department

13. Administration Department

14. Purchase / Assets Procurement Department

15. Inventory Management Department

16. Estate Management Department

17. Information Technology Department.

Usually, the activities in most educational institutions fall under two clear cut verticals, i.e., academics and administration. These departments have been managed in an integrated manner using the Management Information System. It involves an establishment of a pre-defined system of effective management such as Procured ERP, Integrated inbuilt software etc.,

Modules for Management Information System

Student Centric:

Student Registration Module	Student Admission Module	Fees collection Module	Examinations Module	Library Management Module

Staff Centric & Administration

HR Management Module	Payroll Module	Hostel & Mess Management Module	Transportation Services Module	Estate Management Module

Academic Centric & Resource Management

Time Table Management	Attendance Module	Asset Management Modules	Inventory Module	Intangible & Web Resources

The following information shall be covered under the above modules:

► **Student Centric Activities**

● **Student Process Flow – Primary Source of Revenue**

(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) While leaving the institution, a student is required to clear all the dues

(g) Refund of Security Deposit/ Caution Money.

● **Human Resource Process**

(a) Advertisement/Recruitment Agency expenses

(b) Staff Induction and Continuous Training

(c) Salaries, allowances, perquisites and deductions as per Staff Service Rules

(d) Statutory compliances – income tax on salaries, PF, ESIC, Gratuity, etc

(e) Promotion/Retirement Schemes/Staff Advances

(f) Leave Encashment/ Gratuity/ Ex-Gratia Payments/ PF/ Recovery.

- **Inventory**
  - (a) Approval of Budget
  - (b) Obtaining quotations and bids
  - (c) Selection of supplier
  - (d) Preparation of purchase orders
  - (e) Sanction of purchase orders
  - (f) Procurement as per requirement
  - (g) ABC Analysis/ Level Setting
  - (h) Sale/ issue to students/ consumption in the Institution.

- **Fixed Assets**
  - (a) Purchase of furniture/ fixture/ vehicles/ machinery
  - (b) Fixed Asset Register/ Marking of Assets/ Asset Movement
  - (c) Construction of building and premises
  - (d) Involvement of contractors
    - Bidding/ Allotment
    - Capital work-in-progress
    - Advances
  - (e) Completion/retention of caution deposit.

Books of Accounts & Registers to be maintained by the Institutions

Financial Records	Non-Financial Records
General Ledger	Minutes Book
Day books such as cash books, bank books, expense register, cheques in hand register	Library Registers
Journal (if the books are maintained on accrual basis)	Vehicle Log Records
Creditors Ledger	Students Ledger
Stock Register (for stationery, books, uniform, eatables, prospectus, etc.)	
Payroll Summaries	
Fixed Assets Register	
Investments Register	
Fees Collection Register	
Caution Money Register	
Fund Register	

Student Admission System
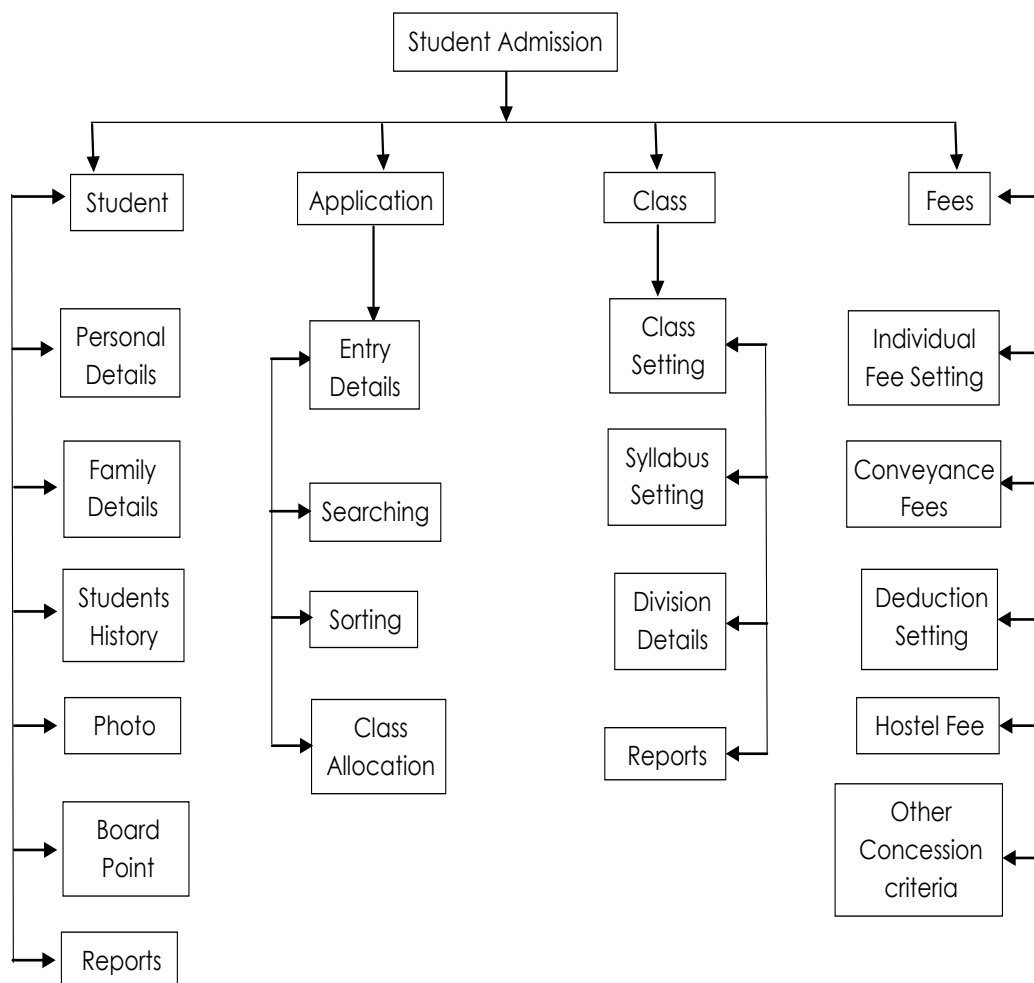
Students Information System
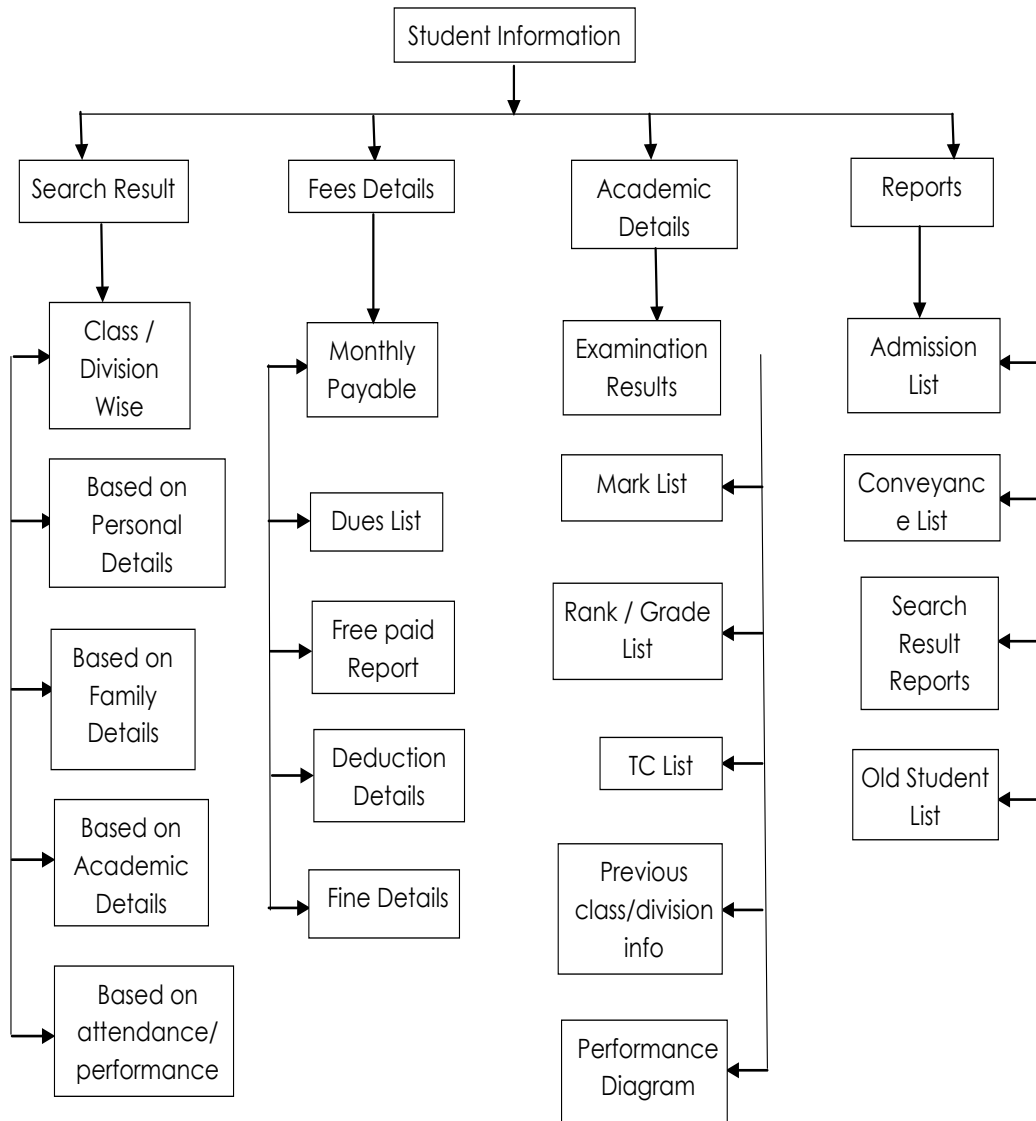
Student Fee Management System

```
                          ┌─────────────────┐
                          │  Fee Collection │
                          └─────────────────┘
        ┌──────────────┬──────────────┼──────────────┐
        ▼              ▼              ▼              ▼
  ┌───────────┐  ┌───────────┐  ┌───────────┐  ┌───────────┐
  │Fee Setting│  │Fee Payment│  │ Dues List │  │  Reports  │
  └───────────┘  └───────────┘  └───────────┘  └───────────┘
        │              │              │              │
        ▼              ▼              ▼              ▼
```

Fee Setting	Fee Payment	Dues List	Reports
Class/ Division Wise Settings	Name/Class wise search	Student wise List	Item wise Collection
Individual Settings	Pre-set Fee Items	Class/ Division Wise	Daily Collection
Deduction Settings	Other Fee Items	Monthly Dues List	Class wise Collection
Conveyance Fee Settings	Fine Deduction	Item wise Dues List	Dues List Reports
Terminal Fee	Fee Receipt Printing	Previous years Dues	Filtered Reports
Fine Setting			Periodical Reports

Attendance Management System

```
                        ┌─────────────────────────┐
                        │  Attendance Management   │
                        └─────────────────────────┘
                                    │
        ┌───────────────┬──────────┴──────────┬──────────────────┐
        ▼               ▼                      ▼                  ▼
   ┌─────────┐     ┌─────────┐          ┌──────────┐        ┌─────────┐
   │ Student │     │  Staff  │          │ Calendar │        │ Reports │
   └─────────┘     └─────────┘          └──────────┘        └─────────┘
```

Student:
- Attendance Entry
- Leave Entry
- Holiday Setting
- Attendance Details
- Attendance Graph
- Leave Details
- Web Publishing

Staff:
- Attendance Entry
- Leave Entry
- Holiday Setting
- Attendance Details
- Substitution List

Calendar:
- School Holiday Setting
- Staff Holiday Setting
- Student Holiday Setting
- Special Working Days

Reports:
- Student's Report
- Staff Attendance
- Holiday Details
- Attendance Evaluation

Time Table Generation System

```
                                Time Scheduler
        ┌──────────────┬──────────────┼──────────────────────────┐
        │              │              │                          │
   Period         Subject Setting  Class Teacher             Time Table
   Setting
        │              │              │                          │
   Day Wise       Syllabus wise   Subject for              Division wise
   Periods                        Class                    Time Table

   Class Wise     Class Wise      First Period             Teacher Time
   Periods                        Subject                  Table

   Subject        Teacher and     Class Teacher            Time Table
   Periods        Division        In-Charge                Editor

   Teacher        Subject         Class Teacher            Substitution List
   Periods        View/ Edit      Report

   Period Editor  Subject –                                Substitution
                  Class Report                             Report

   Period Report
```

Examination Management & Result Analysis System

```
                        ┌──────────────────────────┐
                        │  Examination Management   │
                        └──────────────────────────┘
         ┌──────────────────┬──────────────────┬──────────────────┐
         ▼                  ▼                  ▼                  ▼
  ┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
  │ Examination  │   │  Mark List/  │   │   Subject    │   │  Promotion   │◄─┐
  │  Setting     │   │  Grading     │   │   Setting    │   │              │  │
  └──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘  │
         │                  │                  │                              │
         ▼                  ▼                  ▼                              │
  ┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐  │
  │   Public     │   │  Mark Entry  │   │Subject Names │   │   Criteria   │◄─┤
  │ Examination  │   │              │   │              │   │   Settings   │  │
  └──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘  │
  ┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐  │
  │   Annual     │   │ Examination  │   │  For Class   │   │ For Syllabus │◄─┤
  │ Examination  │   │     List     │   │              │   │              │  │
  └──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘  │
  ┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐  │
  │  Terminal    │   │  Mark List   │   │ For Syllabus │   │  For Class / │◄─┤
  │ Examination  │   │   Search     │   │              │   │   Division   │  │
  └──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘  │
  ┌──────────────┐   ┌──────────────┐   ┌──────────────┐   ┌──────────────┐  │
  │ Grade criteria│  │  Mark List   │   │  Text Books  │   │Promotion List│  │
  │   setting    │   │   Report     │   │              │   │              │  │
  └──────────────┘   └──────────────┘   └──────────────┘   └──────────────┘  │
                     ┌──────────────┐                      ┌──────────────┐  │
                     │  Graphical   │                      │ Web Publish  │◄─┘
                     │  Analysis    │                      │              │
                     └──────────────┘                      └──────────────┘
                     ┌──────────────┐
                     │  Rank List   │
                     └──────────────┘
```
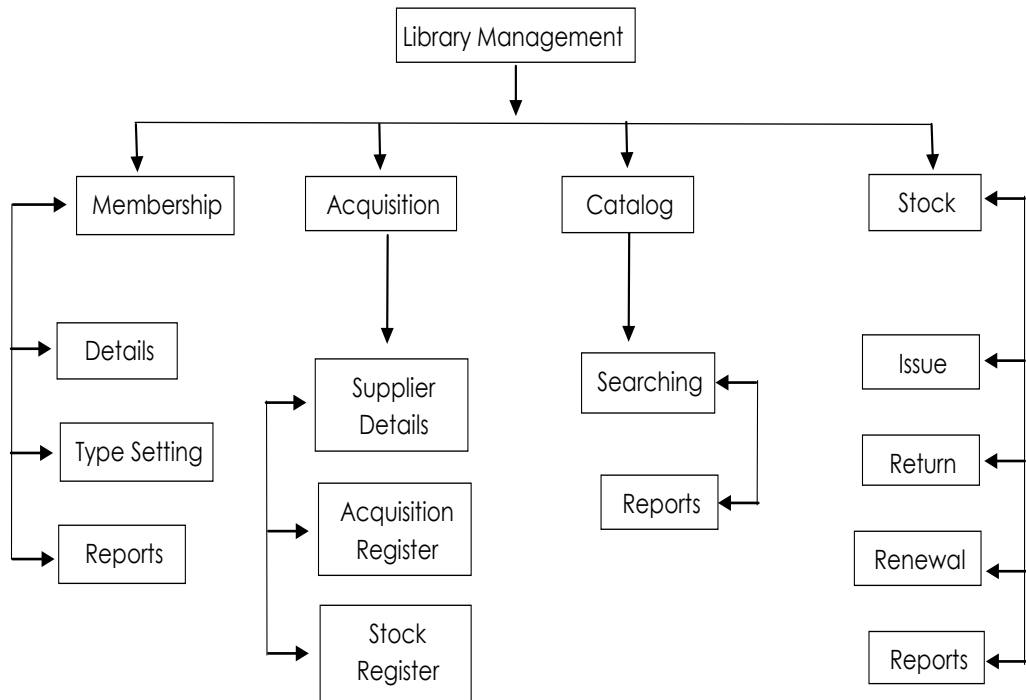
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Hostel Management System

Library Management System

Transport Management System

```
                        ┌──────────────────────────┐
                        │  Conveyance Management   │
                        └──────────────────────────┘
```

| Route | Bus Details | Fare Details | Bus Maintenance |

- Route Entry
- Route List
- Route Interchanging

- Bus Details Entry
- Conveyance Report

- Board Point Settings
- Fare Details Entry
- Board Point Change
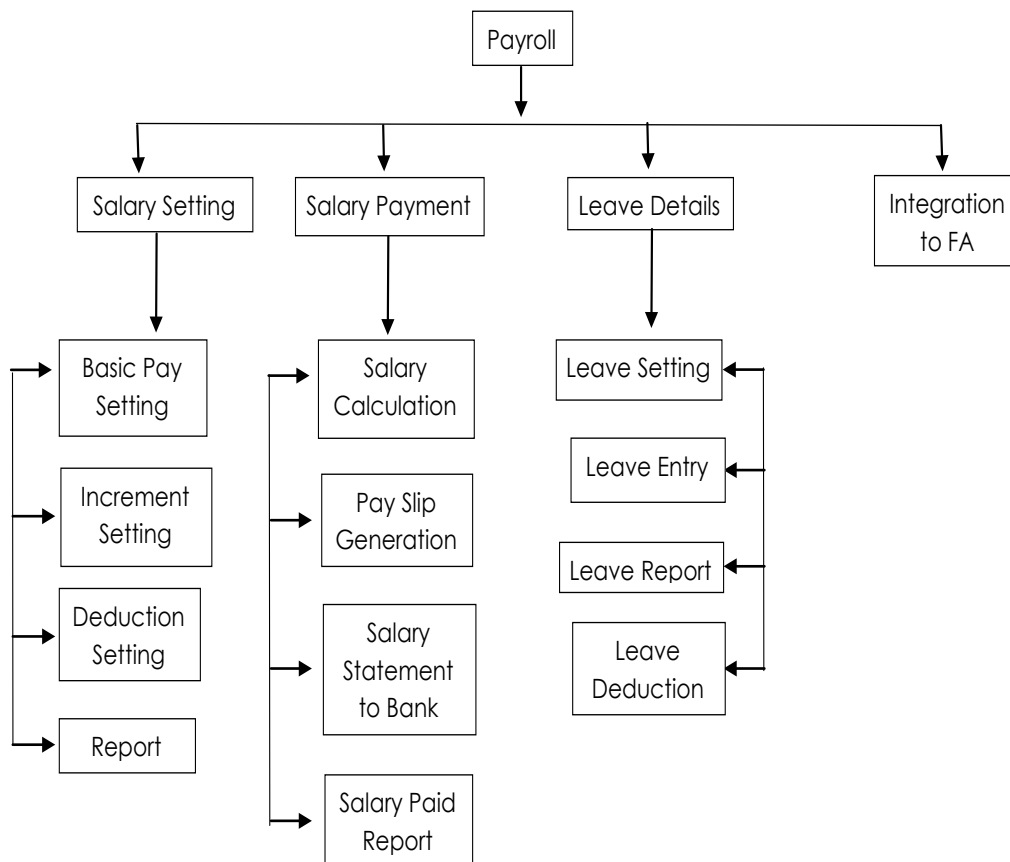
- Entry Details
- Report
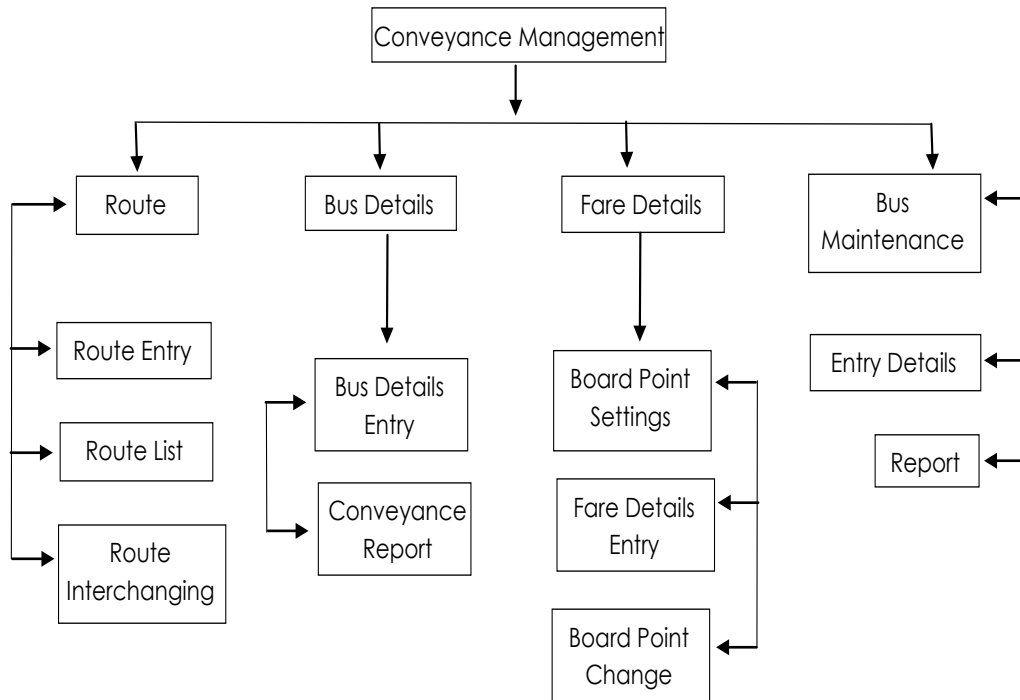
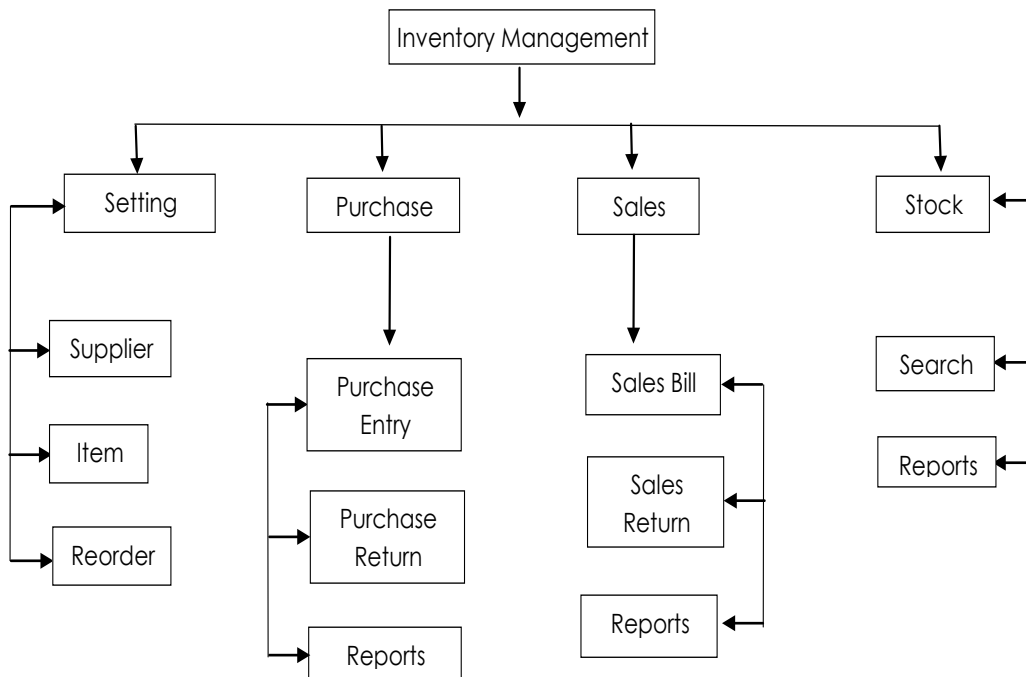Staff Information Management System
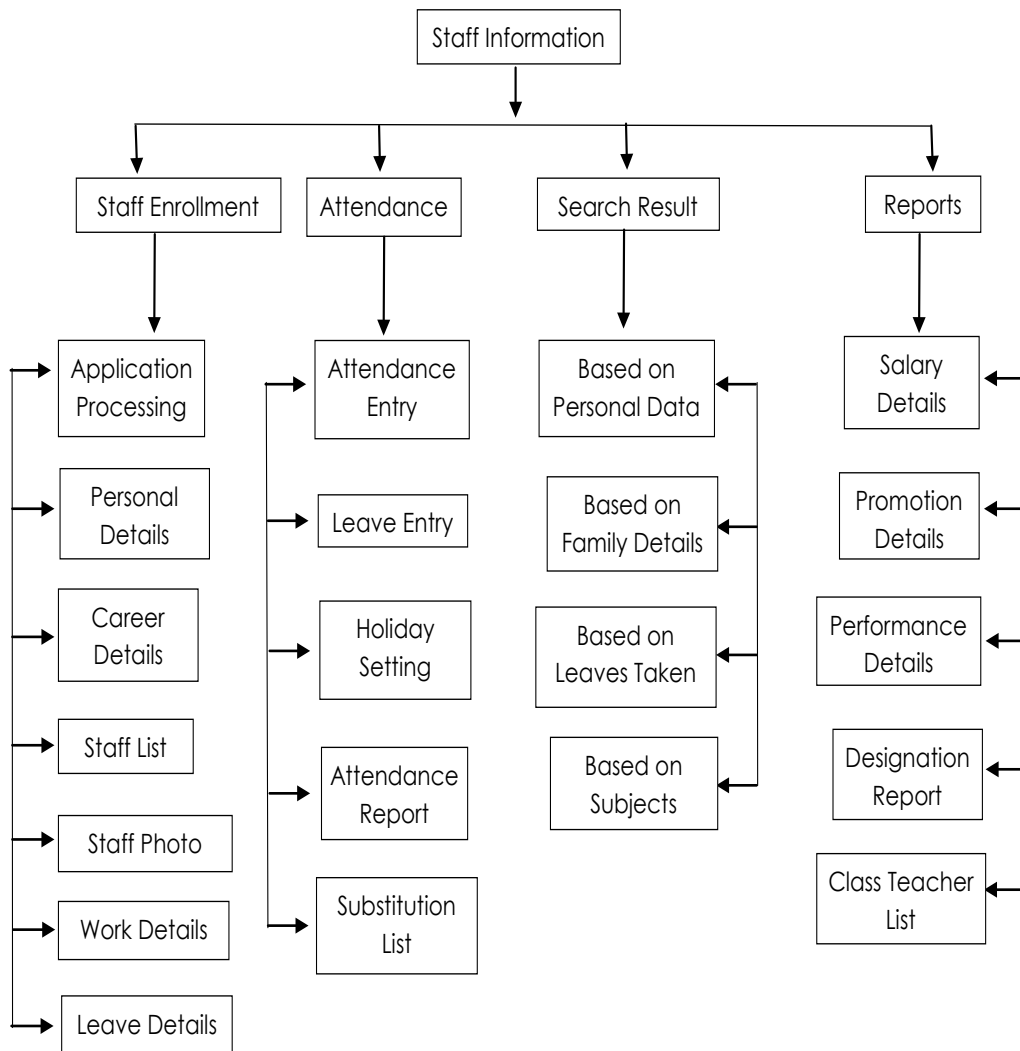
Payroll Management System

Inventory Management System

INTERNAL AUDITING & ASSURANCE STANDARDS BOARD

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Statutory Body under an Act of Parliament

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