

# **MALWANCHAL UNIVERSITY, INDORE**



**Policy on internal and external audit mechanism**

**Session-2021-22**



**Policy on  
internal  
and  
external  
audit  
mechanism**

**Document No.- MU/Audit Policy/2021**

**Issued date: 15/12/2021**

**Revision Date:15/12/22**

**Created by: CA**

**Approved by: Registrar**

**MALWANCHAL UNIVERSITY, INDORE**  
**Contents**

S.NO	CONTENT	Page no.
1	Internal Audit Policy	4
2	External Audit Policy	
3	External Audit Policy Continued	5
4	Surprise audit	
5	Compliance audit	
6	Interim Audit	

**INTERNAL AUDIT:** The aim of internal audits is to identify weaknesses within the organization's processes and control environment internally so that they can be fixed as quickly as possible to prevent harm to the organization or its stakeholders. Accordingly, the internal audit plan for Malwanchal University is driven on a risk basis or, in other words, be designed to examine those areas that present the greatest risk to the university. The internal audit plan also includes a component of the strategic needs of an university.

The Internal Audit includes Transaction wise audits of Sale, Purchase, Expenses and other relevant items on a monthly basis to establish reference to the activities. Also, Compliance Audit is done to verify that all the expenses are done for legal purpose and also sanctioned by appropriate authority.

The Internal Audit team must provide details of all the audit observations, major loopholes in internal control, differences between cash withdrawals and expenditure reported and accounting books and records not maintained. The Internal Audit Team also has to address the deficiencies in the internal controls and methods of their improvement.

**EXTERNAL AUDIT:** An external audit is an examination that is conducted by an independent accountant. This type of audit is most commonly intended to result in a certification of the financial statements of an entity. This certification is required by certain investors and lenders, and for all publicly-held businesses.

The main objectives of our External Audit Mechanism are:-

- The accuracy and completeness of the client's accounting records;
- Whether the client's accounting records have been prepared in accordance

with the applicable accounting framework.

- Whether the client's financial statement present fairly

External Audit is headed by the Chartered Accountants and is mainly concerned with the statutory commitments and compliance of the same has been done or not considering the internal audit reports. The frequency of external audits is annual (once in a year). Also they make sure that all the returns and filings are made on time. The reports of Auditors are immediately adopted and all the steps are taken to avoid the errors made in the prior periods.

Also in addition to these following audits are also carried on during the financial year:

**Surprise Audit:** This audit is carried out to check that all the activities are carried on according to the plans and if any improvements are needed in the regular activities. Also it gives an actual scenario of working as the area under the audit cannot be changed and we will come across the actual conditions and then will be able to assess the best case scenarios.

**Compliance Audit:** This audit is done once in a year to check all that all the statutory compliances like TDS, PF, ESIC, etc are complied with or not and all the taxes and duties are paid on time.

**Interim Audit:** Interim audits are conducted on a periodic basis to check the daily workings and schedules are followed properly or not and to check all the internal controls with the internal audit reports.

By the mechanism of adopting both internal and statutory audit, the accuracy of the financials are achieved and maintained.

