



C.R. SAGDEO & CO.
CHARTERED ACCOUNTANTS

INTERNAL AUDIT REPORT

To,
Board of Management,
Yashwantrao Chavan Maharashtra Open University,
Nashik - 422 222.

Audit Period – 1st April, 2021 to 31st March, 2022

A) The specific areas covered in our report include following:

1. Audit and scrutiny of accounts books, files, bank reconciliation statements, stock register, (Consumable and non-consumable) asset register, salary register, GPF register, fixed deposits, computer entries, and all the financial transactions, certification of annual books of accounts up to balance sheets.
2. Ensuring arithmetical and statutory accuracy of accounts and its presentation is as per format for autonomous bodies. Ensuring that Reconciliation/modifications, if required, are being carried out during monthly/ quarterly audit period.
3. Review of preparation and finalization of annual accounts and all financial statements including Utilization Certification (UC), Statement of Expenditure (SOE), Income & Expenditure Account, Receipt and payment Account & Balance sheet etc. As per related schedules & all type of certification required from time to time for submission to Government of Maharashtra and other concerned departments.
4. Ensuring Income Tax return filing as per Income Tax Act, 1961. Review of compliance of TDS, filing of E-TDS returns, Challans to Income Tax Dept. as per norms of Income Tax Dept. Monitoring the financial status from the point of view of Income Tax liability.
5. Review of appeals pending before relevant authorities. Reply given to the queries of service Tax, Professional Tax, Income Tax, Statutory Auditor & other authorities.
6. Other areas covered;
 - a) Review of accounting systems and related internal control, checks and balances.
 - b) Examining economy, efficiency and effectiveness of operational units including financial controls of the YCMOU.
 - c) Reviewing the safety of assets and suggesting proper safety measures to be taken by the university.
 - d) Suggesting formats of efficiency via appraisal of performance & productivity of the staff.
 - e) Ensuring the application of **Cannons of Financial Propriety**.
 - f) Suggesting formats of system audit i.e. assessment about the efficiency and accuracy of the system/ procedures of purchases, sales, production costing, personal expenses and overdraft, etc.

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- g) Review of accounting procedure/ methods adopted and giving suggestions for simplification and updating of the system.
- h) Examining & suggesting the effectiveness of the cost accounting system, tendering system, institution of proper Management Information System (MIS) and cost control system.
- i) Ensuring proper maintenance of necessary books of accounts.
- j) Verification of utilization funds in respect of working capital expenses of all regional centers of the YCMOU.
- k) Providing guidance to achieve targets in accordance with the budgetary levels.

B) Management's Responsibility for the internal control systems & Financial statements:

The operation of the systems, procedures and controls are the responsibility of the university's management. Our responsibility is to express an opinion on the weaknesses in the internal controls, risk management and governance (entity level controls) framework, highlighting any exceptions and cases of noncompliance and suggest or recommend improvements in the design and operations of the controls based on the internal audit in the light of scope assigned to us as listed above.

C) Methodology of the internal audit and procedures performed:

The internal audit was planned and performed to obtain reasonable assurance whether the systems, processes and controls operate efficiently and effectively and financial information is free of material misstatement. The internal audit was designed to address the specific areas referred to in our letter of appointment and using generally accepted auditing procedures in India.

D) An Internal Audit includes:

- a) Examining evidences to support the amounts and disclosures made in financial statement;
- b) Assessing the strength, design and operating effectiveness of internal controls at process level and identifying areas of control weakness, business risks and vulnerability in the system and procedures adopted by the entity.
- c) Assessing the accounting principles and estimates used in the preparation of the financial statements.
- d) Evaluating the overall entity-wide risk management and governance framework.

E) Contents of the Internal Audit Report:

Annexure 1: Audit Opinion, Specific Audit Observations

Annexure 2: Detailed Audit Observations on Books of Accounts, Transactions and
Internal Controls deployed by the University.

Annexure 3: Detailed Audit Observations on Regional Centers of the University

For C.R. Sagdeo & Co.
Chartered Accountants
FRN 108959 W

CA. Sanjeevan Tambulwadikar
Partner
M. No.: 140333
UDIN- 22140333BFZJJN2159

Place: Nashik
Date: 25.10.2022

Annexure 1 to Internal Audit Report

A. Audit Opinion

We have audited the accompanying financial statements of Yashwantrao Chavan Maharashtra Open University, Nashik (here in after referred to as the University or YCMOU for brevity) which comprise the Balance Sheet as at 31st March 2022, Receipts & Payments Account and the Income & Expenditure Account for the year then ended, and a summary of significant accounting policies and other explanatory information. Management of the University Act, 1989. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In our opinion and to the best of our information and according to the explanations given to us and read together with our detailed Audit Observations given in Annexure 1, 2 & 3 and schedules enclosed to these annexures, which are integral part of this internal audit report, the financial statements of the Yashwantrao Chavan Maharashtra Open University, Nashik for the year ended 31st March 2022 are prepared, in all material respects, in accordance with The Yashwantrao Chavan Maharashtra Open University Act, 1989-

- a) In the case of the Balance sheet, of the state of affairs of the University as at 31st March 2022
- b) In the case of Income and Expenditure account, of the Surplus for the year ended on that date.
- c) In the case of Receipts and Payments Account, of the annual Receipts, Payments and Balances for the year ended on that date.

Subject to the relevant information available for past years not being confirmatory in nature hinders its ability to convey reliable and comparable information for current year. It also affects the predictive capacity of current year's relevant information. The true & fair view of Financial Statements depends on its ability to give information which has characteristics of understandability, reliability, relevance, comparability. Some

information provided in financial statements affecting the figures of the current year as on the date of Balance Sheet do not qualify the test for relevance, reliability, comparability.

B. Specific Audit Observations

1. The Open University maintains its accounting package on cash basis whereby the transactions are recorded on the movement of funds. However, the financial statements are prepared on accrual basis. The accounting package itself is not completely integrated for the preparation of Receipts and Payments Account, Balance Sheet and the statement of Income and Expenditure. It is also observed that, University is not following various applicable Accounting Standards issued by the Institute of Chartered Accountants of India. The University has maintained a unified Cash book so as to ascertain, Opening Balance, daily Payments, Contra Entries and daily Closing Balances but the balances differ due to non-maintenance of the same in past financial years. University has also not maintained proper Classified General Ledgers to readily derive Trial Balance at the yearend for various items of financial statements such as income, expenditure, assets and liabilities. The entries made in the current accounting package are made under the single entry accounting system as the accounting package used is not designed in a way so as to ensure the double entry book keeping. It is advised to either enable the current accounting package with Double entry booking or upgrade to such accounting system software which will ensure proper reporting and booking of the transactions.

2. **Bank Balances**

a) It is observed from the books that the Bank balances are remaining unreconciled from past many years. The reconciliation is being prepared by the University from the year 2015-16, but due to huge and voluminous unreconciled balances of the previous years, the bank balance reported in the Balance Sheet is incorrect. In our opinion, the University should with the due approval of the Board of Management, adjust the unreconciled balances against General Reserve after resolving most of the unreconciled entries.

b) As per our observation it is seen that the records for previous years before FY 2015-16 have not been maintained properly so as to help in reconciliation of past balances pending since many years. Also, the details of the bank balances in the books of accounts of the past years are not available. The books will show the correct position of the university considering the bank balances only on either reconciliation of these previous years' balances or adjusting of the same against the reserves.

c) University has not carried bank reconciliation up to 31/03/2015, reconciliation of only current account in Central Bank of India (A/c. No-1323004456) has been carried from the year 2015-16 onwards. The reconciliation of other bank accounts and of current account of Central Bank of India up to 31/03/2015 is pending.

Sr. No.	Bank Name – Account No.	Closing balance as per Bank Statement Rs.	Closing Balance as per cash Book/Annual Accounts Rs.	Difference which needs to be reconciled in Rs.
1	Central Bank CD – 1323004456	10,29,76,452/-	(78,17,52,166)	(67,87,75,714)
2	Central Bank – 1323009034	Nil	15,062/-	(15,062)
3	Central Bank – 1323009147	7,905/-	9,624/-	(1,719)
4	Central Bank – 3171111817	Nil	-	Account Closed in FY 2021-22
5	Central Bank – 3102457289	6,08,747/-	-	6,08,747/-
6	Central Bank – 3181477144	Nil	-	Account Closed in FY 2021-22
7	Central Bank – 1323009261	Nil	-	Account Closed in FY 2021-22
8	Central Bank – 3188538952	Nil	-	Account Closed in FY 2021-22
9	Central Bank – 1323004999	-	-	Statement not provided and not recorded in books of accounts
10	Central Bank of India- A/c 1323003587	Nil	9,806	(9,806)
11	Central Bank of India- A/c 1323010914	12,23,287/-	Nil	12,23,287/-
12	Bank of Maharashtra A/c 2012570045	Statement not available	5,958	(5,958)

3. The balances of Fixed Deposits and other investments as maintained by the University do not match with the balances brought forward from previous years before 2015-16. There is as difference of Rs.4,12,79,357/- in the fixed Deposit Balances as per software maintained by the University and Balance Sheet. Balances of various fixed deposits physically held by the University are not matching with book balances of the same. This is due to the fact that, University is not recognizing interest income and until any fixed deposit is actually credited to its bank account on its maturity or premature withdrawal. In other cases, interest is getting reinvested and physical balance of the fixed deposit increases without corresponding change in book balance of that fixed deposit. As informed to us, the University has initiated a

special drive to completely reconcile its investments with books of accounts and with certificate balances as per bank but below differences are still pending-

Sr. No.	Bank Name	Balance as per Software of University	Balance as per Certificate	Difference for Reconciliation
1	Bank Of Baroda	167,49,58,000	177,90,18,334	10,40,60,334
2	Bank Of India	15,92,00,000	15,92,00,000	-
3	Canara Bank	92,54,00,000	62,93,37,064	29,60,62,936
4	MKCL	18,50,000	18,50,000	-
5	I.D.B.I.	45,79,71,092	55,80,73,455	(10,01,02,363)
6	Punjab National Bank	360,93,68,000	365,08,6,1407	4,14,93,407
7	Stock Holding Corporation of India Limited	290,11,83,000	2,90,11,83,000	-
8	Union Bank of India	85,57,00,000	86,30,84,593	(73,84,593)
		1058,56,30,092	10,54,26,07,853	-

4. As per the software maintained by the university the balance of shares held in MKCL is Rs. 18,50,000/- but as per Balance Sheet the same is Rs. 11,00,000/-. The balance as per the software and the share certificates is matching but there is difference with the amount in the Balance Sheet. On verification it has been observed that the University is holding shares as below-

Sr. No.	Particulars	No. of Shares	Amount (Rs.)	Remarks
1.	Share Held as per certificate No. 000009	50,000	500,000/-	Shares Purchased
2.	Share Held as per certificate No. 169	50,000	500,000/-	Shares Purchased
3.	Share Held as per certificate No. 920	60,000	600,000/-	Right issue of Shares
4.	Share Held as per certificate No. 624	12,500	125,000/-	Bonus Shares
5.	Share Held as per certificate No. 465	12,500	125,000/-	Bonus Shares
		185,000	18,50,000/-	

As per the details provided to us, it has been observed that there has been right issue of shares for which the details of payment made for the purchase of the same is not available on record. As per the explanation provided, the divided receivable at the time of right issue of shares was treated as payment made for the purchase of shares, but the details of any such correspondence was not available for our verification. The University is advised to collect the said details from MKCL and keep a record of the same.

5. Savings accounts are maintained at every Regional Center of the University and amount is transferred to these accounts for day to day and examination expenditure. The same is recorded in the books of accounts of the University as advance given and receivable under current assets in the Balance Sheet of the University. The pending balances in these bank accounts as on the end of the year should be reconciled with the advances given and adjusted to the Regional Center. In our opinion the University should incorporate these Bank accounts in the main Balance Sheet and record transfer entries as contra entries from one bank account to another. As on 31st March 2022 below are the balances in the Bank account maintained at Regional Centers.

Regional Center	Bank Details	Balance as on 31st March 2022
Amravati	Central Bank of India – 3442260103	6,93,928.66
Aurangabad	Central Bank of India – 1414230289	9,57,977.28
Mumbai	Central Bank of India-1019532722	16,58,032.27
Nagpur	Central Bank of India – 3497609865	9,62,983.39
Nashik	Central Bank of India – 3630220961	5,12,971.12
Pune	Central Bank of India – 1014338436	38,94,024.13
Kolhapur	Central Bank of India – 1869141855	6,27,069.65
Nanded	Central Bank of India – 3422056511	22,33,047
		1,15,40,033.50

As per books of accounts, advances receivable from Regional Center is Rs. 4,85,47,383/- and balance in Bank accounts of Regional Center is Rs.1,15,40,033/- Difference of Rs. 3,70,07,350/- has not been reconciled which has resulted into understatement of expenditure by such amount. In our opinion, all the old balances to be reconciled and remaining unreconciled balances to be adjusted against the General Reserve with the due approval of the Board of Management.

Also, it has been observed that the Regional Centers have maintained bank accounts other than the above stated accounts but the details of the said accounts were not provided for our verification. The said accounts should be either closed down or incorporated in the books of accounts and the transactions to be recorded.

6. There is a balance against the head suspense receipt of Rs. 59,79,53,410/- under deposits & other liabilities. As per the explanation provided to us, the said receipts are pertaining to fees received from students but the details of same are not available on record. This has resulted understatement of Fees and profit by the said amount in the current year.
7. During the year an amount of Rs. 14,73,598/- has been recovered as penalty from vendors, the same is liable to GST and tax at 18% was to be recovered and paid to

Govt. Account for the same. This has resulted in non-compliance under GST and GST at 18% amounting to Rs. 2,65,248/- along with applicable should be paid to Government Account.

8. It has been observed that 14 entries pertaining to payment vouchers amounting to Rs. 30,28,311/- have been double booked during the year. The details of the said vouchers are provided in the Schedule 1 attached to the report. This has resulted in understatement of profit and/or balances during the current year.
9. It has been observed that 115 entries pertaining to receipt vouchers amounting to Rs. 4,84,930/- have been double booked during the year. The details of the said vouchers are provided in the Schedule 2 attached to the report. This has resulted in overstatement of income and profit during the current year.
10. During the year it has been observed that on verification of the invoices pertaining to various expenses, the final amount paid to the vendor differs from the amount of the original invoice received. There are manual corrections made in the invoices by the approving authority on the invoices. It is advised to either obtain revised invoices from the vendors or to obtain the balance confirmations regarding such invoices from the said vendors. The list of such instances observed is attached in the Schedule 3 attached to the report.
11. It has been observed that 40 items amounting to Rs. 3,84,054/- where payment has been made by issue of cheque to the vendors during the year but the said amounts have not been cleared in the bank account of the University till the date of Audit Report. This has resulted in overstatement of the expenditure by such amount and understatement of bank balances as on the date of Balance Sheet. The said transactions should be reversed in the books of accounts. The list of such transaction has been attached in Schedule 4 attached to the report.
12. It has been observed that the entries are being recorded late in the books of accounts during the year. During the audit, we have observed that 144 number of entries amounting to Rs. 88,69,508/- have of prior period have been recorded during the current year. This has resulted in incorrect presentation of balances and expenditure as on the date of Balance Sheet. The list of such transaction has been attached in Schedule 5 attached to the report.
13. It has been observed that there are 79 receipt vouchers amounting to Rs. 16,99,723/- in the books which are not found in the bank statement. The entries are majorly pertaining to fees received from students and non-receipt of the same in the bank has resulted in excess booking of income by the said amount and overstatement of the bank balance in the books. The same entries should be

reconciled immediately and properly dealt with in the books. The list of such transaction has been attached in Schedule 6 attached to the report.

14. There are certain issues related to TDS deducted observed while conducting the audit, a detailed list of the same has been attached in schedule 7 with the report, below is the summary of the same-

Particulars	No. of Transactions	Expenditure Amount (Rs.)	TDS Deducted (Rs.)	TDS not Deducted
TDS not Deducted	50	9,66,243/-	-	62,975/-
Short Deduction (Deducted @1% instead of @2%)	06	11,31,378/-	11,296/-	11,332/-
Short Deduction (Deducted @1.50% instead of deducted @2%)	02	41,400/-	621/-	207/-
Short Deduction (Deducted @7.50% instead of deducted @10%)	07	87,10,939/-	6,53,325/-	2,17,769/-
Short Deduction	02	15,200/-	42/-	263/-

The short deduction of TDS from the payments will result in non-compliance of the Income Tax provisions and the University will have to pay interest and penalty of the said amounts. The said TDS should be paid to Government Account and further compliance of the same to be done.

As per our observation, the payment vouchers reversed are being booked as reversal in the Balance Sheet but in case of TDS Reports generated from the software, the said reversals are not being reported. This has resulted in incorrect booking and payment of TDS and also it may result in incorrect filing of TDS returns. The differential working of the same is provided in the Schedule 8 to the report.

15. In case of certain vouchers, it has been observed that incorrect budget heads have been used other than the budget heads provided in the sanction letter. This results in the incorrect recording in the books and further the presentation of the figures and comparative analysis cannot be conducted in a proper manner. The list of such transactions found in our verification is attached in Schedule 10 to the report.
16. Annual Accounts of the University, after duly approved by its Board of Management, are never audited by a statutory auditor appointed by State Government as stipulated 27 (2) of the Act. The correspondence has been made to the State Government for the conduct of audit during the year but the same has not been done as on date.

For C.R. Sagdeo & Co.
Chartered Accountants
FRN 108959 W

CA. Sanjeevan Tambulwadikar
Partner
M. No.: 140333
UDIN- 22140333BFZJJN2159

Place: Nashik
Date: 25.10.2022

Annexure 2 Internal Audit Report
Detailed Audit Observations on Books of Accounts, Transactions & Internal Controls by the University

A. Observations on Internal Controls and Administrative Matters

1. State-Auditor General Office has done audit of University up to FY 2008-09 and the University has submitted first compliance report on the same on 08/09/2012. As per the communication received from Indian Audit and Accounts Department dated 13th September, 2022 there are still Audit paras that are to be complied from the year 01st April, 1995 to 31st March, 2009. The University is advised to comply with the same as early as possible and to see that the Audit is completed for the further years upto 31st March, 2022.
2. Finance Officer of the University is a single signatory for all the cheques of the University. This is a major lacuna from the internal control point of view. The University should delegate the signatory powers based upon the amount to be paid. It is advised that the larger payments to be made by the University should have more than one signatory to have more internal control over the payments made.
3. In the current year the University has maintained a timely internal audit system in place. In our opinion, the University should have proper software system for finance & accounts activity so that all the transactions can be taken care of as per the Common Account Code adopted and accurate final Annual Financial Statements can be derived from the same on timely basis. As per our verification and further meeting with the Finance Department, it has been explained to us that the current software of the University which has been internally developed cannot be upgraded. In such a scenario, it is advised to shift to new software system for accounting which will cater to all the needs of the University and will generate the required reports for accounting and finalization of books of accounts.

B. Fixed Assets Rs. 92,58,05,923/-

1. University has not maintained proper Fixed Assets Register to record all of its fixed assets so as to ascertain present quantity, location and physical condition of such assets.
2. Physical verification of various fixed assets has been conducted for the head office in July 2015 and done for the regional centers in the year 2017-18 by the University. Only physical variation has been conducted but the valuation of the verified assets has not been ascertained. It has been observed that the valuation process is being undertaken by the University and the same is under progress. It is recommended to get the same done before the end of next financial year and effect of the same to be considered in books of accounts.
3. Estate Register maintained does not match with the books of accounts. Necessary reconciliation should be done for the same and the difference to be identified and reconciled.
4. University has charged depreciation on its fixed assets during the year on the written down value brought forward from previous year. The said depreciation should be charged from the date of put to use of asset. This has resulted in incorrect charging of depreciation during the current year and further incorrect reporting of fixed asset balances in the books.
5. Balance carried over from previous year of Capital Work in Progress is of Rs. 22,61,87,350/- has been capitalized during the current year but the Work Completion Certificate from concerned departments/ agencies were not made available for verification. In this list we have observed that there are some projects such as Construction of 5 District Centers in tribal areas which are abandoned by the University. Management should review such costs and may decide to charge these amounts to income & expenditure account instead on carrying them indefinitely. Also, the depreciation charged on such buildings should be from the date of completion of the said premises.
6. The fixed assets comprise of Books & Periodicals of Rs. 5,48,15,682/- carried from previous years but no specific details of the same are available. The said amount has been charged to Income & Expenditure account in the current year. The current year expenditure is overstated to such extent by recording of prior period expense by writing off the said assets to Income & Expenditure Account.

C. Investments Rs. 10,62,69,09,449/-

1. Balance Confirmation Certificates as on 31/03/2022 for all investments were not available for verification. As mentioned in Annexure I to our Audit Report under

point 4 of Specific audit observations, there are differences in balance as per books of accounts and balance as per balance certificate.

2. The balances of Fixed Deposits and other investments as maintained by the University do not match with the balances brought forward from previous years before 2015-16. There is a difference of Rs. 4,12,79,357/- in the fixed Deposit Balances as per software maintained by the University and Balance Sheet.

D. Advances Rs. 18,30,43,278/-

1. University has got accumulated balance under the head Advances and, it is showing decreasing trend as compared to last year, but it needs more focused attention of the Management so as to adjust the expenditure done out of it and / or recovery of the same from concerned parties. It is also observed that, periodic reconciliation with its regional centers for advances given, adjusted and balance outstanding is not being done. In the financial year 2021-22, the University has reconciled a large number of balances with regional centers but it has been observed that still, many advances entries and amounts are pending to be reconciled.
2. In the current year the system has been implemented to recover the excess balances and then close the advances in case of employees and regional centers but in case of advances pertaining to previous years while adjusting advances paid against expenses, we observed that, concerned person is not depositing balance amount in full from the unspent advance within stipulated time limit and University has not recovered applicable interest on late deposition of the unspent balance of advances on case to case basis.
3. University has granted advances to its employees but individual list maintained does not match with balance as per Balance Sheet. As at end of the year under audit, credit balance of Rs. -2,58,35,183/- is reflected in the Balance Sheet but no reconciliation of this balance with the available list of advances balance was prepared. In the absence of information, we are unable to comment of the same.

This amount includes festival advance outstanding as on 31st March 2022 of Rs. 1,18,750/- as per the list maintained by the University, but no bifurcation of the same is available in the books of accounts. The said balances pertain to the past years of which no details are available, the university should consider that the said balances if not recoverable to be adjusted against the reserves with correct reconciliation.

4. University has granted loans to its employees but individual list of employees maintained does not match with balance as per Balance Sheet. As at end of the year under audit, debit balance of Rs. 9,92,589/- is reflected in the balance sheet and as

per list provided is Rs. 88,202/-, no reconciliation of this difference of Rs. 9,04,387/- was prepared. The said balances pertain to the past years of which no details are available, the university should consider that the said balances if not recoverable to be written off against the reserves with correct reconciliation. In the absence of information, we are unable to comment on the same.

E. Accounts Receivables Rs. 2,16,87,698/-

1. Opening balance of Differences in banks & other balances of Rs. 2,07,23,033/- shown in Accounts receivables has not been reconciled till date. No details of the same were provided for our verification, hence we are unable to comment on the same.
2. Balance of Other Receivables/ Deposits, etc. is Rs. 8,53,615/-, party-wise list of the same and other details not available for verification. The said balances are pending from past many years in the books. In absence of such details, we are unable to comment on the quality of such current assets.
3. An amount of Rs. 1,21,050/- pertaining to revolving fund KVK is maintained under this head but no details of the same are available for our verification. It has been explained to us that this balance is maintained by the KVK department but no details of the same was provided to us.

F. Cash & Bank Balances Rs. (-78,16,86,084/-)

1. University has not exercised proper control on opening, operating, accounting and reconciliation of various bank accounts. Summarized position of Bank accounts & our respective audit remarks is as under;

Sr. No.	Bank Name	Account No.	Balance as on 31/03/22 Rs.	Audit Remarks
1	Central Bank CD FOYCMOU	1323004456	10,29,76,452.15	Reconciliation being conducted during the year but pending for the previous years
2	Central Bank of India	1323011384	2,51,377.60	Statement not recorded in the books.
3	Central Bank of India	36269115111	9,12,268/-	Statement not recorded in the books.
4	Central Bank of India	3391920509	14,415.70	Statement not recorded in the books.
5	Central Bank (Canteen)	3171111817	-	Account closed in FY 2021-22.
6	Central Bank	3102457289	6,08,747.40	FO YCMOU- Emp Welfare Scheme- Not

				accounted in books
7	Central Bank of India	3181477144	-	Account closed in FY 2021-22.
8	Central Bank	1323009147	7,905/-	Statement not available only Balance Certificate is available.
9	Central Bank	1323009261	-	Account closed in FY 2021-22.
10	Central Bank Fees	3188538952	-	Account closed in the FY 2021-22.
11	Bank of Maharashtra GPF	60092094405	5/-	Bank a/c not accounted in books of accounts
12	Central Bank	3321313600	Nil	Statement not available and not recorded in books of accounts
13	Central Bank Vehicle	1323004988	Nil	Statement not available and not recorded in books of accounts
14	Central Bank Computer	3321315358	Nil	Statement not available and not recorded in books of accounts
15	Central Bank Computer	1323003633	Nil	Statement not available and not recorded in books of accounts
16	State Bank of India	34868728587	Nil	Statement not available and not recorded in books of accounts
17	State Bank of India	34916779674	-	Statement not available and not recorded in books of accounts
18	State Bank of India	10887798301	20,15,459.75	Not recorded in books of accounts
19	AXIS Bank	91602003822 5002	Nil	Statement not available and not recorded in books of accounts
20	AXIS Bank	91101006041 4757	Nil	Not recorded in books of accounts
21	AXIS Bank	96020038477 407	Nil	Statement not available and not recorded in books of accounts

22	AXIS Bank	91702006277 5349	Nil	Statement not available and not recorded in books of accounts
23	Central Bank of India	1323010914	12,23,287/-	Statement not available and not recorded in books of accounts
24	Kotak Mahindra Bank	06942010000 069	Nil	Not recorded in books of accounts

- a) Out of above 24 accounts, only 6 accounts are incorporated into its annual accounts.
- b) University has not incorporated total closing balance of Rs. 50,33,465/- laying in unaccounted and unreconciled bank accounts into its books of accounts as stated above. It has also been observed that the University maintains an account with ICICI Bank for collection of Earnest Money Deposit and with HDFC Bank but the said statements of the same was not available on record. Also, the said bank accounts have not been recorded in the books of accounts. To that extent, these accounts remain unaudited as on 31/03/2022. The balances in these current accounts were remaining to be invested gainfully and University has lost interest on the same. This balance pertains to the bank accounts of which statements are available. Management should fix the responsibility for this loss of interest and take necessary action.
- c) It is observed from the books that the Bank balances are remaining unreconciled from past many years. The reconciliation is being prepared by the University from the year 2015-16, but due to huge and voluminous unreconciled balances of the previous years, the bank balance reported in the Balance Sheet is incorrect. In our opinion, the University may with the due approval of the Board of Management, adjust the unreconciled balances against General Reserve.
- d) As per our observation it is seen that the records for previous years have not been maintained properly so as to help in reconciliation of past balances pending since many years. Also, the details of the bank balances in the books of accounts of the past years are not available. The books will show the correct position of the university considering the bank balances only of either reconciliation of these previous years' balances or adjusting of the same against the reserves.

G. Inventories Rs. 6,72,55,354/-

1. University has closing stock of Rs. 6,72,55,354/- of publications printed by it as at the end of the year. The details of stock as on 31st March 2022 was not provided to us for verification. As informed by the Stores section, physical stock of books/publications was not taken as on 31st March, 2022. The last physical verification of the inventory was conducted in the year 2015-16, it is recommended that the

physical verification to be conducted before 31st March 2023 and same to be reconciled with the books of accounts.

H. General & Other Funds Rs. 10,00,17,96,684/-

1. University has created various funds and made investments for the same. But we observed that, accounting entries are not passed in books of accounts to record movement in fund balances due to addition, transfer of surplus/deficit, with interest reinvestment of corresponding fixed deposits etc. This is resulting into mismatch of liabilities and supporting assets for such funds. Total of General & other fund balances is Rs. 10,00,17,96,684/- as on 31st March 2022.
2. University has maintained certain funds for meeting employee retirement obligations such as Gratuity Fund, Post Retirement Benefit Fund, Pension Contribution Fund and kept necessary investments for the same. But in our opinion, such Post Retirement benefits liability should be calculated scientifically and funds & investments should be maintained accordingly.

Also, as informed and as per the latest GR of government, the liabilities of Gratuity, post-retirement benefits and of pension are to be borne by the State Government for all the employees of the University. Hence, there is no need for the University to make provision in form of funds for such expenditure. Hence, the same to be transferred to General Reserve with the approval of the Board of Management.

I. Depreciation Fund Rs. 20,84,63,957/-

1. University has created an ad-hoc Depreciation Fund and making investments for the same on yearly basis. We have observed that, this balance is carried forward from last year as it is. In our opinion, University should charge actual depreciation of fixed assets and Depreciation Fund should be increased for such actual depreciation and also for interest earned on investments made for depreciation fund.
2. The depreciation fund created is not specified as to the which fixed assets it has been linked to and further the fixed assets balance as on 31st March 2022 of Rs. 92,58,05,923/- is much higher than the fund maintained. The same should be calculated according to the replacement period and value of the assets and then the fund to be created accordingly.

J. Unutilized Grants Rs. 7,68,05,855/-

1. Balance under this head includes grants received from DEC, ICAR, NSS, UGC and remained unspent/capitalized at end of the year under audit. University has submitted audited utilization certificates for the same to respective funding agencies but balances according to these certificates and balances as per accounts for such grants do not match. These balances are pending from past many years and are unreconciled. In case of grants received in the current year, the certificates provided

are reconciling with the Grants received in the current year. A proper reconciliation of the pending balances to be conducted by the University.

2. Under the head Other Grants Received, University has got balance of Rs. 38,84,883/- received from various Government and other organization/institutions but details of these grants such as terms & conditions, nature and utilization thereof is not available for verification. In our opinion, University should take necessary action to reconcile such grants to either transfer the same to respective revenue / capital heads based on actual utilization or refund such grants to respective funding agencies.

K. Deposits & Other Liabilities Rs. 75,59,49,122/-

1. Balance under this head other liabilities includes amounts payable such as Deposits received, Provision for Gratuity, Leave Salary, Pension and 5th Pay Arrears, unknown credits in bank account etc. Individual party – wise list for such liabilities/provisions was not made available for verification and most of the balances are as it is from past financial years. The University should calculate the provision for pension, gratuity and leave encashment and make provision for the same in books of accounts every year.
2. TDS Payable shown at Rs. 1,93,33,584/- as at the year-end has Rs. 1,02,62,145/- carried forwarded from previous year. But details or payment challans for the same were not available for our verification. The TDS balance payable should be reconciled year wise and accordingly the said ledger should only have actual balance TDS payable as on the date of Balance Sheet. Also, refer to our comments in point in Annexure 1, wherein the incorrect deduction of TDS has been reported.
3. An amount of Rs. 3,82,548/- pertaining to Labour Welfare Fund and Rs. 5,36,189/- pertaining to Insurance Deducted out of salary of the employees has not been paid to respective Govt. Account by the University.
4. There is a balance against the head suspense receipt of Rs. 59,79,53,410/- under deposits & other liabilities. As per the explanation provided to us, the said receipts are pertaining to fees received from students but the details of same are not available on record. This has resulted understatement of Fees and profit by the said amount in the current year.

L. Income & Other Revenue Receipts

1. Accounting system of the University in case of revenue booking is based on receipt basis, but as the university does not follow the same method of accounting for all its transactions. It is observed that the University does not have any mechanism to reconcile the income receivable and income actually received by it.

2. The entries for cash deposit in to bank account, bank charges and entries of the bank accounts other than Current Account of Central Bank of India have not been made in the books of accounts.
3. University has issued Utilization Certificates to various funding agencies. But we observed that, such Utilization Certificates are not in agreement with books of accounts maintained by the University for the past many years.
4. The University has not recorded interest income of unaccounted bank statements as the said bank account has not been incorporated in books of accounts from past many years. The amount of the same cannot be ascertained due to non-availability of all bank statements. The bank accounts not available and not recorded in the books is mentioned above in point L Cash & Bank Balances.
5. The fees received from students have not been bifurcated correctly between the heads of income of Course fee and examination fee. The majority of fees are booked under course fees; this has resulted in incorrect presentation of the heads of income.

M. Expenditure

1. University has paid to its regular employees as “Reimbursement of Interest on Housing Loan” (Account Code I1204) in contravention to the provisions of YCMOU Act, 1989. In the absence of exact details, we are unable to comment upon the exact amount paid as reimbursement.
2. Various specific audit objections, which were not complied with, highlighting examples of various audit observations given above are given in Schedule 1 to 10 enclosed herewith.

N. Income Tax

1. The University has received notice from Income Tax Department for various financial years as below –

Financial Year	Demand Raised (Rs.)
2016-17	58,24,65,907

An appeal has been filed against this demand by the University.

2. As per the Income Tax order passed the University is liable to pay Income Tax against the surplus earned during the year but no provision for Income Tax Payable for the FY 2021-22 has been made in the books of accounts.

For C.R. Sagdeo & Co.
Chartered Accountants
FRN 108959 W

CA. Sanjeevan Tambulwadikar
Partner
M. No.: 140333
UDIN- 22140333BFZJJN2159

Place: Nashik
Date: 25.10.2022

Annexure 3 - Internal Audit Report
Detailed Audit Observations on Regional Centers of the University

A. Amravati Regional Center

1. Some of the fixed assets are not numbered or marked. Physical verification of assets has never been conducted at the regional center.
2. Regional center earns interest on bank savings account. Regional center should refund all interest to University bank account.
3. The summary of receipts and expenditure to be sent to the Head Office is not being sent in due time by the Regional Center.

B. Aurangabad Regional center

1. The regional center is maintaining current and savings account with Central Bank of India. It has closed the current account but the savings account is still in operation. Interest on this savings account is received by the Regional Center and booking of such income is not being verified by HO.
2. Separate TAN number has been obtained for Regional Center, but only a few payments for TDS are made by the Regional Center against this TAN number. Copies of E-TDS returns filed are not available for verification. Also, the TDS deducted and paid against this TAN number is not reflected in the books of accounts of the University.

C. Kolhapur Regional Center

1. Regional Center earns interest on bank savings account. Regional center should refund all interest to University bank account.
2. Regional Center is situated in the building of Shivaji University, Kolhapur but Regional Center has not entered into any agreement with Shivaji University.

D. Mumbai Regional Center

1. Bank account is operated by single signatory.
2. Regional Center does not maintain books of accounts in accounting software. Hence software generated bank book is not available for verification. A register is maintained and all transactions are maintained in that register.

E. Nagpur Regional Center

1. Regional center has deducted tax from payment by using TAN number of University Head Office but it has not informed to finance department of university and in effect, these entries were not reported in TDS Return of the University.
2. During the year the regional office is paying Rs 3,895/- as monthly rent for certain land & building to Nagpur Municipal Corporation for new office but the Regional Centre has not been shifted to such new place. This un-necessary expenditure should be avoided and the shifting to be done immediately.

F. Nanded Regional Center

1. Regional center has deducted tax from payment by using TAN number of University Head Office but the separate TAN No. maintained has not been surrendered by the Regional Center.
2. Some of the fixed assets are not numbered or marked. Regional Center has not charged depreciation on its Fixed Assets.
3. Bulk Cash transactions are observed at the Regional Center. The same should be done with cheque or RTGS/ NEFT. Bulk withdrawal of cash is not permitted by Head Office.

G. Nashik Regional Center

1. Regional center earns interest on Bank Savings Accounts the same should be transferred to University main account periodically.

H. Pune Regional Center

1. Regional center earns interest on Bank Savings Accounts the same should be transferred to University main account periodically.
2. Regional Center has taken premises of Pune Municipal Corporation at ground floor of Shahir Annabhau Sathe Prashalagruha, Pune on rent. Rent agreement is not executed for the premises occupied.

C.R. Sagdeo & co.
Chartered Accountants

For C.R. Sagdeo & Co.
Chartered Accountants
FRN 108959 W

CA. Sanjeevan Tambulwadikar
Partner
M. No.: 140333
UDIN- 22140333BFZJJN2159

Place: Nashik
Date: 25.10.2022