

Date: 30-09-2021

Place: Moodbidri

INTERNAL AUDIT REPORT APRIL TO DECEMBER - 2020

We have completed verification of transactions for the period of April 2020 to December 2020. Report for the same is enclosed here.

The areas covered are Purchases, Expenses and Bank Payments.

The brief report is as below:

1. Violation of Section 40A(3):

As per Sec. 40A(3) of the Income Tax Act, all expenses above Rs. 10,000/- should be made through account payee cheque/ Drafts or any other Banking Channel. However, expenses such as Salary and other expenses have been made through Alva's Sahakara Sangha, which is not a Bank. Since the amount of expenses involved is huge, it is advisable to comply with Section 40A(3). This Section is applicable to Trusts from AY 2020-21.

Ex: Salary Payment from ASSN OD 21, ASSN OD 27

Expenses Payment from ASSN OD 21, ASSN OD 27

2. Violation of Section 269SS & 269T:

- a) As per Section 269SS of the Income Tax Act, No person shall accept any loan above Rs. 20,000/- otherwise than by account payee cheque/draft or any other banking channel.
- b) As per Section 269T of the Income Tax Act, No person shall repay any loan above Rs. 20,000/- otherwise than by account payee cheque/draft or any other banking channel.

However, we have observed that loans are availed/ repaid from Alvas Sahakara Sangha, which is not Bank as per Banking Regulation Act. Hence, It is advisable to route all such transactions through Banks regulated under Banking Regulation Act.

Violation of the above sections entails additional tax liability with consequent interest and penalty.

3. GST Liability:

Based on expert opinion, GST has not been paid on CET/NEET, CPT, CS-Executive, CS-Foundation, IPCC, IBPS, Cambridge-BEC and Centre of competitive exam. However, Applicability of GST needs to be examined on Notice period salary recovery, Fines and penalty etc.

4. We observed that **Personal Expenditure** has been paid from AEF:
Vehicle Insurance has been paid on Tractor KA 19 T 0090 which is registered in the name of Ananda Alva.
Personal expenditure of Trustee's is in violation of Section 13(3) of the Income Tax Act, which results in **cancellation of 12AA registration** with huge tax impact.
5. We observed that reconciliation of following account is pending:
a) Suspense Account Credited with Rs. 7,46,997.64 as on 01-04-2020 (Suspense for the year 2019-20 is reversed)
6. TDS Deduction Details for the period of April 2020 to December 2020 Ref: **Annexure-I**

IT Section	Total TDS Deducted	Interest Paid	Total Payable	Total Paid	Difference
	(A)	(B)	(C)=(A+B)	(D)	(C-D)
194C	417,869.00	7,921.00	425,790.00	425,790.00	-
194J	1,082,969.00	22,627.00	1,105,596.00	1,105,596.00	-
194I	51.00	0.00	51.00	51.00	-
192B	4,756,500.00	-	4,756,500.00	4,756,500.00	-
194A	578,063.00	14,333.00	592,396.00	592,396.00	-
194IA	5,250.00	45.00	5,295.00	5,275.00	20.00
Total	6,840,702.00	44,926.00	6,885,628.00	6,885,608.00	20.00

*Quarterly TDS returns are NOT filed within due dates.

We have observed that, there is a demand of Rs. 44,430/- in TDS Traces Portal.

- FY 2019-20 Rs. 18,580/-
- FY 2020-21 Rs. 25,850/-

7. A) We have verified the interest calculations on term loan accounts of Canara Bank, Mortgage Loan accounts of ASSN's and term loan account of Axis Bank for the period of April to December 2020

Ref: Canara Bank **Annexure – II,**

ASSN – **Annexure -II-A,**

Axis Bank - **Annexure -II-Ai,**

Sl. No.	Bank Name	Type of Loan	Balance as on 31 ST December 2020 (as per bank)	Balance as on 31 ST December 2020 (as per books)	Diff.	Interest charged by the bank	Total interest as per our calculation	Excess/(short) Charged.
1	Canara Bank	TL	1,232,231,372.39	1,232,376,563.39	(145191)	10,44,85,634.00	10,38,16,788.54	6,68,845.46
2	ASSN	ML	171,849,007.00	171,849,007.00	-	1,06,67,943.00	1,06,85,302.00	(17,359.00)
3	Axis Bank	TL	695,054.00	695,054.00	-	33,042.00	44,649.00	(11,607.00)

In addition to the above Rs. 11,82,079.00 Penal interest has been charged by Canara Bank, Rs. 37135.00 by ASSN during the period of April to December 2020 for delayed payment of loan installments and Rs.16,914.12 Service charges has been charged during the above periods.

B) Canara Bank Term Loan Repayment Statement for the period April to December 2020

Ref: Annexure – II-B.

ACCOUNT NO	DUE DATE (AS PER REPAYMENT SCHEDULE)	EXPECTED BALANCE AS PER REPAYMENT SCHEDULE ON DUE DATE	CLOSING BALANCE AS ON 31-12-2020 (AS PER TALLY)	OVERDUE AMOUNT AS ON 31.12.2020
		(A)	(B)	(B-A)
0612773003320	25/12/2020	30,340,967.45	57,737,253.45	27,396,286.00
0612773003314	28/12/2020	10,640,184.00	21,275,507.00	10,635,323.00
4818773000003	28/12/2020	294,547,859.85	344,073,509.85	49,525,650.00
4818773000008	29/12/2020	385,714,596.90	407,887,780.92	22,173,184.02
0612773003326	27/12/2020	7,943,133.06	10,066,077.06	2,122,944.00
4818773000007	25/12/2020	216,890,129.00	241,594,251.63	24,704,122.63
4818773000009	25/12/2020	59,688,382.00	63,897,185.36	4,208,803.36
4818773000011		Short Term Loan – No Repayment Schedule	85,844,998.12	
		1,005,765,252.26	1,232,376,563.39	140,766,313.01

8. Details of Provident Fund Expenses incurred during the month April to December 2020.

Ref: Annexure-III

Month	PF Collected (Employee's Share)	PF Remitted (Employee's Share)	Difference	Total PF Remitted	No. of days Delayed
April	1,801,428.00	1,827,499.00	(26,071.00)	3,803,576.00	161.00
					146.00
					161.00
					No Challan
May	1,315,674.00	1,327,382.00	(11,708.00)	364,198.00	143.00
					143.00
					No Challan
June	1,345,706.00	1,357,321.00	(11,615.00)	2,850,426.00	145.00
July	1,338,369.00	1,349,799.00	(11,430.00)	2,834,596.00	140.00

August	1,469,498.00	1,477,113.00	(7,615.00)	3,077,328.00	125.00
September	1,606,879.00	1,629,932.00	(23,053.00)	3,395,716.00	95.00
					95.00
					156.00
October	1,583,365.00	1,652,298.00	(68,933.00)	3,442,318.00	64.00
					64.00
					127.00
November	1,572,704.00	1,641,386.00	(68,682.00)	3,419,587.00	134.00
					90.00
					97.00
December	1,633,063.00	1,697,801.00	(64,738.00)	3,537,093.00	103.00
					59.00
					103
	13,666,686.00	13,960,531.00	(289,497.00)	26,724,838.00	

We have observed delay in payment of Provident Fund which results in additional liability.

9. No immovable property (Land & Building) was purchased during the month of April to December 2020.

Payment made to Giridhar P Nayak Amounts to Rs. 7,00,000/- (During Apr-Dec 2020)

10. Details of ESI Expenses incurred during the month of April to December 2020.

Ref: Annexure-IV

Month	ESI Collected (Employee's Share)	ESI Remitted (Employee's Share)	Difference	Total ESI Remitted	No. of days Delayed
April	54,609.00	56,161.00	(1,552.00)	309,408.00	0.00
May	40,850.00	41,625.00	(775.00)	224,504.00	0.00
June	43,655.00	44,422.00	(767.00)	239,303.00	0.00
July	42,415.00	43,174.00	(759.00)	233,060.00	0.00
August	43,984.00	45,234.00	(1,250.00)	244,695.00	0.00
September	49,668.00	50,899.00	(1,231.00)	276,318.00	0.00
October	47,569.00	51,946.00	(4,377.00)	284,533.00	128.00
					127.00

November	49,637.00	53,985.00	(4,348.00)	292,320.00	97.00
					98.00
December	50,405.00	56,173.00	(5,768.00)	304,003.00	98.00
					66
	472,429.00	497,604.00	(16,479.00)	2,700,464.00	

We have observed delay in payment of ESI which results in additional liability.

11. The direct expenses incurred during the month of April to December 2020. Ref: Annexure-V
12. Details of expenditure incurred towards Vehicle Repairs & Maintenance during the month of April to December 2020.
Ref: Annexure-VI

Vehicle Insurance not covered for the following vehicles:

- A. Bus- KA19AA3305
- B. Bus- KA19AA4480
- C. Bus -KA19AC1032
- D. Bus- KA19AC1033
- E. Bus -KA19B8235
- F. Bus- KA19B8245
- G. Bus- KA19C2475
- H. Bus -KA19C4235
- I. Bus- KA19C4236
- J. Bus- KA19C4238
- K. Bus- KA19C8516
- L. Bus -KA19C8585
- M. Bus- KA19C8586
- N. Bus- KA19D1967
- O. Bus -KA19D6558
- P. Bus-KA19D6741
- Q. Bus- KA19D6896
- R. Bus- KA19D6897
- S. Bus -KA19C1677
- T. Bus- KA19D1965
- U. Bus -KA19AA0545
- V. Goods Carrier-KA05AE5679

Vehicle Diesel Expenses bill from M. Vijayaraj Co not provided for the month of November & December.

13. Incase of **Building Insurance**, Master File containing Individual Building Details along with Tax, Insurance is to be maintained Building Wise.

14. Tax Compliance:

a. Provident Fund:

We observed that some employees, whose salary is below Rs.15000/-are not covered under PF provisions. Due to non-availability of information, we are not able to quantify the number of employees not covered under PF provisions.

b. Employees State Insurance (ESI):

We observed that some employees (Non-teaching staffs), whose salary is below Rs.21,000/- are not covered under ESI provisions. Due to non-availability of information, we are not able to quantify the number of employees not covered under ESI provisions.

c. TDS: We have observed non deduction and short deduction of TDS in few cases. Ref: Annexure-VII

We have observed that there is short payment of TDS in AEF (TDS of March 2020) which is paid in FY 2020-21 and excess payment of TDS in AIET. Clarification not provided.(Refer Q4 Report of FY 2019-20)

d. Professional Tax: Professional Tax Collected and paid Details for the Month of April to December 2020

Ref: Annexure-VIII

Month	No of Total Employees	Total Amount paid (as per challan)	Total Amount Collected (including Stationary & AAMCH)	Difference Short paid
April	917	1,83,400.00	183,400.00	-
May	843	1,68,600.00	168,600.00	-
June	872	1,94,800.00	174,400.00	20,400.00
July	872	1,60,200.00	174,400.00	-14,200.00
August	882	1,70,200.00	176,400.00	-6,200.00
September	905	1,81,000.00	181,000.00	-
October	878	1,86,400.00	175,600.00	10,800.00
November	853	1,84,200.00	170,600.00	13,600.00
December	875	1,86,000.00	175,000.00	11,000.00
Total	7897	1,614,800.00	1,579,400.00	35,400.00

15. Procedural deficiency:

- a. In few cases we observed that purchase has been taken place without approval/consent of purchase department. Ref: Annexure-X

16. Bank statement verification:

- a. We have verified bank reconciliation during the month of April to December 2020. Ref: Annexure-XI

Entries for amount received thru Bank Account from students which could not be identified, are not accounted in Tally. Hence there is a difference in Bank statement and Tally. Reconciliation is not made available for the difference. This system of accounting is not advisable and need to be corrected as soon as possible.

b. We have observed that bank has levied cash handling charges & Minimum Balance charges on current accounts & SB accounts. (Rs.3,350.50+Rs.155.00). Rs. 1,770.00 levied for Cheque return Charges during the month of April to December 2020. Ref: Annexure-XII

c. Statement of Loan processing Charges for the month of April to December 2020. Ref: Annexure-XIII

17. Rs.46,98,840.00/-paid as Donations during the month of April to December 2020. Ref: Annexure-XIV

Donation Receipts are not made available for verification. Further, we could not verify whether donations made are in compliance with the object clause of Trust Deed. Donations made, not in compliance with object clause of the Trust Deed is in violation of Sec. 13(3). Please refer Sl No. 04 of this Report.

18. Cash Receipts & Payments: Ref: Annexure-XV

Heavy cash balance found on following days. It is advisable to deposit excess cash to Bank accounts.

- a. On 30.05.2020 Rs.30,14,431/-
- b. On 24.06.2020 Rs.34,46,168/-
- c. On 29.07.2020 Rs.14,18,614/-
- d. On 25.08.2020 Rs.49,14,566/-
- e. On 14.09.2020 Rs.77,85,777/-
- f. On 27.10.2020 Rs.57,03,275/-
- g. On 25.11.2020 Rs.62,16,215/-
- h. On 27.12.2020 Rs.1,69,47,071/-

19. In some cases we observed that Advance towards Expenditure to staffs, salary & wages and other Advances has not been cleared/ adjusted within a reasonable time frame. Ref: Annexure-XVI

20. In few cases we have observed that chairman approval, Department Approval not obtained and some vouchers/supporting documents are not available for verification. Ref: Annexure-XVII

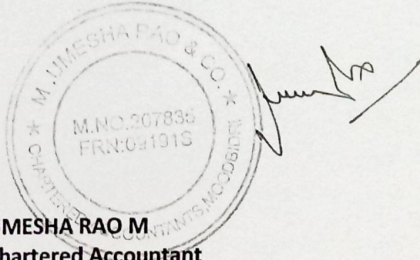
21. College wise Audit observations are reported in Annexure XVIII

22. Compliance/Reply for previous audit reports is awaited.

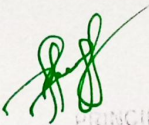
23. Cash balance as on 31-12-2020 as per books Rs.49,88,678.00/- (AEF- FO Unit)

Kindly take necessary action in this regard.

For M UMESHA RAO & CO



UMESHA RAO M
Chartered Accountant
UDIN: 21207835AAAAGX5562

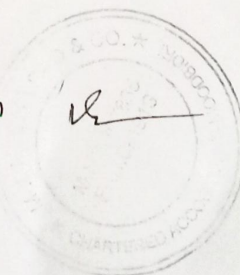

PRINCIPAL
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Wijay, MOODSUDUR - 574 225, D.K.

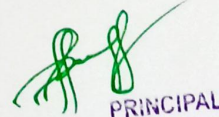
ALVAS INSTITUTE OF ENGINEERING & TECHNOLOGY
OTHER QUERIES FOR THE PERIOD APRIL TO DECEMBER 2020

SL NO.	DATE	VOUCHER NO.	EXPENSES	NAME OF THE PARTY	AMOUNT	REMARKS
1	18-09-2020	AIET/JV-OTH/00092/20-21	Donation	BACCE	296,400.00	No supporting document found.
2	05-12-2020	AIET/JV-SAL/00098/20-21	Donation	Bhakti Vedantha	315,450.00	No supporting document found.
3	19-05-2020	AIET/JV-SAL/00018/20-21	Allowances	Vivek Alva	5,000.00	No supporting document found.
4	11-06-2020	AIET/JV-SAL/00022/20-21	Allowances	Vivek Alva	10,000.00	No supporting document found.
5	11-06-2020	AIET/JV-SAL/00023/20-21	Allowances	Vivek Alva	10,000.00	No supporting document found.
6	29-08-2020	AIET/JV-SAL/00041/20-21	Allowances	Vivek Alva	5,000.00	No supporting document found.
7	07-09-2020	AIET/JV-SAL/00045/20-21	Allowances	Vivek Alva	10,000.00	No supporting document found.
8	28-12-2020	AIET/BP/000538/20-21	Allowances	Vivek Alva	1,800.00	No supporting document found.
9	02-06-2020	AIET/JV-ADV/EXP/00003/20-21	Honorarium	Sudhakar Poonja towards payment of KSRTC Driver	5,000.00	No supporting document found.
10	06-10-2020	AIET/JV-SAL/00055/20-21	Honorarium	Vinod Dixit	30,000.00	No supporting document found.
11	29-10-2020	AIET/JV-SAL/00065/20-21	Honorarium	Vinod Dixit	50,000.00	No supporting document found.
12	17-08-2020	AIET/JV-CRS/EXP/00006/20-21	Staff Welfare Expenses	R.S Corporation	2,936.00	No supporting document found.
13	14-07-2020	AIET/BP/000102/20-21	Wages	Narendra S	3,194.00	No supporting document found.
14	21-08-2020	AIET/JV-SAL/00038/20-21	Wages	Revathi	5,750.00	No supporting document found.
15	19-10-2020	AIET/JV-CRS/EXP/000073/20-21	Cultural program Expenses	Art & Craft Memento Factory	15,200.00	No PO found, Expense bill dated 18-12-2019
16	21-12-2020	AIET/JV-SAL/000108/20-21	Professional Charges	C.A Akashdeep Pal	92,500.00	No supporting document found.
17	24-11-2020	AIET/JV-OTH/000214/20-21	Solar Electricity Charges	Renew Solar Energy Pvt Ltd	78,975.00	Expense bill dated Jan-2020
18	21-08-2020	AIET/JV-CRS/EXP/000012/20-21	News papers & Periodicals	Confederation of Indian industry towards CII Membership	17,700.00	No supporting document found.
19	03-06-2020	AIET/JV-ADV/EXP/00004/20-21	Printing & Stationery	Nilesh Shetty	3,970.00	Rs. 3000 expense incurred for Punarjanma (OPD) License.
20	30-09-2020	AIET/JV-OTH/000121/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	2,471.50	No supporting document found.
21	03-10-2020	AIET/JV-OTH/000124/20-21	Printing & Stationery	Nilesh kumar	650.00	No supporting document found.
22	03-11-2020	AIET/JV-OTH/000166/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	2,179.00	No supporting document found.
23	23-11-2020	AIET/JV-OTH/000208/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	2,878.00	No supporting document found.
24	10-12-2020	AIET/JV-OTH/000240/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	9,666.50	No supporting document found.
25	30-09-2020	AIET/JV-OTH/000120/20-21	Refreshment & Lodging Charges	Alvas Cafeteria- Trade creditors	16,100.00	No supporting document found.
26	18-06-2020	AIET/BP/00070/20-21	Registration & Renewal Charges	KUPECA towards Annual membership Fees	10,000.00	No supporting document found.
27	04-06-2020	AIET/JV-OTH/000111/20-21	Travelling & Coveyance	Joyston & Thushar	7,440.00	No supporting document found.
28	29-09-2020	AIET/JV-OTH/000116/20-21	Travelling & Coveyance	Taxi Hire charges	3,700.00	No supporting document found.
29	28-10-2020	AIET/JV-OTH/000155/20-21	Travelling & Coveyance	Avinash	5,616.00	No supporting document found.
30	07-09-2020	AIET/JV-OTH/00074/20-21	Seminar & Workshop Expenses	Towards Seminar Expenses along with TCS	404,915.00	No supporting document found.
31	16-09-2020	AIET/JV-OTH/00091/20-21	Seminar & Workshop Expenses	Citrus payment Solution towards TCS seminar	118,460.30	No supporting document found.
32	19-11-2020	AIET/JV-OTH/000197/20-21	Examination Fees Paid	VTU Belgaum towards Ph.D Exam Fees	14,770.00	No supporting document found.
33	12-10-2020	AIET/JV-OTH/000137/20-21	Placement Expenses	Paid to BACCE towards PGCE Training programme Expenses	10,000.00	No supporting document found.
34	19-09-2020	AIET/JV-CRS/EXP/000052/20-21	Placement Expenses	Placement Training MBA & BE Students	45,000.00	Expense billed for Rs.51,000, Entry Passed for Rs.45000
35	27-11-2020	AIET/JV-OTH/000224/20-21	Project Sponsorship	Purchase of Materials to Alvas motosports	2,356.00	No supporting document found.
36	21-09-2020	AIET/JV-OTH/00099/20-21	Service Charges	Ajanta Moirangthem	40,000.00	Sanction letter Copy found Original not found
37	15-09-2020	AIET/JV-CRS/EXP/000048/20-21	Students Welfare Expenses	Impartus Innovations Pvt Ltd	10,010.00	Expense reversed, no documents for reversal obtained.
38	31-08-2020	AIET/JV-CRS/EXP/000024/20-21	Students Welfare Expenses	Impartus Innovations Pvt Ltd	39,304.00	No supporting document found.
39	18-11-2020	AIET/JV-OTH/000195/20-21	Students Welfare Expenses	Boot Camp	25,800.00	No supporting document found.
40	26-11-2020	AIET/JV-OTH/000220/20-21	Students Welfare Expenses	Boot Camp	240,000.00	No supporting document found.
41	14-12-2020	AIET/JV-OTH/000245/20-21	Students Welfare Expenses	Boot Camp	1,000.00	No supporting document found.
42	21-08-2020	AIET/JV-CRS/EXP/000013/20-21	Excess Amount Refund	Prajwal Joel D'souza	51,030.00	No supporting document found.
43	21-08-2020	AIET/JV-CRS/EXP/000014/20-21	Scholarship	Rakshith	17,690.00	No supporting document found.

Note:

- 1 Bill not found for Electricity charges.
- 2 Bill not found for Telephone charges.
- 3 Supporting Documents not provided on Generator Expenses for the month of October to December.
- 4 Supporting document not obtained for University & Affiliation Expenses.
- 5 Supporting Documents not obtained for payment of Scholarships & Refund of Excess Fees (Ex. SL.No.42 & 43)
- 6 Seminar & Workshop Expense Incurred Rs.5,45,075.30/- , Amount Collected Rs.4,39,009/-.
- 7 Examination Expenses credit Balance Found Rs.2,07,090/-.




PRINCIPAL

Alvas Institute of Engg. & Technology,
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Umesha Rao M. B.Com, FCA, DISA (ICAI)
Chartered Accountant

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E-mail: umeshraom@rediffmail.com

Date: 15-12-2021

Place: Moodbidri

To,
The Chairman/ Managing Trustee
Alva's Education Foundation
Moodbidri

INTERNAL AUDIT REPORT JANUARY TO MARCH 2021

We have completed verification of transactions for the period of JANUARY 2021 to MARCH 2021.
Report for the same is enclosed here.

The areas covered are Purchases, Expenses and Bank Payments.

The brief report is as below:

1. Cash Receipts & Payments: Ref: Annexure-I

Average daily cash expenses incurred during Jan, Feb & March 2021 is Rs. 5193/-. Average daily cash balance held is Rs. 38,96,563/- It is advisable to avoid the huge cash in hand by depositing excess cash to the bank. **Heavy cash balance** found on following days.

- a. On 03-01-2021 Rs.72,16,423/-
- b. On 28.02.2021 Rs. 41,05,511/-
- c. On 27-03-2021 Rs. 40,01,974/-

Cash receipts and Cash Payments during January to March 2021					
	Cash Receipts	Cash Deposited to Bank	Cash Expenses	Total cash outflow	Month end Cash Closing Balance
January	2,84,30,252	2,67,69,827	1,33,252.00	2,69,03,079	65,15,851
February	2,36,23,627	2,60,10,945	23,022.00	2,60,33,967	41,05,511
March	2,35,26,064	2,43,18,250	3,11,099.00	2,46,29,349	30,02,226
	7,55,79,943	7,70,99,022	4,67,373.00	7,75,66,395	

2. Student Suspense account: (Unidentified student fee receipts)

Tuition fee is accounted whenever the AEF receives cash or bank transfers from students. Most of the tuition fee receipts are issued to the students as soon as amount is received and properly identified in Bank accounts. However the unidentified receipts to the bank accounts are kept in student suspense account and the same is cleared in subsequent days. However as on 31st March 2021, 311 entries amounting to Rs 35,93,247/- is still to be cleared. While

preparing the Financial Statements, unidentified amounts lying in student suspense account are transferred to tuition fees account without issuing proper tuition fee receipt. This may invoke section 13(7) of the Income Tax Act with taxation at 30% under section 115BBC.

Further, action must be initiated to clear the student suspense account at the earliest.

Ref : Annexure-II

3. Donation Paid :

Rs.22,57,000/- is paid as Donations during the month of JANUARY to MARCH 2021.

Ref: Annexure-III

Donation Receipts are not made available for verification. Further, we could not verify whether donations made are in compliance with the object clause of Trust Deed. Donations made, not in compliance with object clause of the Trust Deed is in violation of Sec. 13(3) which results in cancellation of 12AA registration with huge tax impact.

4. Bills of prior years' accounted in this Financial Year:

We have observed that bills relating to previous years are accounted during the year 2020-21. The works relating to the above period are completed during previous years and bills are submitted belatedly. We are unable to verify the accuracy of such bills since work is done during the previous years.

Please refer other queries in Annexure XVIII

5. Loan Processing Charges & Review Charges:

Loan Processing charges debited during January to March 2021 is Rs. 97,68,321/-

Ref: Annexure-IV

Service charges debited by Canara Bank on existing term loan accounts:

Canara bank has debited Rs. 36,47,979/- on 26-03-2021 being services for annual term loan review. These charges are debited from 2016-17 to 2019-20.

- a. MTL Loan A/c 4818773000009 is sanctioned after 2016. But charges are debited from 2016-17 to 2019-20. (as per narration)
- b. Detailed workings for the calculation of review charges are not made available to verify the accuracy of computation.
- c. It is advisable to take-up the matter with Canara Bank to waive such review charges since AEF is a long standing customer of large loan exposure. Further, rate of interest charged by Bank is not that competitive compared to their peers.

6. Violation of Section 40A(3):

As per Sec. 40A(3) of the Income Tax Act, all expenses above Rs. 10,000/- should be made through account payee cheque/ Drafts or any other Banking Channel. However, expenses such as Salary and other expenses have been made through Alva's Sahakara Sangha, which is not a Bank. Since the amount of expenses involved is huge, it is advisable to comply with Section 40A(3). This Section is applicable to Trusts from AY 2020-21.

Ex: Salary Payment from ASSN OD 21, ASSN OD 27

Expenses Payment from ASSN OD 21, ASSN OD 27

This is already reported in our Report for the period April to Dec. 2020.

7. Violation of Section 269SS & 269T:

- a) As per Section 269SS of the Income Tax Act, No person shall accept any loan above Rs. 20,000/- otherwise than by account payee cheque/draft or any other banking channel.
- b) As per Section 269T of the Income Tax Act, No person shall repay any loan above Rs. 20,000/- otherwise than by account payee cheque/draft or any other banking channel.

However, we have observed that loans are availed/ repaid from Alvas Sahakara Sangha, which is not Bank as per Banking Regulation Act. Hence, It is advisable to route all such transactions through Banks regulated under Banking Regulation Act.

Violation of the above sections entails additional tax liability with consequent interest and penalty.

This is already reported in our Report for the period April to Dec. 2020.

8. GST Liability:

Based on expert opinion, GST has not been paid on CET/NEET, CPT, CS-Executive, CS-Foundation, IPCC, IBPS, Cambridge-BEC and Centre of competitive exam. However, Applicability of GST needs to be examined on Notice period salary recovery, Fines and penalty etc. This is already reported in our Report for the period April to Dec. 2020.

9. TDS Deduction Details for the period of JANUARY 2020 to MARCH 2020 Ref: Annexure-V

IT Section	Total TDS Deducted	Interest Paid	Total Payable	Total Paid	Difference
	(A)	(B)	(C)=(A+B)	(D)	(C-D)
194C	469,830.00		469,830.00	469,830.00	-
194J	1,538,495.00		1,538,495.00	1,538,495.00	-
194I	15,738.00		15,738.00	15,738.00	-
192B	2,407,916.00	91,317.00	2,499,233.00	2,218,233.00	281,000.00
194A	35,964.00		35,964.00	35,964.00	-
194IA	3,000.00		3,000.00	3,000.00	-
Total	4,470,943.00	91,317.00	4,562,260.00	4,281,260.00	281,000.00

*Quarterly TDS returns are NOT filed within due dates.

We have observed that, there is a demand of Rs. 1,03,840/- in TDS Traces Portal. Advised to clear the demand to avoid recovery proceedings.

- FY 2019-20 Rs. 18,580/-
- FY 2020-21 Rs. 25,850/-
- FY 2021-22 Rs. 59,410/-

10. A) We have verified the interest calculations on term loan accounts of Canara Bank, Mortgage Loan accounts of ASSN's and term loan account of Axis Bank for the period of JANUARY to MARCH 2021

Ref: Canara Bank Annexure – VI,

ASSN – Annexure -VIA,

Axis Bank - Annexure -VIAi,

MCS Bank - Annexure -VIAij,

Sl. No.	Bank Name	Type of Loan	Balance as on 31 ST MARCH 2021 (as per bank)	Balance as on 31 ST MARCH 2021 (as per books)	Diff.	Interest charged by the bank	Total interest as per our calculation	Excess/(short) Charged.
1	Canara Bank	TL	1,239,942,980.29	1,239,942,980.29	-	31,915,208.00	31,954,155.00	(38,947.00)
2	ASSN	ML	236,599,614.00	236,599,614.00	-	12,274,298.00	12,315,964.00	(41,666.00)
3	Axis Bank	TL	1,751.00	1,751.00	-	10,201.00	11,669.00	(1,468.00)
4	MCS Bank	TL	309,789,390.00	308,243,251.00	1,546,139	41,471,992.00	4,13,43,225.00	1,28,767.00

In addition to the above Rs. 1,017,576.00/- Penal interest has been charged by Canara Bank, Rs. 6,302.00 by ASSN during the period of JANUARY to MARCH 2021 for delayed payment of loan instalments and Rs. 19,344.44 Service charges has been charged during the above periods.

B) Canara Bank Term Loan Repayment Statement for the period JANUARY to MARCH 2021

Ref: Annexure – VIB.

ACCOUNT NO	DUE DATE (AS PER REPAYMENT SCHEDULE)	EXPECTED BALANCE AS PER REPAYMENT SCHEDULE ON DUE DATE	CLOSING BALANCE AS ON 31-03-2021 (AS PER TALLY)	OVERDUE AMOUNT AS ON 31.03.2021
		(A)	(B)	(B-A)
612773003320	25/03/2021	3,227,311.45	33,054,348.45	29,827,037.00
612773003314	28/03/2021	1,640,184.00	11,729,061.00	10,088,877.00
4818773000003	28/03/2021	294,547,859.85	304,201,142.85	9,653,283.00
4818773000008	29/03/2021	385,714,596.92	397,672,671.18	11,958,074.26
612773003326	27/03/2021	7,943,133.06	8,348,626.06	405,493.00
4818773000007	25/03/2021	216,890,129.00	223,399,691.53	6,509,562.53
4818773000009	25/03/2021	56,989,746.00	61,537,439.22	4,547,693.22
4818773000011		Short Term Loan – No Repayment Schedule	-	
4818773000012		New loan sanctioned in March. So no repayment for FY 2020-21.	200,000,000.00	
		966,952,960.28	1,239,942,980.29	72,990,020.01

11. Details of Provident Fund Expenses incurred during the month JANUARY to MARCH 2021.

Ref: Annexure-VII

Sl. No.	Month	PF Collected (Employee's Share)	PF Remitted (Employee's Share)	Difference	Total PF as per books	Total PF Remitted	Difference	No. of days Delayed
1	JANUARY	1,747,743.00	1,747,743.00	-	3,641,145.00	3,641,145.00	-	92.00
2	FEBRUARY	1,802,175.00	1,802,181.00	(6.00)	3,754,545.00	3,754,551.00	(6.00)	138.00
								142.00
3	MARCH	1,811,968.00	1,811,985.00	(17.00)	3,774,971.00	3,774,988.00	(17.00)	107.00
								112.00
Total		5,361,886.00	5,361,909.00	(23.00)	11,170,661.00	11,170,684.00	(23.00)	

We have observed delay in payment of Provident Fund which results in additional liability.

12. No immovable property (Land & Building) was purchased during the month of JANUARY to MARCH 2021.

Payment made to Giridhar P Nayak Amounts to Rs. 4,00,000/- (During Jan-Mar 2021)

13. Details of ESI Expenses incurred during the month of JANUARY to MARCH 2021.

Ref: Annexure-VIII

Month	ESI Collected (Employee's Share)	ESI Remitted (Employee's Share)	Difference	Total ESI as per books	Total ESI Remitted	No. of days Delayed
January	57,310.00	57,310.00	-	310,331.00	310,209.00	136.00
February	57,546.00	57,546.00	-	308,452.00	308,208.00	159.00
March	60,594.00	61,147.00	(553.00)	327,884.00	328,437.00	128.00
	175,450.00	176,003.00	(553.00)	946,667.00	946,854.00	

We have observed delay in payment of ESI which results in additional liability.

14. The direct expenses incurred during the month of JANUARY to MARCH 2021.

Ref: Annexure-IX.

15. Details of expenditure incurred towards Advertisement during the month of JANUARY to MARCH 2021.

Ref: Annexure-X

16. Details of expenditure incurred towards Vehicle Repairs & Maintenance during the month of JANUARY to MARCH 2021.

Ref: Annexure-XI

Vehicle Insurance not covered for the following vehicles:

- A. Bus- KA19AA3305
- B. Bus- KA19AA4480
- C. Bus -KA19AC1032
- D. Bus- KA19AC1033
- E. Bus -KA19B8235
- F. Bus- KA19B8245
- G. Bus- KA19C2475
- H. Bus -KA19C4235
- I. Bus- KA19C4236
- J. Bus- KA19C4238
- K. Bus- KA19C8516
- L. Bus -KA19C8585
- M. Bus- KA19C8586
- N. Bus- KA19D1967
- O. Bus -KA19D6558
- P. Bus-KA19D6741
- Q. Bus- KA19D6896
- R. Bus- KA19D6897
- S. Bus -KA19C1677
- T. Bus- KA19D1965
- U. Bus -KA19AA0545
- V. Goods Carrier-KA05AE5679

M. Vijayaraj Co statement does not tally with AEF balance.

17. Incase of **Building Insurance**, Master File containing Individual Building Details along with Tax, Insurance is to be maintained Building Wise.

18. Tax Compliance:

a.Provident Fund:

We observed that some employees, whose salary is below Rs.15000/-are not covered under PF provisions. Due to non-availability of information, we are not able to quantify the number of employees not covered under PF provisions.

b.Employees State Insurance (ESI):

We observed that some employees (Non-teaching staffs), whose salary is below Rs.21,000/- are not covered under ESI provisions. Due to non-availability of information, we are not able to quantify the number of employees not covered under ESI provisions.

c.TDS: We have observed non deduction and short deduction of TDS in few cases. Ref: Annexure-XII

We have observed that there is short payment of TDS in AEF (TDS of March 2020) which is paid in FY 2020-21 and excess payment of TDS in AIET. **Clarification** not provided.(Refer Q4 Report of FY 2019-20)

d. Professional Tax: Professional Tax Collected and paid Details for the Month of JANUARY to MARCH 2021.

Ref: Annexure-XIII

Month	No of Total Employees	Total Amount paid (as per challan)	Total Amount Collected (including Stationary & AAMCH)	Difference Short paid
January	1026	205200	205,200.00	-
February	1016	203200	203,200.00	-
March	1032	206400	206,400.00	-
Total	3074	614,800.00	614,800.00	-

19. Procedural deficiency:

- a. In few cases we observed that purchase has been taken place without approval/consent of purchase department. Ref: Annexure-XIV

20. Bank statement verification:

- a. We have verified bank reconciliation during the month of JANUARY to MARCH 2021. Ref: Annexure-XV
- b. We have observed that bank has levied cash handling charges & Minimum Balance charges on current accounts & SB accounts levied for Cheque return Charges during the month of JANUARY to MARCH 2021. Ref: Annexure-XVI

21. In some cases we observed that Advance towards Expenditure to staffs, salary & wages and other Advances has not been cleared/ adjusted within a reasonable time frame. Ref: Annexure-XVII

22. In few cases we have observed that chairman approval, Department Approval not obtained and some vouchers/supporting documents are not available for verification. Ref: Annexure-XVIII

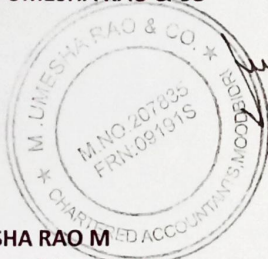
23. College wise Audit observations are reported in Annexure XIX.

24. Compliance/Reply for previous audit reports is awaited.

25. Cash balance as on 31-03-2021 as per books Rs.30,02,226/- (AEF- FO Unit)

Kindly take necessary action in this regard.

For M UMESHA RAO & CO



UMESHA RAO M
Chartered Accountant
UDIN: 22207835AAAAAB3544

PRINCIPAL

Shri's Institute of Engg. & Technology,
Mijur. MOODSIDI - 574 225, D.K

ALVAS INSTITUTE OF ENGINEERING & TECHNOLOGY						
OTHER QUERIES FOR THE PERIOD JANUARY TO MARCH 2021						
SL NO.	DATE	VOUCHER NO.	EXPENSES	NAME OF THE PARTY	AMOUNT	REMARKS
1	06-01-2021	AIET/JV-CRS/EXP/00109/20-21	Electrical Equipments	Reliable Enterprises	10,620.00	No Purchase Order found.
2	06-01-2021	AIET/JV-CRS/EXP/00110/20-21	Electrical Maintenance	Reliable Enterprises	8,850.00	No Purchase Order found.
3	12-01-2021	AIET/JV-CRS/EXP/00122/20-21	Lab Maintenance	Maniranjani Diesel Sales and Service Pvt Ltd	1,734.00	No Purchase Order found.
4	02-02-2021	AIET/JV-ADV/EXP/00051/20-21	Placement Expenses	Expenses Payable	1,000.00	Company HR visited Dharmasthala and Special Entry fees paid by AEF.
5	02-02-2021	AIET/JV-CRS/EXP/00146/20-21	Building Maintenance	Annapoorneshwari Transport	11,445.00	No Purchase Order found.
6	08-02-2021	AIET/JV-CRS/EXP/00150/20-21	Building Maintenance	Sri Maruthi Glass & Hardware	2,006.00	No Purchase Order found.
7	22-02-2021	AIET/JV-OTH/00368/20-21	University and Affiliation Expenses	Avinash - AIET	79,000.00	No supporting documents found. Affiliation for AY 2021-22 paid through online payment and advance adjusted.
8	25-02-2021	AIET/JV-CRS/EXP/00161/20-21	Building Maintenance	Indian Glass Works	3,681.00	No Work Order found.
9	10-03-2021	AIET/JV-CRS/EXP/00178/20-21	Cultural Program Expenses	Art and Craft Memento Factory	4,500.00	No Purchase Order found.
10	12-03-2021	AIET/JV-SAL/00163/20-21	Donation	Alvas Education Foundation	344,000.00	Donation paid to Bhakthi Vedantha (BACCE). Trust Deed not available. Donation receipt not available
11	16-03-2021	AIET/JV-CRS/EXP/00182/20-21	Building Maintenance	Annapoorneshwari Transport	13,650.00	No Purchase Order found.
12	20-03-2021	AIET/JV-SAL/00172/20-21	Donation	Alvas Education Foundation	344,000.00	Donation paid to Bhakthi Vedantha (BACCE). Trust Deed not available. Donation receipt not available
13	22-03-2021	AIET/JV-ADV/EXP/00077/20-21	Travelling and Conveyance, Refreshment and Lodging Charges, Printing and Stationery	Expenses Payable - Paid to Santosh Kumar N Poojary	4,596.00	No supporting documents found. Expenses incurred to visit Bangalore for Diploma Approval.
14	22-03-2021	AIET/JV-ADV/EXP/00078/20-21	Travelling and Conveyance, Refreshment and Lodging Charges	Expenses Payable - Paid to Santosh Kumar N Poojary	4,450.00	No supporting documents found. Expenses incurred to visit VTU for Diploma Approval.
15	26-03-2021	AIET/JV-OTH/00434/20-21	University and Affiliation Expenses	Avinash - AIET	50,000.00	No supporting documents found. Affiliation for additional new course paid through online payment and advance adjusted.
16	31-03-2021	AIET/JV-ADV/EXP/00083/20-21	Library Subscriptions	Preetham Shetty - AIET (Librarian)	165,838.00	Rs. 156888 worth bill found and Rs. 8950 worth bill not found.
17	31-03-2021	AIET/JV-ADV/EXP/00086/20-21	Examination Expenses	Exam Remuneration Payable	10,924.00	No supporting documents found. Contingency amount transferred to examination expenses.
18	31-03-2021	AIET/JV-CRS/EXP/00214/20-21	Expenses Payable	Kitchen Express	5,850.00	No supporting documents found. Bill booked in expense payable ledger transferred.
19	31-03-2021	AIET/JV-OTH/00455/20-21	Examination Expenses Payable	Honorarium	344,899.00	Exam remuneration payable balance transferred.

Note:

- Rs. 1,06,91,780/- debited to student freeship on 31-03-2021.
- Supporting document not obtained for Honorarium.




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