

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

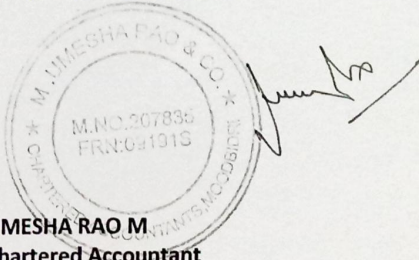
21. College wise Audit observations are reported in Annexure XVIII

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

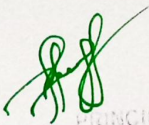
23. Cash balance as on 31-12-2020 as per books Rs.49,88,678.00/- (AEF- FO Unit)

Kindly take necessary action in this regard.

For M UMESHA RAO & CO



UMESHA RAO M
Chartered Accountant
UDIN: 21207835AAAAGX5562

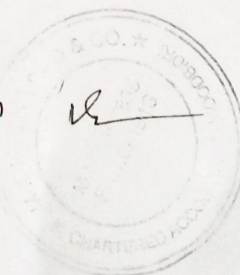

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Wijay, MOODSUDUR - 574 225, D.K.

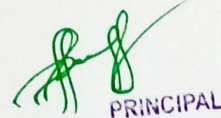
ALVAS INSTITUTE OF ENGINEERING & TECHNOLOGY
OTHER QUERIES FOR THE PERIOD APRIL TO DECEMBER 2020

SL NO.	DATE	VOUCHER NO.	EXPENSES	NAME OF THE PARTY	AMOUNT	REMARKS
1	18-09-2020	AIET/JV-OTH/00092/20-21	Donation	BACCE		
2	05-12-2020	AIET/JV-SAL/00098/20-21	Donation	Bhakti Vedantha	296,400.00	No supporting document found.
3	19-05-2020	AIET/JV-SAL/00018/20-21	Allowances	Vivek Alva	315,450.00	No supporting document found.
4	11-06-2020	AIET/JV-SAL/00022/20-21	Allowances	Vivek Alva	5,000.00	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	10,000.00	No supporting document found.
7	07-09-2020	AIET/JV-SAL/00045/20-21	Allowances	Vivek Alva	5,000.00	No supporting document found.
8	28-12-2020	AIET/BP/000538/20-21	Allowances	Vivek Alva	10,000.00	No supporting document found.
9	02-06-2020	AIET/JV-ADV/EXP/00003/20-21	Honorarium	Sudhakar Poonja towards payment of KSRTC Driver	1,800.00	No supporting document found.
10	06-10-2020	AIET/JV-SAL/00055/20-21	Honorarium	Vinod Dixit	5,000.00	No supporting document found.
11	29-10-2020	AIET/JV-SAL/00065/20-21	Honorarium	Vinod Dixit	30,000.00	No supporting document found.
12	17-08-2020	AIET/JV-CRS/EXP/00006/20-21	Staff Welfare Expenses	R.S Corporation	50,000.00	No supporting document found.
13	14-07-2020	AIET/BP/000102/20-21	Wages	Narendra S	2,936.00	No supporting document found.
14	21-08-2020	AIET/JV-SAL/00038/20-21	Wages	Revathi	3,194.00	No supporting document found.
15	19-10-2020	AIET/JV-CRS/EXP/000073/20-21	Cultural program Expenses	Art & Craft Memento Factory	5,750.00	No supporting document found.
16	21-12-2020	AIET/JV-SAL/000108/20-21	Professional Charges	C.A Akashdeep Pal	15,200.00	No PO found, Expense bill dated 18-12-2019
17	24-11-2020	AIET/JV-OTH/000214/20-21	Solar Electricity Charges	Renew Solar Energy Pvt Ltd	92,500.00	No supporting document found.
18	21-08-2020	AIET/JV-CRS/EXP/000012/20-21	News papers & Periodicals	Confederation of Indian industry towards CII Membership	78,975.00	Expense bill dated Jan-2020
19	03-06-2020	AIET/JV-ADV/EXP/00004/20-21	Printing & Stationery	Nilesh Shetty	17,700.00	No supporting document found.
20	30-09-2020	AIET/JV-OTH/000121/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	3,970.00	Rs. 3000 expense incurred for Punarjanma (OPD) License.
21	03-10-2020	AIET/JV-OTH/000124/20-21	Printing & Stationery	Nilesh Kumar	2,471.50	No supporting document found.
22	03-11-2020	AIET/JV-OTH/000166/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	650.00	No supporting document found.
23	23-11-2020	AIET/JV-OTH/000208/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	2,179.00	No supporting document found.
24	10-12-2020	AIET/JV-OTH/000240/20-21	Printing & Stationery	Alvas Stationery Trade Creditors-ASV	2,878.00	No supporting document found.
25	30-09-2020	AIET/JV-OTH/000120/20-21	Refreshment & Lodging Charges	Alvas Cafeteria- Trade creditors	9,666.50	No supporting document found.
26	18-06-2020	AIET/BP/00070/20-21	Registration & Renewal Charges	KUPECA towards Annual membership Fees	16,100.00	No supporting document found.
27	04-06-2020	AIET/JV-OTH/000112/20-21	Travelling & Coveyance	Joyston & Thushar	10,000.00	No supporting document found.
28	29-09-2020	AIET/JV-OTH/00016/20-21	Travelling & Coveyance	Taxi Hire charges	7,440.00	No supporting document found.
29	28-10-2020	AIET/JV-OTH/000155/20-21	Travelling & Coveyance	Avinash	3,700.00	No supporting document found.
30	07-09-2020	AIET/JV-OTH/00074/20-21	Seminar & Workshop Expenses	Towards Seminar Expenses along with TCS	5,616.00	No supporting document found.
31	16-09-2020	AIET/JV-OTH/00091/20-21	Seminar & Workshop Expenses	Citrus payment Solution towards TCS seminar	404,915.00	No supporting document found.
32	19-11-2020	AIET/JV-OTH/000197/20-21	Examination Fees Paid	VTU Belgaum towards Ph.D Exam Fees	118,460.30	No supporting document found.
33	12-10-2020	AIET/JV-OTH/000137/20-21	Placement Expenses	Paid to BACCE towards PGCE Training programme Expenses	14,770.00	No supporting document found.
34	19-09-2020	AIET/JV-CRS/EXP/000052/20-21	Placement Expenses	Placement Training MBA & BE Students	10,000.00	No supporting document found.
35	27-11-2020	AIET/JV-OTH/000224/20-21	Project Sponsorship	Purchase of Materials to Alvas motosports	45,000.00	Expense billed for Rs.51,000, Entry Passed for Rs.45000
36	21-09-2020	AIET/JV-OTH/00099/20-21	Service Charges	Ajanta Moirangthem	2,356.00	No supporting document found.
37	15-09-2020	AIET/JV-CRS/EXP/000048/20-21	Students Welfare Expenses	Impartus Innovations Pvt Ltd	40,000.00	Sanction letter Copy found Original not found
38	31-08-2020	AIET/JV-CRS/EXP/000024/20-21	Students Welfare Expenses	Impartus Innovations Pvt Ltd	10,010.00	Expense reversed, no documents for reversal obtained.
39	18-11-2020	AIET/JV-OTH/000195/20-21	Students Welfare Expenses	Boot Camp	39,304.00	No supporting document found.
40	26-11-2020	AIET/JV-OTH/000220/20-21	Students Welfare Expenses	Boot Camp	25,800.00	No supporting document found.
41	14-12-2020	AIET/JV-OTH/000245/20-21	Students Welfare Expenses	Boot Camp	240,000.00	No supporting document found.
42	21-08-2020	AIET/JV-CRS/EXP/000013/20-21	Excess Amount Refund	Prajwal Joel D'souza	1,000.00	No supporting document found.
43	21-08-2020	AIET/JV-CRS/EXP/000014/20-21	Scholarship	Rakshith	51,030.00	No supporting document found.
					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

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