

MGM IHS: POLICY ON INTERNAL AND EXTERNAL AUDIT MECHANISM

There are suitable institutional mechanisms in place to monitor the effective and efficient use of financial resources. Both internal and external auditors are engaged for this purpose.

Internal Audit:

A Chartered Accountant firm is appointed as the internal auditor who will assess the following:

- a) Proper books of accounts and operation of accounting software are being maintained for accurate reporting.
- b) Whether internal controls operating are satisfactory and give suggestions for improving weak controls.
- c) That an adequate system is in place to ensure that procurements are as per procurement procedures.
- d) That an appropriate system of accounting and financial reporting exists.
- e) Adequate records are maintained regarding assets acquired.

The Chartered Accountant firm focus on financial compliance as mentioned below:

- There is a transaction audit that includes an examination of all relevant vouchers of receipts and expenditures.
- There is a compliance audit which means an examination of documents as to whether the money was legally spent.

All access to all documents, correspondence, Books of Accounts, Office Orders and any other information related to financial transactions should be given to the audit team.

The following details are provided to the Internal audit team:

1. All observations that are not serious, but require their attention
2. All details of serious audit observations, such as ineligible expenses, procurement procedures not followed, incorrect information submitted for reimbursements, accounting lapse, etc.
3. The Internal Audit team should give:
 - Their comments and observations on the financial management records, that were examined during the review.
 - The deficiencies and areas of weaknesses and recommendations for their improvement.
 - Any other matters that the auditor considers pertinent.

External Audit:

The external audit is carried out elaborately.

A Chartered Accountant Firm carry out the external audit.

The audit examines whether the financial statements are prepared in accordance with the applicable financial norms in all material respects, to give a true and fair view.

The external audit teams should make adequate visits to all the Units of both campuses and carry out a thorough audit of the financial transactions.

They shall vouch:

- Whether Funds have been utilized for the purpose for which they were meant;
- Whether strong internal controls/checks/systems are in place;
- Whether applicable statutory requirements have been complied with;
- whether Expenditure has been incurred as per established procedures/system;
- Whether Due Diligence has been exercised in the procurements;
- Whether the discrepancies made in the previous audit report have been complied with;
- Whether Expenditure has been incurred within the delegation of financial powers;
- Whether important documents have been kept in the secured form;

All major findings/objections in the audit report are reported to the Finance Committee which in turn shall recommend resolutions for the same to the Board of Management.

The audited annual accounts statements and annual budget estimates of consolidated and individual constituent Units should be considered by the Finance Committee and submit its recommendations to the Board of Management for approval.



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