



INDIRA GANDHI  
NATIONAL OPEN UNIVERSITY

## **FINANCIAL CODE**

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*Dr. J. D. Gangwar*  
27-12-18

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vices will maintain such financial records and initial accounts as are special to their activities as indicated in the respective Chapters of this Code and the Account Code.

#### **X – Internal Audit/Concurrent check of Financial Transactions & Accounts**

10. (1) The Finance Officer will make appropriate arrangements for such effective internal checks, as are necessary calculated to:

- (a) ensure maintenance of correct accounts;
- (b) prevent and detect errors and irregularities of fraud; and
- (c) guard against waste, loss or leakage of University money, stores or property.

(2) All other financial transactions concerning receipts and payments of the University and accounts registers shall be subjected to pre-check and concurrent audit by rotation on a suitable scale as prescribed in the Account Code.

#### **Objective and Scope of Internal Audit**

(3) (i) The objective of internal auditing is to assist the management in the effective discharge of its responsibilities by furnishing it with objective analysis, appraisals, recommendations and pertinent comments concerning the activities reviewed and making the whole scheme of internal audit purposeful and relevant to the present day requirements.

(ii) It is important that the internal audit should not be confined to routine checking of records. The Internal Audit Officer should on the other hand be concerned with a view of all operations of a University and should aid the management by conducting an audit which is known as 'Management Auditing' or 'Operational Auditing'.

(iii) In order to measure the effectiveness of the various internal controls of the Divisions/Centres/Units, the Internal Audit Officer should;

(a) Undertake checks in sufficient detail to ascertain whether the records and reports do actually reflect the actual operations and the results clearly.

(b) Determine whether the controls established to safeguard the University's assets and to prevent fraud are effectively applied and that proper accounts and records do exist and are available for inspection.

(c) Check whether the policies and procedures as expressed in the Minutes of the Board of Management of the University, Office Orders, Manuals or other written instructions are complied with.

(d) Undertake follow-up of systems and procedures to check that they are operating properly and effectively; and particularly to note any un-

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authorised variations. As necessary, he would offer recommendations for improvements or necessary review.

(e) Serve as a useful liaison officer between top management and lower levels of management.

(iv) Internal Audit should conduct audit of sanctions and audit against Rules and Orders.

(v) All the agreements relating to major works and percentage of agreements relating to minor works shall be scrutinised by the Internal Audit Officer.

(vi) The Internal Audit Officer is authorised to conduct surprise physical verification of cash and stock.

(vii) The Internal Audit Officer will also function as a Stores Verification Officer (See Rule 6(9) Chapter XVII Stores). He Shall arrange non-custodian verification by a team of stock verifiers who should conduct the verification throughout the year.

Details as regards quantum/extent of internal Audit of various transactions and records and procedural guidelines for conducting internal audit, are given in the Account Code.

#### *Spirit of Audit*

(4) The fundamental object of audit is to ensure the value for the money spent by seeing that the expenditure is not wastefully and irregularly incurred, and not a mere application of rules and orders to the minute details which would reduce audit to a mere routine. The prescribed checks should, therefore, be observed in the spirit and not in the letter as opposed to spirit.

#### *Audit Programme*

(5) At the commencement of each year an audit programme covering the various fields of work to be conducted during the year by the Internal Audit Branch must be drawn up by the Internal Audit Officer and got approved by the Finance Officer. The Programme so drawn up shall be submitted to the Vice-Chancellor.

#### *Results of Audit*

(6) (a) The Internal Audit Officer shall prepare a Quarterly Report for submission to the Vice-Chancellor of important points noticed in Internal Audit on which action is pending.

(b) The Internal Audit Officer shall prepare an Annual Report for submission to the Board of Management, through the Finance Committee of important points noticed in Internal Audit on which action is pending.

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### *The Internal Audit Officer*

(7) The Internal Audit Officer shall work under the general direction and supervision of the Finance Officer. He shall assist the Finance Officer in the items of work listed in the Account Code in the Chapter on Internal Audit.

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