

IG/Admn.(G)/Not.2026/ 333
Jan. 15, 2026

NOTIFICATION

Sub: Policy document on Financial Audit (External and Internal) of IGNOU

The Board of Management of the University in its 163rd meeting held on 27.11.2025 (vide Res.BM 163.35.2) approved the Policy document on Financial Audit (External and Internal) of IGNOU developed by a committee involving teachers, academics and administrative staff to ensure continued compliance with regulatory requirements and to strengthen the institutional framework of the University.

A copy of the aforesaid policy document is enclosed at **Annexure** for reference.



(Jitendra Kumar Srivastava)
Registrar (Admn.)

To:

- (i) All the Directors of Schools/Heads of Divisions/Centres/Units
- (ii) AR, VCO
- (iii) PS to Registrar (Admn.)

POLICY ON

FINANCIAL AUDIT (EXTERNAL AND INTERNAL) OF IGNOU

**Indira Gandhi National Open University
New Delhi - 110068**

"शिक्षा मानव को बन्धनों से मुक्त करती है आज के युग में तो यह लोकतन्त्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।"

— इन्दिरा गांधी

"Education is liberating force, and in our age it is also democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances."

- Indira Gandhi

POLICY ON

FINANCIAL AUDIT (EXTERNAL AND INTERNAL) OF IGNOU

**Indira Gandhi National Open University
New Delhi - 110068**

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Foreword

Being a national university established by an Act of Parliament, the Indira Gandhi National Open University (IGNOU) carries a profound responsibility to uphold the highest standards of transparency, accountability, and good governance in all its operations. Among these, sound financial management remains a cornerstone of institutional credibility and sustainable growth.



The *Policy on Financial Audit (External and Internal) of IGNOU* has been formulated to provide a comprehensive framework for systematic financial scrutiny across all levels and units of IGNOU, in alignment with the University's commitment to institutional excellence and regulatory compliance. Ensuring conformity with the provisions of the IGNOU Act, Statutes, and the guidelines laid down by the Ministry of Education, Comptroller and Auditor General of India, and other regulatory authorities, this Policy outlines the procedures, timelines, responsibilities, and mechanisms for conducting both internal and external audits.

The policy aims to enhance financial discipline and foster a culture of accountability within the University and all its constituent units. It also serves to strengthen the financial governance structure by clearly delineating roles of the Finance and Accounts Division, the Finance Committee, internal auditors, and statutory audit bodies.

At IGNOU, where public trust and social commitment lie at the heart of our academic and administrative mission, this policy marks a significant step towards reinforcing integrity in financial processes. It is our belief that a robust and transparent audit mechanism is not only a regulatory requirement but a strategic tool to ensure optimal utilization of public funds in the pursuit of inclusive and quality education.

I commend the Finance and Accounts Division and all stakeholders involved in drafting this important document. It is my hope that this policy will guide and support the University in achieving greater financial accountability and institutional resilience in the years ahead.

Prof. Uma Kanjilal
Vice Chancellor
Indira Gandhi National Open University

Acknowledgment



In alignment with the strategic objectives of the Indira Gandhi National Open University (IGNOU), and in view of its continued commitment to institutional excellence, the Centre for Internal Quality Assurance (CIQA) undertook the task of developing a comprehensive calendar of activities to guide and support preparations for the second cycle of NAAC accreditation and the NIRF 2026 ranking process. These activities were designed to address critical domains, including NAAC-related documentation and data validation, National Education Policy (NEP) 2020 implementation, data capturing and analysis for the National Institutional Ranking Framework (NIRF), and the development of Standard Operating Procedures (SOPs), policy documents and best practices to streamline internal processes and ensure compliance with national quality benchmarks.

To accomplish this multifaceted undertaking in a time-bound and systematic manner, the Hon'ble Vice Chancellor constituted a series of committees comprising academic and administrative professionals from across the University. Each committee was entrusted with a specific thematic area, with the responsibility of planning, preparing, and reviewing documentation and institutional practices in accordance with the evolving frameworks of quality assurance and regulatory expectations.

The Centre for Internal Quality Assurance (CIQA) sincerely acknowledges and appreciates the outstanding commitment, scholarly engagement, and collaborative spirit demonstrated by all committee members. Their meticulous attention to detail, academic rigour, and deep understanding of the institutional processes were critical to the successful preparation of comprehensive and credible documentation in support of the University's goals. The committee members undertook additional responsibilities beyond their regular duties, working diligently to collate data, contribute to narrative reports, validate evidence, and ensure alignment with national quality parameters.

The committees' collective efforts have greatly strengthened the University's internal quality systems and have contributed meaningfully to projecting IGNOU's distinct status as a national resource in the field of open and distance and online education. Their work reflects not only professional excellence but also a shared vision of advancing IGNOU's mission of inclusive and quality higher education across the country and beyond. CIQA acknowledges the contribution of the Finance and Accounts Division for providing the necessary information which helped in completing the document.

CIQA places on record its deep gratitude to the Hon'ble Vice Chancellor for her support, insightful leadership and guidance. Above all, CIQA extends its heartfelt thanks to each member of the preparation team for their valuable contributions, without which the timely completion of this critical institutional endeavour would not have been possible.

Prof. Vijayakumar P.
 Director, CIQA
 Indira Gandhi National Open University

**INDIRA GANDHI NATIONAL OPEN UNIVERSITY,
MAIDAN GARHI, NEW DELHI – 110068**

**POLICY ON FINANCIAL AUDIT
(EXTERNAL AND INTERNAL) OF IGNOU**

(Approved by the Board of Management in its meeting held on..... *vide* Resolution....)

(Under Clause (3) of Statute 7 of Statutes of the IGNOU Act, 1985)

In exercise of the powers conferred by Sections 17 of IGNOU Act, 1985 and Clause (3) of Statute 7 of Statutes of the University, the Board of Management of the Indira Gandhi National Open University adopts the following Policy on Financial Audit (External and Internal) of IGNOU:

**PART-I
PRELIMINARY**

1. Short Title, Application and Commencement

- 1.1 This document may be called the ‘**POLICY ON FINANCIAL AUDIT (EXTERNAL AND INTERNAL) OF IGNOU**’.
- 1.2 This document shall apply to all the constituent units of the Indira Gandhi National Open University namely: the Schools of Studies, Divisions, Centres, Units, Cells, Institute and Regional Centres and Regional Evaluation Centres functioning across India, with the aim of ensuring transparency, accountability, and compliance with the financial regulations and standards.

1.3 Definitions:

Accountability: The responsibility of individuals or institutional units to provide accurate information, justify actions taken, and be answerable for the management of financial resources entrusted to them.

Act: A legislative document passed by the Parliament. For IGNOU, the foundational legislation is the **IGNOU Act, 1985** (50 of 1985) which provides the legal framework for its establishment and functioning.

Annual Accounts: Comprehensive financial statements prepared at the end of a financial year, detailing all income, expenditures, assets, and liabilities of IGNOU.

Audit: An objective examination of financial and administrative operations to assess compliance with regulations, accuracy of records, and effectiveness of internal controls.

Audit Mechanism: The system and process adopted by IGNOU to carry out various audits such as internal, concurrent, external, and transaction audits to ensure financial probity.

Auditors: Qualified professionals or statutory authorities (internal or external) responsible for conducting audits of the University's financial records and systems.

Balance Sheet: A financial statement reflecting the assets, liabilities, and equity of IGNOU as on a particular date, usually at the end of a financial year.

Certification Audit: An audit conducted to confirm that IGNOU complies with specific standards, such as government rules or quality frameworks, often leading to a certification or formal approval.

Compliance: Adherence to financial codes, statutory norms, regulations, University policies, and audit recommendations.

Comptroller and Auditor General (CAG) of India: The constitutional authority responsible for auditing the financial operations of public institutions, including IGNOU, and reporting to the Parliament.

Concurrent Audit: A continuous audit conducted simultaneously with financial transactions to detect and rectify discrepancies in real-time.

External Audit: An independent audit conducted by the CAG of India or empanelled Chartered Accountants, focusing on the correctness of IGNOU's financial statements and compliance with statutory obligations.

External Auditor: An auditor not employed by IGNOU, appointed to provide an impartial opinion on its financial records and practices.

Finance and Accounts Division of IGNOU: The central unit responsible for all financial matters at IGNOU, including budgeting, payments, accounting, compliance, and coordination with external auditors and funding agencies.

Finance Committee: A statutory body of the University that advises the Board of Management on financial matters, budget proposals, and expenditure approvals, defined in section 11 of the IGNOU Act 1985.

Finance Officer: The statutory officer of IGNOU responsible for overseeing all financial and accounting operations and ensuring adherence to financial rules and audit procedures, defined in section 6 of the IGNOU Act 1985.

Financial Audit: A formal examination of IGNOU's financial records, systems, and processes to verify the accuracy and integrity of its accounts.

Financial Code: A codified document comprising rules and procedures governing financial transactions and accounting practices in IGNOU.

Financial Operations: The day-to-day activities related to the receipt, disbursement, accounting, and management of financial resources at the University.

Financial Records: Official documentation of all financial transactions such as payment vouchers, receipts, ledgers, invoices, and supporting documents.

Financial Statements: Comprehensive reports including the balance sheet, income and expenditure statement, and other disclosures that depict the financial performance and position of IGNOU.

Financial Year: The accounting period from **1st April to 31st March** used by IGNOU for preparing budgets and financial reports.

Good Governance: The practice of ensuring transparency, accountability, equity, and adherence to rules in financial decision-making processes at the University.

Grant-in-Aid: Governmental or institutional funds received by IGNOU to support specific functions such as teaching, research, infrastructure, or learner support services.

Income and Expenditure Statement: A summary of IGNOU's revenues and expenses over a specified period, showing the surplus or deficit for that financial year.

Internal Audit: An independent review conducted by IGNOU's internal audit unit to assess risk management, internal controls, and compliance with financial regulations.

Internal Auditor: A designated staff member or audit cell within IGNOU responsible for carrying out internal audit functions.

Internal Controls: Systems, policies, and procedures instituted to safeguard resources, ensure reliable financial reporting, and ensure adherence to laws and institutional policies.

Legislative Control: Oversight exercised by the Parliament of India through bodies like the CAG, ensuring that IGNOU utilizes public funds responsibly and as per mandate.

Operational Procedures: Standard operating procedures (SOPs) established by IGNOU for conducting financial transactions and administrative processes.

Periodic Internal Audit: Scheduled audits conducted at regular intervals to ensure continuous compliance and to identify weaknesses in financial processes.

Pre-audit of the Payments: The examination and verification of vouchers and claims before payments are made, to ensure that transactions are valid, authorized, and properly documented.

Public Funds: Monetary resources received from the government, grants, or student fees that must be used judiciously and transparently for public purposes.

Statutory Authority: An organization or officer established under a statute with specific legal powers. At IGNOU, the Finance Committee and Finance Officer are statutory authorities.

Transaction Audit: An audit that reviews specific financial transactions for accuracy, completeness, and compliance with financial rules.

Transparency: The openness in processes, communications, and disclosures related to financial matters, ensuring stakeholders can verify and trust institutional practices.

Utilization of Public Funds: The effective and accountable deployment of government grants and other public monies for achieving IGNOU's academic and administrative objectives.

PART II

PREAMBLE

2. Financial Audit plays a crucial role in promoting accountability and transparency within the public sector. By examining financial records, operational procedures, and compliance with regulations, auditors provide an independent assessment of government agencies and programmes. Government audits are conducted by qualified professionals to ensure the accuracy and reliability of financial statements, the effectiveness of internal controls, and the

appropriate use of public funds. These audits are vital for maintaining the integrity, trust, and accountability of government institutions. Government audits also place a strong emphasis on the proper utilization of public funds. The overarching goal of these audits is to promote accountability and transparency, ensuring that public institutions operate in an effective, efficient, and lawful manner.

The External and Internal Audit are two essential components of financial accountability and transparency in the functioning of the government. Both play a crucial role in ensuring that public funds are used efficiently, economically, and for the intended purposes. Internal audit is conducted by the internal audit units or internal auditors within the institution. Internal Audit is responsible for examining and evaluating the extent of compliance with departmental rules and procedures. External Audit is an independent examination of financial statements and records of the government conducted by an outside statutory authority to assess the fairness and accuracy of financial reporting and adherence to legal and regulatory frameworks. It refers to an independent examination of an institution's financial statements, operations, and compliance with applicable laws and regulations by an external agency. The Comptroller and Auditor General (CAG) of India is the constitutional authority responsible for external audit of government accounts who submits audit reports to the President/Governor, which are then placed before the Parliament/State Legislatures.

PART III PURPOSE OF THE POLICY

3. IGNOU is a public University, therefore, it is accountable to have highest level of transparency and accountability in the financial transactions involving utilisation of public funds. Financial audit is a mechanism which ensures verification of accuracy and reliability of the University's financial statements and ensures compliance with relevant regulations and accounting standards.

PART IV LEGISLATIVE PROVISIONS ON FINANCIAL AUDIT UNDER IGNOU ACT & STATUTES

4. IGNOU is created by an Act of Parliament; therefore, it is subject to legislative control. IGNOU Act, 1985 has an inbuilt system of audit by the CAG to meet the end of this legislative control. Canons of good governance also demand high degree of accuracy and reliability on accounting statements/records. This calls for continuous internal monitoring and control necessitating a system of continuous Internal audit. Internal audit is a tool for Internal control by the University's management and helps in bringing effectiveness in financing the administration of the university.

4.1 Institutionalising a robust audit mechanism in IGNOU

The Indira Gandhi National Open University Act, 1985 mandates auditing of the Annual Accounts by the Comptroller and Auditor General of India. Further, Ministry of Education

conducts periodic internal audit to ensure that Grant-in-Aid is utilised in accordance with the terms of grant. IGNOU Financial Code as approved by the Board of Management (BoM) in April' 1991 enjoins upon a responsibility on the Finance Officer to institute a system of a concurrent audit / pre-audit of the payments by the University.

The audit mechanism in respect of IGNOU, therefore, includes:

- (a) External audit by the CAG and Ministry of Education
- (b) Internal audit by the Finance and Accounts Division as laid down in IGNOU Financial Code.

(a) External Audits

The CAG of India conducts two types of audits annually *i.e.* (1) transaction audit which involves verification of payments and receipts of the University for a particular financial year, (2) Certification audit of the Annual Accounts (Balance Sheet and Income & Expenditure statement) of the University before submission of the same to the Ministry of Education for placing it before both the houses of the Parliament in accordance with the provisions of Section 29 of the IGNOU Act, 1985.

Grant-in-Aid released by the Ministry of Education to the IGNOU has an attendant condition that the Ministry of Education shall conduct an audit of the grant; accordingly the Ministry of Education conducts periodic auditing of expenditure of the University.

(b) Internal Audits

Internal Audits on regular intervals are required to be conducted by the Finance and Accounts Division of the IGNOU in accordance with the provisions of the IGNOU Financial Code approved by the Board of Management (BoM).

PART V

GENERAL POLICY DIRECTIVES

- 5.1** IGNOU shall undergo periodic internal and external audits to ensure correctness of all financial transactions and its financial propriety.
- 5.2** All financial statements/books/receipts & payments vouchers of the University shall be subject to independent audits conducted in accordance with the provisions of the IGNOU Act, 1985, IGNOU Financial Code and as per directions of the Ministry of Education in respect of release of Grant-in-Aid.
- 5.3** Upon completion of financial year, closing of accounts, audited and finalised financial statements shall be sent for certification audit to the CAG office. On completion of the certification audit, the Annual Accounts shall be placed before the Finance Committee and the Board of Management for approval of the Annual Accounts.
- 5.4** The Annual Accounts after the approval of the Board of Management shall be sent to the

Ministry of Education for placing before both the houses of the Parliament in accordance with the provisions of the IGNOU Act, 1985.

- 5.5 All the income and expenditure vouchers shall be subjected to the periodic transaction audit by the CAG team. Observations of the audit shall be complied / replied in the minimum possible time. Pending audit observations shall be required to be reported to the Board of Management through Finance Committee on yearly basis.
- 5.6 All the income and expenditure vouchers shall be subjected to the periodic transaction audit by the internal audit team of the Ministry of Education. Observations of the audit shall be complied / replied in the minimum possible time.
- 5.7 The Finance and Accounts Division of IGNOU under directions of the Finance Officer shall conduct an internal audit of the Regional Centres, Schools, Division on regular intervals and audit observations shall be sent to the respective Regional Directors/Divisional Heads/School Directors for compliance. The audit observations raised by the IGNOU internal audit team shall be required to be complied / replied within the minimum possible time. The Finance Officer shall apprise the Finance Committee of the pending audit observations of the internal audit on periodic basis.
- 5.8 The Finance Officer with the approval of the Finance Committee can assign the internal audit work to the Chartered Accountant(s) wherever required to ensure timely completion of internal audit.

PART VI REPORTING AND PUBLICATION

- 6. Audited financial statements, along with the audit report (Annual Accounts), shall be published by IGNOU which shall also be uploaded on the IGNOU website for information of the all stakeholders.

PART VII IMPLEMENTATION

- 7. The implementation of this policy is the responsibility of the Finance Committee, which shall oversee all financial audits - internal and external, and ensure that the University's financial operations remain transparent and accountable.

PART VIII REVIEW

- 8. The Financial Audit Policy shall be reviewed periodically to ensure its effectiveness and compliance with changing financial regulations and best practices. Any necessary revisions or updates shall be made accordingly.

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