



INTERNAL AND EXTERNAL AUDIT OF ACCOUNTS POLICY

Lok Jagruti Kendra University (LJKU) is committed to ensuring financial integrity, transparency, and regulatory compliance through structured internal and external financial audits. This policy outlines the framework for conducting periodic audits of financial accounts and systems within the university and its constituent institutions.

Objectives

- To ensure financial discipline and transparency in fund utilization.
- To comply with statutory, accreditation, and regulatory requirements.
- To identify and address financial discrepancies, risks, and irregularities.
- To enhance accountability and promote continuous financial governance improvement.

Scope

This policy applies to all financial transactions and records, including budgeting, income and expenditure, payroll, procurement, student fee collections, grants, advances, and other finance-related documentation across all constituent institutes of LJKU.

Internal Financial Audit

Internal audits are conducted on an annual basis under the supervision of the Finance Committee. The audits involve examination of income and expenditure statements, procurement records, compliance with internal controls, and overall budget utilization.

The Finance Committee reviews the internal audit findings, identifies gaps, and recommends necessary corrective actions. The process ensures transparency, accountability, and proactive risk management.

External Financial Audit

LJKU engages a qualified Chartered Accountant as the External Auditor. The appointment is formally approved by the Finance Committee in line with Indian taxation standards and financial regulations.

The external auditor is responsible for:

- Verifying the accuracy of financial statements.
- Ensuring compliance with the Income Tax Act, TDS provisions, and other statutory requirements.
- Submitting a formal annual audit report for each of the constituent institute.



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Audit observations and non-compliance issues are reviewed and resolved through defined corrective measures. External audit reports are also used for statutory compliance with bodies such as UGC, AICTE, state regulatory authorities, and accreditation agencies like NAAC.

Reporting and Documentation

- The Committee records observations, ensures follow-up action, and maintains a record of compliance.
- Final reports are archived for future reference and external evaluations.

This policy will be reviewed annually by the Finance Committee to ensure alignment with current legal standards, accreditation guidelines, and financial governance best practices.



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Mechanism for Internal and External Financial Audits

Internal Financial Audit Mechanism

Audit Plan Preparation:

- The Finance Committee prepares a yearly internal audit schedule.
- Key areas for audit include: fee collection, payroll, procurement, budget utilization, and grants.

Audit Execution:

- The Internal Audit Cell examines relevant ledgers, vouchers, receipts, utilization records, and documentation.
- On-site verification at constituent institutes is conducted (if applicable).

Preliminary Findings:

- Observations and discrepancies are documented by auditors.
- Clarifications, if any, are collected from respective departments.

Reporting:

- A report is submitted to the committee.
- Each observation is accompanied by recommendations and a timeline for resolution.

Review and Corrective Action:

- Finance Committee discusses the report and initiates necessary corrective or preventive actions.
- Compliance reports are maintained and followed up.

External Financial Audit Mechanism

Appointment of Auditor:

- The Finance Committee appoints a qualified Chartered Accountant following due approval.

Data Compilation by Accounts Department:

- The finance/account office compiles all necessary documents including annual income-expenditure statements, balance sheets, ledgers, GST returns, TDS filings, and bank reconciliations.



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Audit Execution:

- The external auditor examines financial statements in accordance with Indian financial and taxation standards (Income Tax Act, GST, TDS).
- Site visits and sample document verifications may be conducted.

Draft Reporting:

- A draft report is prepared and shared with the university for factual verification or clarification.

Final Audit Report:

- The final audit report is submitted to the Board of Management and Finance Committee.
- The report may be used for submission to statutory bodies like UGC, AICTE, or during NAAC/NBA accreditation.

Compliance and Recordkeeping:

- Any audit objection or non-compliance is formally documented.
- The university takes necessary corrective action within a prescribed timeframe.
- Audit reports are archived in both digital and physical formats.

All audit documentation is maintained by the Accounts Section.



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