



INTERNAL AUDIT REPORT

KERALA UNIVERSITY OF HEALTH SCIENCES (KUHS)

PERIOD COVERED: 1st April 2020 to 31st March 2021

Date of Audit: 17-11-2020

Date of Draft Report: 08-04-2021

Date of Final Report: 05-08-2021

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Table of Contents

1. Background and Scope
2. Affiliation Fees, Dues and other fees
3. Physical verification of Fixed Assets
4. Bank Transactions Verification
5. General finance and Examination Accounts
6. Bank Guarantee and Refundable deposit
7. Legal Compliance -Income tax, GST etc.
8. Advances
9. Improvements in EDP Environment
10. Compliance Status of previous quarters Report



Executive Summary

This report details the Internal Audit of the procedures and controls in place over financial transactions that has been undertaken in accordance with the 2020/2021 Internal Audit Plan. Our audit approach and a summary of the work undertaken are provided in the audit framework in Appendix A.

Background and Scope

Background

- Kerala University of Health Sciences (KUHS) was set up by the Kerala Government in 2010. The university has **313** colleges affiliated to it. The university is substantially funded by the Kerala Government and is governed by its rules and bye laws.
- Total Number of Colleges affiliated in different streams is bifurcated below:

Sr.No.	Affiliated Courses	No. Of colleges	Sr.No.	Affiliated Courses	No. Of colleges
1	Ayurveda colleges	17	6	Pharmacy Colleges	56
2	Dental Colleges	25	7	Paramedical (Allied Science)	53
3	Homoeopathic Colleges	6	8	SIDDHA College	1
4	Medical Colleges	31	9	Unani College	1
5	Nursing Colleges	123		TOTAL	313



Scope

The scope of our review was to assess the **effectiveness of internal controls** pertaining to the following processes:

1. Affiliation Fees and Student Income
2. Physical Verification – Cash and Fixed Assets
3. Bank Transactions
4. General Finance and Examination Accounts
5. Budget Analysis
6. Renewal of Bank Guarantees
7. Legal Compliances
8. Advances
9. Improvements in EDP system



Audit Scope- Quarter wise Comparison

The following table depicts the scope of **audit covered** and **to be covered**.

Scope of Audit	Status of Each Quarter			
	Q1	Q2	Q3	Q4
Affiliation Fees and Student Income- Checking of Fees Received	✓	✓	✓	✓
Affiliation Fees and Student Income – Preparation of Due list	X	✓	✓	✓
Physical Verification-Cash	X	X	✓	X
Physical Verification-Fixed Assets	X	✓	✓	X
Bank Transactions- BRS	✓	✓	✓	✓
Examination Accounts	✓	✓	✓	✓
Budget Analysis – Comparison with actual	✓	✓	✓	✓
Renewal of Bank Guarantee	✓	✓	✓	✓
Legal Compliances -TDS (Income tax and GST), filing of return etc...	✓	✓	✓	✓
Advances – To various Colleges, Dean and other staffs	✓	✓	✓	✓
Improvements in EDP system	✓	✓	✓	✓



Significance- Legend

# Observation grading	
High (H)	H - Requires immediate action
Medium (M)	M- Requires corrective action
Low (L)	L- Corrective action needs to be evaluated

^ Root Cause Legend	
Design Deficiency	D
Operating Ineffectiveness	O
System Deficiency	S

Kerala University of Health Sciences

SUMMARY OF AUDIT OBSERVATIONS

Affiliation Fees and other fee

Scope

- Analytical Verification of Affiliation fees/other fees received and receivable.
- Checking and Reconciliation of DCBs maintained and preparation of amount due list.
- Checking sufficiency and authenticity of various fees.

Objective

- To analyze the various fees received by the university and to report to the organization any discrepancies occurring in revenue generation and collection.
- To submit and report to the management regarding the affiliation fees amount due list and to suggest measures to recover the same.

Procedures Applied

The following audit procedures were carried out for the samples selected:

- Vouchers have been examined clearly in order to ensure that details entered in DCBs are same as that of vouchers.
- DCBs and University Suite (ERP system) have been cross checked to ensure that various fees are accounted in the correct heads. Also, we have ensured that the details as per DCB is matching to the details entered in the system.
- The fees amount entered in University Suite have been traced to the bank statement, (shown as Bulk posting) through E-pay list. This is traced with the help of unique merchant ID which ensures high level of transparency.
- It is ensured that the fees collected is as per the timely notifications and circular issued by the University and no excess or shortfall was identified.
- Enquired whether necessary steps were taken up by the management to collect the dues of the previous quarter, which was reported by the internal auditors.

We Observed

- DCB registers for Medical, Pharmacy, AYUSH (Ayurveda, UNANI, SIDDA, and Homeo) were not updated properly.
- Fee Dues from 2010-11 have been verified and shown in Table No.1. It is highly recommended that the fees should be collected without further delay. (Please refer to the breakup of list of dues for the F.Y 2020-21 in Quarter 3 Report)

Significance:

H

Root Cause:

O

- We recommend prompt updating of DCBs since it is the only appropriate way for the management to track the fees that is remaining receivable.

Table -1

STREAM	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
MEDICAL	22,92,000	48,90,000	57,37,500	3,41,05,000	43,90,000	59,50,000	60,00,000	60,00,000	38,00,000	1,26,40,000	46,61,500	9,04,66,000
DENTAL	33,000	-	-	4,35,40,000	2,26,00,000	3,00,000	-	-	4,10,000	1,76,30,500	2,71,800	8,47,85,300
AYURVEDA	15,000	1,500	-	13,75,000	-	-	-	-	-	-	3,65,100	17,56,600
HOMEO	36,000	40,000	-	-	-	-	-	-	-	52,500	-	1,28,500
PARAMEDICAL	1,74,000	1,65,000	3,27,200	2,40,000	6,40,000	2,40,000	2,40,000	2,40,000	-	-	4,37,600	27,03,800
PHARMACY	3,78,000	1,25,000	-	6,00,000	87,500	-	-	30,000	60,000	63,000	2,12,400	15,55,900
NURSING	43,00,700	11,81,150	11,32,500	9,76,800	1,500	-	-	-	-	-	1,00,825	76,93,475
TOTAL	72,28,700	64,02,650	71,97,200	8,08,36,800	2,77,19,000	64,90,000	62,40,000	62,70,000	42,70,000	3,03,86,000	60,49,225	18,90,89,575

Response Received from Management

Noted

Fixed Assets- Physical Verification

Scope

- Physical verification of the assets recorded in the fixed asset register.

Procedure Applied

- Comparison of physical balances with assets register balances.
- Ensuring that the assets are properly numbered and easily identifiable.

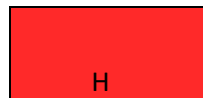
We Observed

- The asset registers are maintained by Purchase, Works and IT Section. The IT section has updated the FA Register only up to 2020 and transactions of 2021 has not been updated.

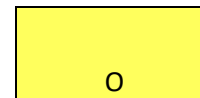
Matters related to physical verification of fixed assets:

- a) We have randomly verified fixed assets maintained at **Stores**, the details of which has been tabulated in Quarter 2 (July –September) report.
- b) We have randomly verified fixed assets with **IT section and Works**, the details of which has been tabulated in Quarter 3 (Oct – Dec) report.
- c) Assets which belong to the Works are not affixing Numbers on it.
- d) During our inspection we noticed that the Fire extinguishers were under service for one week and there were no substitutes available.

Significance:



Root Cause:



We Recommend

- Periodical physical verification of assets should be conducted in order to avoid any discrepancies and to ensure control.
- IT Section should ensure timely updation of fixed assets register in order to avoid mismanagement.
- We recommend works section to make necessary arrangements to affix numbers on the assets.



Management Response

1. Noted
2. Fixed Asset Register (updated till March 2021) will be submitted on or before 31st July, 2021.

Physical Verification of CASH

We Observed

- Mainly cash payments (Imprest) are centered around four areas:
 - 1) General finance
 - 2) Purchase Section (Fuel Imprest)
 - 3) Purchase Section (Stationery & TA)
 - 4) Works Section
- Summary of physical verification of Cash balances is as follows.

1) Physical cash verification - General Finance

Date of verification -25/02/21

Maximum Limit: Rs.10000/-



Currency (A)	Count (B)	Amount (A x B)
500	4	2,000.00
100	2	200.00
20	1	20.00
10	4	40.00
2	1	2.00
1	1	1.00
	Total	2,263.00
	As per books of account	2,263.00
	Difference	-

2) Physical cash verification - Purchase Section (Fuel Imprest)

Date of verification -25/02/21

Maximum Limit: Rs.30000/-

Denomination

Currency (A)	Count (B)	Amount (A x B)
500	9	4,500.00
200	1	200.00
	Total	4,700.00
	As per books of account	4,700.00
	Difference	-



3) Physical cash verification - Purchase Section(Stationery &TA)

Date of verification -25/02/21

Maximum Limit: Rs.10000/-

Denomination

Currency (A)	Count (B)	Amount (A x B)
500	6	3,000.00
200	1	200.00
50	1	50.00
10	3	30.00
	Total	3,280.00
	As per books of account	3,280.00
	Difference	-

4) Physical cash verification - Works Section

Date of verification -25/02/21

Maximum Limit: Rs.10000/-

Denomination

Currency (a)	Count (b)	Amount (A x B)
500	5	2,500.00
100	2	200.00
20	2	40.00
10	4	40.00
2	2	4.00
1	1	1.00
0.5	1	0.50
	Total	2,785.50
	As per books of account	2,786.00
	Difference	-0.50

Management Response

Works Section- Noted. Will take further necessary action to rectify the difference.

Bank Transactions - Verification

We Observed

- We have identified reconciliation differences in bank balances (for the month of January and February) when compared to the bank book. The reason for the difference was not identified by the management. However, reconciliation for the month of March 2021 is in process.

Significance:

M

Root Cause:

O

- Cheque Return charges charged by the bank amounting to **Rs.18,949/- till Q4** was accounted as “Bank charges receivable” in Universal Suite and the same has been shown Receivables List.

Significance:

H

Root Cause:

O

- As reported in the previous reports, **stale cheques since 2011 were not cleared** and hence included in the BRS.

Response Received from Management

- **The difference is due to the non clearance of DDs. Correspondence with the bank is going on for crediting the pending DDs.**
- **Action will be taken soon.**
- **A per the existing conditions, 'cheque return charges ' debited by the bank will be re-credited to the account of University. Communications with bank to expedite this are going on.**
- **Correspondence with bank is going on for crediting the pending DDs.**

General Finance - Accounts

Scope

- Verification of all transactions with respect to its Supporting vouchers, bills and Approval/orders etc.
- Ensuring that each transaction is recorded correctly in the proper heads of accounts.
- Ensuring timely recording of transaction as and when it becomes due.

We Observed

- While come across to the transaction recorded, we have noticed following items are posted to wrong account heads. The detailed information is tabulated below.

Reported in Quarter -1

Date	Original entry (Wrong head)	Correct head	Amount	Remarks
20-05-2020	Miscellaneous office expenses	Other office equipment	5,500.00	Purchase of Digital Infrared Thermometer
10-06-2020	TDS –GST	RCM payable	59,563.00	Security service for the month April 2020 (rectified on 3/7/20)
03-06-2020	Repairs & Maintenance-Plant & Machinery	Other Electrical installations & equipment	16,900.00	HVAC System installed at the Evaluation Centre
17-04-2020	Security Deposit	Security expenses	3,90,466.00	Security and Operations maintenance at Admin & Evaluation Centre-2020 March

Reported in Quarter -2

Date	Original entry (Wrong head)	Correct head	Amount	Remarks
23-07-2020	Computer consumables	Photocopier	25,000.00	Replacement of drum and Developer and cleaning Blade for SHARP MXM 464N
15-07-2020	Computer consumables	other accessories	19,900.00	4 no's External hard disks @ 4,975.175 each
16-09-2020	Computer consumables	Photocopier	55,000.00	Purchase of Toners, Replacement of Drum, Developer and Cleaning Blades for SHARP MXM 464N

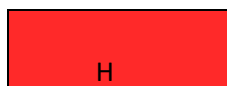
Reported in Quarter -3

Date	Original entry (Wrong head)	Correct head	Amount	Remarks
21-10-2020	Computer consumables	Other accessories	42,002.00	Purchase of 3 Nos. of SAN Hard Disc @ 14000 each
17-11-2020	Computer consumables	Printers	15,517.00	Purchase of Dot matrix printer to finance branch
17-12-2020	Imprest -SFRA	Imprest -SHPP	9,194.00	Imprest to Dr. Rajmohanan
15-12-2020	Repairs & maintenance -Building	Curtains & Cartons	55,000.00	Fitting of window curtains
29-12-2020	Repairs & maintenance -others	Other office equipment	21,830.00	Purchase of DC Motor for Neopost Franking Machine

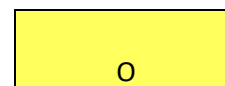
Reported in Quarter -4

Date	Original entry (Wrong head)	Correct head	Amount	Remarks
06-01-2021	Computer consumables	LCD projector	58,414.00	Purchase of LCD projector
06-01-2021	Computer consumables	UPS	11,800.00	Purchase of 4 Nos of UPS

Significance:



Root Cause:



Examination Accounts

Scope

- Checking of all transactions related to Exams.
- Checking of Advances, Fees collected
- Random checking of Examination Settlement Bills.

Objective

- Ensure that the fees for various courses are properly collected.
- Ensure advances and receivables are properly adjusted or recovered.
- Ensure proper recording and classification of expenses.

- Ensure compliance with accounting principles and KUHAS rules.
- Ensure all expenses are incurred after proper authorization.

Procedures Applied

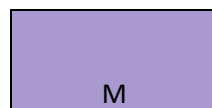
The following audit procedures were conducted for the samples selected:

- Vouchers have been examined clearly to ensure that details entered in DCBs are same as that of vouchers.
- Note files for the expenses are verified to ensure proper authorization is in place for expenses incurred.
- The amounts incurred are compared with notification for the same for ensuring compliance with KUHS rules.
- The payments made for the expenses were traced to the bank statements for checking dummy entries.
- External documents like TA bill, Halt bill and Attendance sheet of Examiners from various colleges are verified.

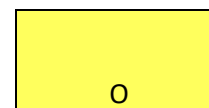
We Observed

We noticed many of the entries were pending for approval; hence it is not posted on respective ledger accounts. It is advisable to update the entries without any further delay.

Significance:



Root Cause:





Response Received from Management

Noted

Budget analysis

Scope

- Examine budgeted figures for various expenses incurred.
- Check whether actual expenditure exceeds the budgeted estimates.
- Confirm whether proper authorization has been obtained if actual expenditure exceeds the budget.

Procedures Applied

- Comparison of actual amount with budgeted estimates.
- Examine any exceptional nature of items which was not considered while making the budget.

We Observed

- We have verified the following expenditures with respect to budgeted estimates as on 31st March 2021.

BUDGET vs ACTUAL

Expenditures verified with budgeted Figures - Comparison as on 31st March 2021

SL No	Non Plan - Establishment expenses	Budgeted total in Rs	Actuals in Rs	Actual to Budget %	Remarks
1	Salary n allow to Statutory officer	1,50,00,000.00	89,49,671.00	59.66%	
2	Salary n allow to Permanent	7,31,97,000.00	5,48,88,397.00	74.99%	
3	Salary n allow to Deputation	6,05,00,000.00	4,43,14,602.00	73.25%	
4	Salary n allow to Staff on contract	2,12,62,000.00	1,57,70,759.00	74.17%	
5	Salary n allow to Re employed staff	19,50,000.00	13,44,733.00	68.96%	
6	Wages to daily rated staff	1,56,03,000.00	1,09,45,980.00	70.15%	

Non Plan - Gen administration

1	Postage -General	5,44,000.00	1,95,022.00	35.85%	
2	Postage - Examination	26,00,000.00	27,22,465.00	104.71%	Exceeds Budgeted figure
3	Telephone charges	2,79,000.00	1,38,417.00	49.61%	
4	Internet charges	27,00,000.00	5,34,540.00	19.80%	
5	Printing and stationery	32,50,000.00	11,22,203.00	34.53%	
6	Printing of answer book	1,20,00,000.00	17,44,000.00	14.53%	
7	Diary and calendar printing	4,00,000.00	3,93,000.00	98.25%	
8	Advertisement	10,00,000.00	1,70,547.00	17.05%	
9	Vehicle hire charges	7,25,000.00	5,24,514.00	72.35%	
10	Fuel expenses	12,33,000.00	6,27,311.00	50.88%	
11	Electricity charges	62,00,000.00	39,36,655.00	63.49%	
12	Housekeeping expenses	85,22,000.00	27,73,851.00	32.55%	
13	Miscellaneous office expenses	5,50,000.00	2,96,440.00	53.90%	
14	Reimbursement or payment of Rent	7,64,000.00	3,41,800.00	44.74%	
15	Meeting expenses - others	2,00,000.00	75,191.00	37.60%	
16	Students ID card printing	4,00,000.00	1,94,881.00	48.72%	
17	Legal charges -standing council and SC advocates	22,00,000.00	22,22,000.00	101.00%	Exceeds Budgeted figure
18	Consultancy charges	25,000.00	30,450.00	121.80%	Exceeds Budgeted figure



Non Plan - Academic expenses & Other

1	Inspection fee	43,26,000.00	19,23,000.00	44.45%	
2	Repairs & maintenance -Building	6,00,000.00	6,16,936.00	102.82%	Exceeds Budgeted figure
3	Repairs & maintenance -Plant & Machinery	15,00,000.00	4,37,075.00	29.14%	
4	Repairs & maintenance -Furniture & fittings	1,50,000.00	27,600.00	18.40%	
5	Repairs & maintenance -Generator	2,50,000.00	48,440.00	19.38%	
6	Repairs & maintenance -Vehicle	6,00,000.00	2,40,028.00	40.00%	
7	Repairs & maintenance -Elevator	10,00,000.00	8,09,261.00	80.93%	
8	Repairs & maintenance -Others	4,27,000.00	3,04,470.00	71.30%	
9	Vehicle insurance	3,00,000.00	1,47,921.00	49.31%	
10	Sports expenses	42,00,000.00	10,77,759.00	25.66%	

Response Received from Management

- **Noted**
- **Regularisation proposal is being put up in case of expenditure exceeded budget**

Bank Guarantee and Refundable deposit

We Observed

- Reminder letters are issued by the concerned departments when the guarantee is about to expire. Process needs to be devised to intimate the colleges in advance for each quarter.
- The bank guarantee for one college (Lourdes College of Nursing) was not renewed in Q4. It expired on **14/3/2021**.
- It is observed that the schedules for following category of deposits/recovery are currently not available for verification.
 - 1) EMD
 - 2) Security deposit
 - 3) Refundable deposit (For new college and Enhancement of seat)

Significance:

H

Root Cause:

O



Response Received from Management

- **Reminder letters are being issued one month prior to the date of expiry of Bank Guarantee**
- **Renewed Bank Guarantee of M/s Lourdes College of Nursing was received on 27/03/2021 from Academic Section**
- **EMD & Security registers are up to date and the same had been submitted to the Internal Audit team for verification**
- **Refundable Deposit- The updation/reconciliation process is going on**

Legal Compliance

Scope

- To check whether regulations of various statutory authorities have been complied with.

Objective

- Ensure that regulations of various statutory authorities have been complied with.

Procedures Applied

The following areas were checked during the quarter:

- Enquire as to whether various returns (monthly or quarterly) with respect to GST, Income tax are properly filed on or before due date.
- We have enquired whether insurance policies have been taken for the Vehicles and Elevators.

We Observed

- It has been observed GST has not been collected and remitted for rent received from Utility building rented to SBI. Details are tabulated here below – 1.a

Significance:

H

Root Cause:

S

- It has been observed that tax has not been deducted for “vehicle hire charges” incurred by KUHS. Details are tabulated below – 1.b

Significance:

H

Root Cause:

O

- Detailed verification list of Insurance for Vehicles and Elevators has been shown in table -2

Table -1

Observations	Suggestions	Management Response
<p>a) It has been observed GST has not been collected and remitted for the “Rent from Utility building” received from SBI. It does not come under the purview of exempted category of supply; therefore, GST must be collected. (Rent amount Rs. 1,71,000 for three months from January to March)</p>	<p>Since collection of rent from buildings given for rent to be used for furtherance of business is not come under the purview of exempted category of supply. University is mandatorily required to Collect GST along with rent amount to the respective month and remit the same to GST department</p>	<p>Action has been taken to collect GST on rent received for Utility Building</p>
<p>b) It has been observed that payment for “Vehicle hire charges” is not deducted tax at source as per section 194 C of Income tax Act 1961. (Payment for January to March Rs. 180549/-)</p>	<p>No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum</p>	<p>Declaration to exempt from deduction of TDS along with PAN Card has been obtained.</p>

Table -2

INSURANCE FOR RISK MITIGATION:

VEHICLES	Date of Expiry
KL .8 BM 368 - VAN	27-05-2021
KL .8 BF 2359 - BUS	25-02-2022
KL .8 BM 7911 -Honda	13-07-2021
KL .8 BS 6429- Car Etios	15-02-2022
KL .8 BG 4952 -Innova	11-08-2021
KL .8 BA 7814 -Innova	08-07-2021
KL .8 AU 6649- Jeep	27-05-2021
KL .8 BG 5270-Motor cycle	30-09-2021

ELEVATORS

Administration Building	Date of Expiry
1) LIFT No. C7021 -2013 Model	04-11-2021
2) LIFT No. C7022 -2013 Model	04-11-2021
3) LIFT No. C7023 -2013 Model	04-11-2021
4) LIFT No. C7024 -2013 Model	04-11-2021

Evaluation Centre	Date of Expiry
1) LIFT Code No. EL201420312	04-11-2021



Response Received from Management

Noted

Advances

Scope

- Checking the authorization for sanctioning Advances.
- Checking of timely settlement of advances (Not exceeding 3 months)

Objective

- Check the adequacy of amounts advanced to staffs for meeting the various expenses.
- Checking timely settlement of advances.

We Observed

- Advance Register has been checked for the period with the advance sanctioning form.
- Advances are received by colleges from the University for meeting various expenses related to exams. These advance amounts have been cross checked with the examination settlement bills.
- The refund of advances has been traced to cash book/Bank book.
- Checked whether the advances are settled within a reasonable time (3 months).
- We noticed that there are certain outstanding advances as on 31/3/2021, which are pending to be settled for a period greater than 3 months since its date of payment. See **Table -1**
- We suggest that the staffs receiving advances, should intimate the reason for the delay in settling advances to the finance section if it goes beyond the reasonable time.
- Schedules (college wise) for advances mentioned in **Table - 2** is not available for verification.

Table -1 (a)

Date	Colleges which received Advances	Purpose	Adv Amount in Rs.	Response by Management
28-Jul-20	Govt. Medical College, Thiruvananthapuram	M.D. Radiotherapy, First Year	18,500.00	Due to Covid-19 pandemic, there is a delay in receiving and processing Tapals. Action is being taken to settle the advance at the earliest.
28-Jul-20	Govt. Medical College, Thrissur	M.S. Obstetrics and Gynecology, First year	33,300.00	
28-Jul-20	Govt. Medical College, Thiruvananthapuram	M.D. Pathology, First Year	54,700.00	
28-Jul-20	Govt. Medical College, Thiruvananthapuram	Diploma in Radiotherapy (DMRT), First year	10,500.00	
28-Jul-20	Kannur Medical College, Kannur	M.D. Dermatology Venerology and Leprosy, First Year	8,350.00	
28-Jul-20	Kannur Medical College, Kannur	M.S. Ophthalmology, First Year	9,150.00	
28-Jul-20	Kannur Medical College, Kannur	M.D. Community Medicine, First Year	13,700.00	
28-Jul-20	Govt. Medical College, Thiruvananthapuram	M.S. General Surgery, First Year	88,800.00	



Table -1 (b)

Date of pay	Name of Recipient	Amount	Purpose	Voucher type	Response by Management
16-08-2019	Dr. A.K Manojkumar (Dean S.A)	2,30,000.00	Advance for conduct A Zone sports & games 2019-20	P866	Regularised vide U O No. 61/13356/DSA-A2/2019 dated 13.04.2021
04-09-2019	Dr. A.K Manojkumar (Dean S.A)	4,00,000.00	Advance for conduct of athletic meet 2019	P1050	Settlement is in progress
25-09-2019	Dr. A.K Manojkumar (Dean S.A)	18,000.00	Advance for conduct seminar on World Pharmacy Day	P1122	Regularised vide U O No. 42/2021/Dean SA dated 20.02.2021

Table -2

Nature of Advance	Amount in Rs.
Advance for the conduct of exam-Ayurveda	7,48,015.00
Advance for the conduct of exam-Dental	25,01,934.00
Advance for the conduct of exam-Homeo	2,22,089.00
Advance for the conduct of exam-Medical	63,76,466.00
Advance for the conduct of exam-Nursing	14,23,379.00
Advance for the conduct of exam-Paramedical	58,460.00
Advance for the conduct of exam-Pharmacy	49,27,568.00
Advance for the conduct of exam-Sidha	47,850.00
Advance to Dean Research	2,41,848.00
Advance to Dean Student affair	6,08,962.00
Advance to other staff	2,41,332.00
Advance for Valuation camps	2,36,000.00

Significance:

H

Root Cause:

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Improvements in system and ERP Environment

Scope

- Check and advice on the overall EDP and system environment for improvisation and to suggest rectification if needed.
- Ensure whether the programmed controls have minimum manual intervention thereby reduction in mistakes to a great extent.

Objective

- Check on the overall EDP and system environment.
- Suggest rectification and improvisation of the adopted controls.
- Introduce new mechanised controls for better practices and control.
- Ensure whether programmed controls have less manual intervention.

Procedures Applied

- The University software (Suite) has been accessed by us throughout the quarter for the purpose of our audit.
- Those departments who are accessing the Suite for data entry and for reports generation were analysed.
- The sequence of data input and data flows in the software have been analysed.
- Enquiries were done with the concerned staffs of those departments regarding the difficulties faced by them while using the software for data entry.
- We have verified whether the sub schedules are automatically derived from the general ledgers at the same time when data is entered to Suite file.

We Observed

- There is no tracking system for advances given which have expired the time limit of 3 months, even though the system is auto generating the alert messages/mails.

Significance:  Root Cause: 

- Most of the schedules are manually prepared, like fixed assets, Payables, deposits etc...

Significance:  Root Cause: 



We Recommend

- It is highly recommended to prepare schedules with respect to general ledgers in Suite files by way of back-end processing. This will be helpful to provide data to auditors as and when they require without any kind of delay.
- It is advisable to maintain a data base of advances exceeding 3 months in order to avoid manual tracking of the same.



WE REPORT THAT

To the Management of Kerala University of Health and Allied Sciences (KUHS)

We have performed the Internal Audit of **Kerala University of Health Sciences** for the period April 1, 2020, to March 31, 2021, in accordance with the scope agreed upon. Based on the information and explanation provided to us, we have identified certain findings which might help you in enhancing the effectiveness and efficiency of your business process. The audit has been conducted under the Generally Accepted Auditing Standards and accordingly included tests of accounting records and such other auditing procedures as we considered necessary based on the circumstances.



Audit Opinion

*Our audit was conducted in accordance with generally accepted auditing standards and accordingly, includes tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed in one phase for the period **April 1, 2020, to March 31, 2021.***

*In our opinion, we found the processes and the operational procedures are adequate for the period under audit. **However, we have identified opportunities to improve the efficiency and effectiveness of certain operating procedures as discussed in this audit report.***

As such, the conclusions are based on an examination of the situation identified considering the criteria established and apply to the areas audited only. The evidence gathered meets professional audit practice standards and is adequate to satisfy senior management that the conclusions of the internal audit are well founded.



We would be pleased to further discuss any aspect of the procedures used to derive the inefficiencies as mentioned in this report with any of the members of the management at their convenience. This report is intended solely for the use of the Governing Council and management of the University.

*For AGASTI & ASSOCIATES
CHARTERED ACCOUNTANTS*

Raju P K

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Raju P K
Date: 2021.08.07
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RAJU P.K

Partner

Membership No:216569

THANK YOU

KUHS- Review of IT Infrastructure and Cyber Security

Information Risk Management	1. The organization has not implemented a comprehensive integrated risk assessment, governance and management framework.
	2. Standards, Guidelines, templates, processes, catalogues, checklists, measurement metrics part of this Framework not available
Password Security	Organization Access Policy – a well documented policy that provides for a password policy as well as access control policy not available
	Password Best Practices – system provision for masking of password, system prompt to change default password on first login, disablement of user id on entering multiple wrong passwords (as defined in the password policy document), periodic password change mandate and appropriate prompt to user, strong parameters for password, deactivation of dormant user id, etc. to be the part of the policy
	The password policy / standard is not documented.
Network Integrity	Seamless connectivity – has not ensured that a backup network link is available in case of primary link failure with the Server
	Network Security - the organization has not implemented suitable monitoring tools to monitor the traffic within the organization’s network and to and from the organizations network
	The organization has not conducted periodical Network Architecture Security assessments in order to identify threats and vulnerabilities
	No Policy for specific port/service accesses granted on firewall by following a proper approval process
	Test result of the rules defined in the firewall on the adequacy to prevent unauthorized access not available
	Physical & Environmental Security - the organization does not have a documented process/framework for Physical & Environmental Security.
	No adequate provisions in respect of physical security of the hardware / systems at the hosting location and controls on admission of personnel into the location (audit trail of all entries-exits at location etc.)

Access Controls

	No CCTV cameras deployed for monitoring activities in critical areas.
	the organization does not maintain physical access controls for
	· Server Room/Network Room security (environmental controls)
	· Server Room .Network Room Security (UPS)
	· Server room. network room security (HVAC)
	No records are maintained for the access granted to defined perimeters
	the organization does not have a documented policy and procedure including the access control policy.
	Access to the information assets should be based on the user's roles and responsibilities
	the system must have a password mechanism which restricts access to authenticated users
	the system request for identification and new password before login into the system
	the organization should ensure that access control between website hosting servers and internal networks is maintained.
	No records of all accesses requested, approved, granted, terminated and changed maintained
	No report available on all accesses granted reviewed periodically.
	- the organization does no have a documented process/procedure for defining reviewing and assigning the administrative roles and privileges.
	the organization does not have implemented controls/tools for Privilege Identity Management including at a minimum provisioning, maintenance, monitoring, auditing and reporting all the activities performed by privileged users (Sys Admin, DBA etc.) accessing organization's IT systems.
	Privileges granted to users should be based on appropriate approvals and in accordance with the user's role and responsibilities
	all the activities of the privileged users to be logged
Privileged Identity Management	

	log reviews of privileged user logs of admin activity not conducted periodically
	No Maker- Checker functionality implemented for all changes by admin.
	Extra Authentication Security- additional authentication measures like smart cards, biometric authentication or tokens etc may be used.
Backup and Recovery	Backup and Recovery Policy – the organization does not have a well documented policy on periodic backup of data .
	Log generation and data consistency - backup logs are not maintained and backup data is tested for consistency.
	System Redundancy – there are no appropriate backups in case of failures of any critical system components.
	Backup & Restoration- the organization does not have a documented policy & procedures including process/policy for Backup and restoration in order to ensure availability of information.
	Network / Communication Link Backup- the backup network link should be adequate in case of failure of the primary link connecting the users
	System Failure Backup- there should have a suitable backups for failure of any of the critical system components like Gateway / Database Server, router, Network Switch
	Primary Site Unavailability- should have provision for alternate physical location of employees been made in case of non-availability of the primary site
	Bbackups of the following system generated files should be maintained
	• At server/gateway level
	• Database
	• Audit Trails
	• Reports
	At the user level
	• Logs
• History	
• Reports	
• Audit Trails	
• Alert logs	

	the organization should ensure that the user details including user name, unique identification of user, authorization levels for the users activated.
	the audit trail capture the record of control parameters and transactions
	the organization should ensure that the audit trail data maintained is available for a minimum period of as prescribed in the statutes
	The backup procedures should be documented
	Backups should be verified and tested periodically
	A back up logs should be maintained
	The backup media shall be stored safely in line with the risk involved
	there should have a recovery procedures and have the same should be tested periodically.
	the backups should be restored and tested periodically to ensure adequacy of backup process and successful restoration
Continuity Plan (BCP)/Disaster Recovery (DR)	DR Policy – The KHUS has no well documented DR policy and plan .
	the organization does not have a documented process/policy for Security Incident & Event Management
Security Incident & Event Management	the organization does not have a documented process/procedure for identifying Security related incidents by monitoring logs generated by various IT assets such as Operating Systems, Databases, Network Devices, etc.
	no dedicated Incident Response Team is assigned for managing risk and compliance activities
Segregation of Data and Processing facilities	System manger is acting as DBA/Cyber Security officer which needs to be segregated. Defines the roles/responsibilities and hirearchy of IT staff for all IT related activiteis. Separate University Orders may be issued in this regard.

Vulnerability Assessment, Penetration Testi	the organization does not have documented processes/procedures for conducting vulnerability assessments, penetration tests and application security assessments.
SDLC - Application Development & Maintena	the organization does not have a documented process/framework to include processes for incorporating, testing and providing sign-off for information risk requirements at various stages of Software Development Life Cycle (SDLC). It should incorporate standards, guidelines and procedures for secure coding, roles and responsibilities clearly defined for various stakeholders in the SDLC framework.
Antivirus Management	the organization does not have a documented process/procedure for Antivirus Management
Asset Management	the organization does not have a documented process/framework for managing all the hardware & software assets.
Phishing & Malware Protection	the organization sholud implement controls/ mechanism to identify and respond to phishing attempts on their critical websites.

Raju P
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 by Raju P K
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