# POLICY ON FINANCIAL AUDIT AND AUDIT COMPLIANCE MECHANISM

## 1. Title

Policy on Conduct of Internal and External Financial Audits and Mechanism for Settlement of Audit Findings

## 2. Objectives

The objectives of financial audit and compliance are established in accordance with the guidelines and standards prescribed by the appointed auditors, ensuring financial transparency, accountability, and adherence to statutory and regulatory requirements.

## 3. Scope

The scope of financial audit is determined by the auditing authorities, covering all financial transactions, accounts, funds, grants, expenditures, and administrative units of the institution as per prescribed norms.

## 4. Types of Audit

### 4.1 Internal Audit

- Internal Audit is conducted by GCAS as per the policies and norms of the Southern Asia Division of Seventh-day Adventists (SDA)
- Conducted periodically as prescribed by the governing audit framework
- Supervised by the designated financial authority of the institution

**Focus Areas:**

- Verification of vouchers and bills
- Confirmation of balances
- Compliance with statutory deductions
- Budget adherence and fund utilization

### 4.2 External Audit

- External Audit is conducted annually by M/s Kansariwala&Chevli (Chartered Accountants)
- Conducted after closure of the financial year

**Coverage:**

- Audit of financial statements

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- Verification of statutory compliance
- Certification of Balance Sheet and Income & Expenditure Account

## 5. Audit Reporting System

- **Internal Audit Report** → Submitted to the Management of Metas Adventist College
- **External Audit Report** → Submitted to the Management of Metas Adventist College and filed with appropriate statutory authorities including the Registrar of Companies (ROC) and other government bodies as applicable under Indian law
- Audit findings are documented and communicated to concerned departments for necessary action

## 6. Mechanism for Settlement of Audit Findings

### 6.1 Identification of Findings

- Audit observations are recorded in the Audit Report
- Each finding is assigned to the concerned department/unit for action

### 6.2 Communication

- Audit findings are formally communicated to:
  - Accounts Department
  - Concerned Department Heads

### 6.3 Response and Clarification

- Concerned department shall:
  - Submit written explanation
  - Provide supporting documents

Timeline: Within 60 days

### 6.4 Verification and Review

- Internal Audit Team / Finance Office:
  - Reviews clarification and documents
  - Verifies compliance and corrective action

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### 6.5 Corrective Action

If findings are validated:

- Rectification of accounts
- Process correction to avoid recurrence

### 6.6 Closure of Audit Findings

- Once satisfied, audit team marks findings as:
    - Resolved / Closed
- Closure is documented in the Audit Report

### 6.7 Escalation Mechanism

If not resolved:

- Matter is escalated to the Board of Management of Metas Adventist College

### 6.8 Time Frame

- All audit findings are to be resolved within 60 days from the date of reporting

## 7. Preventive Measures

- Regular internal checks
- Standard operating procedures (SOPs)
- Training for accounts staff
- Periodic financial reviews

### 8. Documentation and Record Keeping

The institution maintains:

- Audit Reports
- Compliance Reports
- Supporting Documents
- Audit Closure Records

## 9. Policy Review

This policy shall be reviewed periodically to ensure continued effectiveness and compliance with regulatory requirements and audit standards.

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