






INTERNAL AND EXTERNAL FINANCIAL AUDIT POLICY		
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Prepared by	Verified By	Approved By

PRINCIPAL
NARAYANA PHARMACY COLLEGE
NELLORE - 524 002.





Purpose:

To ensure the accuracy and authenticity of Narayana Pharmacy College, Nellore's financial management by conducting internal and external audits.

Custodian: Finance and Account Officer

Audit Frequency: As determined and communicated by the Financial Advisor

Policy Structure:

The **Finance Officer** of Narayana Pharmacy College, Nellore, will coordinate the internal audit activities to assist auditors in achieving audit objectives with minimal disruption to daily operations. The institution will provide internal auditors with access to all relevant financial records, except those legally privileged or protected.

Scope of the Policy:

The internal and external audit policy will:

- Assess risks involved in financial management and categorize them as **High, Medium, or Low**.
- Review the existing controls to address these risks and assess their adequacy.
- Ensure adherence to the college's financial regulations and best practices.
- Test the effectiveness of controls being relied upon for financial management.
- Identify weaknesses or inefficiencies in the financial system and recommend remedial measures to improve financial operations.

Internal Audit Policy:

Narayana Pharmacy College, Nellore, will constitute a **Finance Committee**, which will serve as the principal body overseeing financial matters.





- The **Annual Accounts** and **Balance Sheet** of the college will be prepared under the direction of the Executive Council and audited by an experienced and qualified firm of **Chartered Accountants**.
- The **Finance Committee** will appoint external auditors annually. Internal audits may be conducted by either a qualified firm of Chartered Accountants or through college staff, or both.

Objectives of Internal Audit:

- Assess financial risks and classify them as **High, Medium, or Low**.
- Review the controls in place to mitigate these risks and determine if they are adequate.
- Verify compliance with college financial regulations.
- Test the controls and evaluate their effectiveness.
- Identify inefficiencies and suggest corrective actions.
- The **Finance Officer** will coordinate the internal audit to ensure that auditors meet their objectives with minimal operational impact. The college will provide auditors with all relevant records, except those protected by legal privilege.
- Internal audit observations will be discussed by the Finance Officer and classified into:
 - **Accounting Principles**
 - **Financial Reporting Practices and Policies**
 - **Significant Accounting Issues and Matters with Financial Impact**

External Audit Policy:

The **Finance Officer** will also coordinate external audit activities, ensuring auditors meet their objectives without disrupting college operations.

- The college will provide external auditors with access to all relevant records, except those legally protected.





- Observations made by external auditors will be reviewed and categorized by the Finance Officer into:
 - **Accounting Principles**
 - **Financial Reporting Practices and Policies**
 - **Significant Audit Issues**

In addition to the mandatory annual external audits required for income tax purposes, the college will also conduct specific audits for:

- **Borrowings**
- **Utilization Certificates** for government and non-government funds received
- Compliance with various **Accreditation Agencies** and their requirements

This **Internal and External Financial Audit Policy** ensures that **Narayana Pharmacy College, Nellore**, maintains a high standard of financial management, accountability, and transparency, adhering to legal requirements and promoting best practices in financial governance.

