

**Manual
Of
Procedures
For
Internal Audit
Division**

Contributions:

Preparation of processes

- Checking for final bills of construction work - Mrs. G.H.K.G.C. Iroshika (IA – 07)
- Checking for salary and allowances, UPF, ETF of employees - Mr. S.A.C.T. Bandara (IA – 06)
- Releasing University Provident Funds - Mr. D.M.N.U. Dissanayaka (IA – 05)
- Releasing the Pension Fund - Mr. S.A.C.T. Bandara (IA – 06)
- Pre-Auditing of Gratuity Payments - Mrs. W.M.A.N. Vaas (IA – 01)
- Conducting Audit Committee Meetings (Once in every three months of the year) - Ms. P.A.R. Samaranayaka (IA – 02)
- Maintaining bond violators' details and submitting to the Council monthly - Ms. P.A.R. Samaranayaka (IA – 02)
- Addressing to the Government Audit Queries & Auditor General's Reports - Mr. K.G.D. Padmashantha (IA – 04)
- Post-auditing Activities - Mr. V.V.S.S. Vijebandara (IA – 03)
- Pre-audit of Bond Computation - Mrs. W.M.A.N. Vaas (IA – 01)

Compilation and preparation of the document

- Mr. K.G.D. Padmashantha (IA – 04)

Internal Audit Division

The Internal Audit Division is responsible for independent and objective reviews and assessments of the University and its two affiliated Institutions' (Postgraduate Institute of Pali and Buddhist Studies and Postgraduate Institute of Archaeology) activities, operations, financial systems, and internal controls and directly reported to the Vice-Chancellor of the University of Kelaniya. Further, there is reporting responsibility to the Audit Committee appointed by the Council.

Audit Process

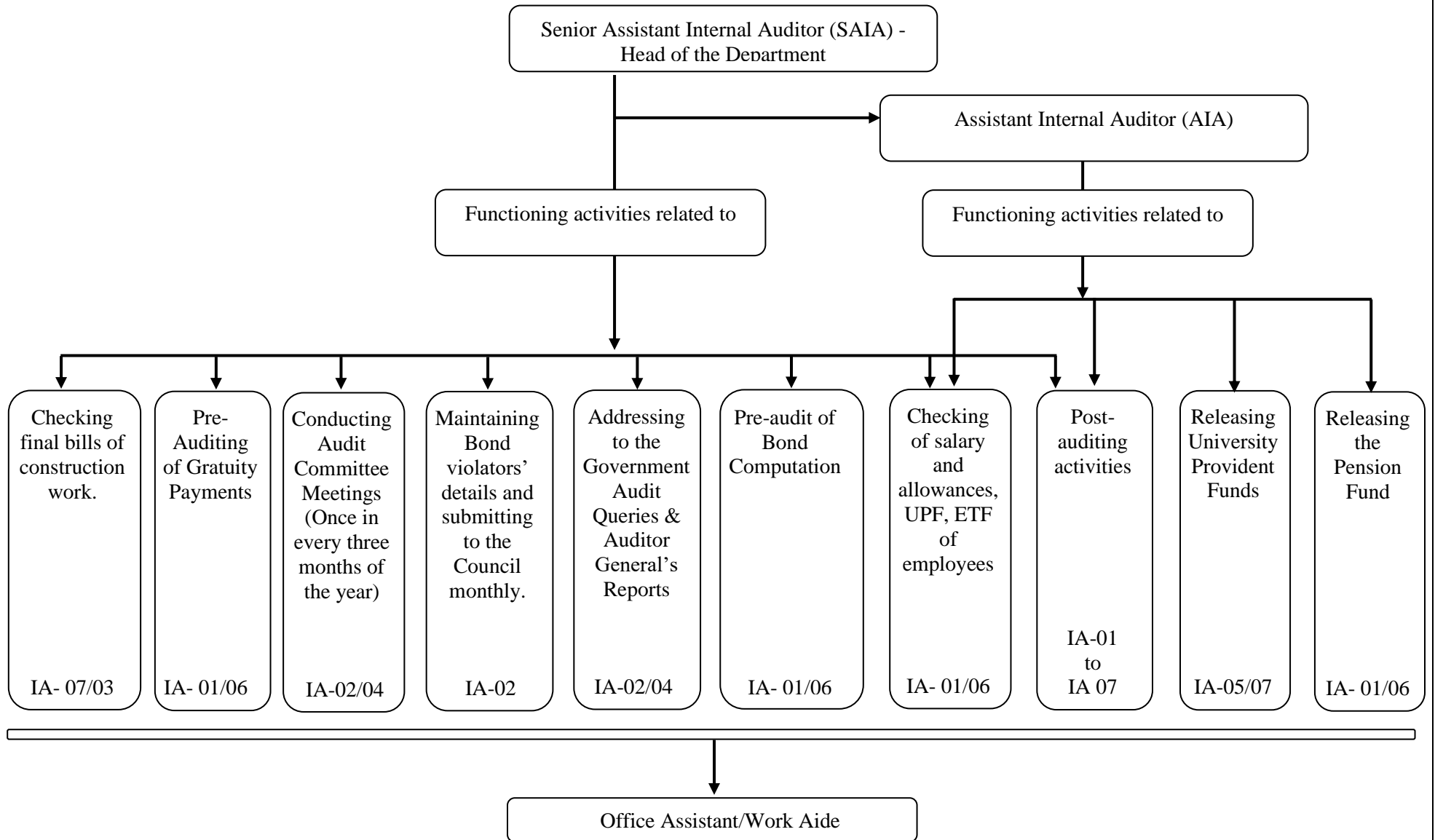
An annual "risk-based audit plan" is developed by Internal Audit Division and approved by the Audit Committee of the University of Kelaniya. The Internal Audit Division executes the Audit plan and investigations are carried out throughout the year. Some investigations are done as requested by the management of the university. All the internal auditing activities are conducted mainly under two streams: pre-auditing activities and post-auditing activities.

Objectives of the Internal Audit Division

Objectives of the Internal Audit Division are as following;

- Review and supervision of the financial statements, Financial reporting, and continuation of the audit process.
- Examine any matters related to the financial statements of the University and other related matters.
- Investigate the external and internal audit reports and take follow-up action on recommendations.
- Review, supervision, and examination of compliance of the effective performance of the system controls.
- Review performance at regular intervals for cost-effectiveness and to eliminate wasteful expenditure Etc.
- Ascertain whether statutes, regulations, rules, and circulars are complied with.

ORGANIZATIONAL STRUCTURE OF THE INTERNAL AUDIT DIVISION



Main Functions of Internal Audit Division:

01. Checking for final bills of construction work.
02. Checking for salary and allowances, UPF, ETF of employees.
03. Releasing University Provident Funds
04. Releasing the Pension Fund
05. Pre-Auditing of Gratuity Payments
06. Conducting Audit Committee Meetings (Once in every three months of the year)
07. Maintaining bond violators' details and submitting to the Council monthly.
08. Addressing to the Government Audit Queries & Auditor General's Reports
09. Post-auditing Activities
10. Pre-audit of Bond Computation

01. Checking final bills of Construction work.

(University of Kelaniya, Faculty of Medicine, Postgraduate Institute of Archaeology, Postgraduate Institute of Pali and Buddhist Studies)

Process	Responsibility	Time Frame	Relevant Rules & Regulations
Receiving the files from General Administration Division, Project Office, and Relevant Institutes			
<p style="text-align: center;">↓</p> Checking	Audit assistant	For construction works with a value	<ul style="list-style-type: none"> • Annual Audit Plan
<p style="text-align: center;">↓</p> Return bills if any corrections	Audit assistant	<ul style="list-style-type: none"> • Less than 50 Mn - 03 working days 	<ul style="list-style-type: none"> • Procurement Guideline 2006
<p style="text-align: center;">↓</p> Recommend the final bill by Senior Assistant Internal Auditor after attending to corrections.	SAIA	<ul style="list-style-type: none"> • More than 50 Mn - Maximum 10 working days 	<ul style="list-style-type: none"> • Procurement Manual 2006 • CIDA - Guidelines
<p style="text-align: center;">↓</p> Send the recommended final bill voucher for approval.	Audit assistant		

02. Checking of Salary and allowances, UPF, ETF of employees.

Process	Responsibility	Time Frame	Relevant Rules & Regulations
Requesting relevant personal files from Academic or Non-Academic Division.	Audit assistant	03 Working days (depending on the situation)	Commission Circulars (CC) <ul style="list-style-type: none"> • 879 of 11.08.2006 • 985 of 15.05.2012 • 03/2013 of 07.03.2013 • 17/2016 of 05.12.2016 • 17/2016 (v) of 01.06.2018
Check salary scales and steps according to the Commission Circulars.	Audit assistant		
Report to Management /Establishment Divisions if any corrections needed to attend.	SAIA/AIA		
Recheck whether the defectives are corrected.	Deputy/Assistant Registrar Academic/Non-Academic Division		

03. Releasing University Provident Funds

Process	Responsibility	Time Frame	Relevant Rules & Regulations
Receiving the file from Salaries and Loans Division	Audit assistant	10 Working days for whole work	University Act No. 16 of 1978 Commission Circulars (CC) <ul style="list-style-type: none"> • 889 of 11.05.2007 • 895 of 27.11.2007 UGC/CIA/F/IA Cir/I of 04.10.2021
Obtaining the relevant personal files from Academic or Non-Academic Division	Audit assistant		
Check the personal file, salary file and other relevant documents & prepare part III	Audit assistant		
Sign Part III form & send it to the Vice Chancellor's approval.	AIA		
Obtain the Approval	Vice Chancellor / Directors of Institutes		
Send UPF refund documents to the UGC	Audit assistant		

04. Releasing the Pension Fund

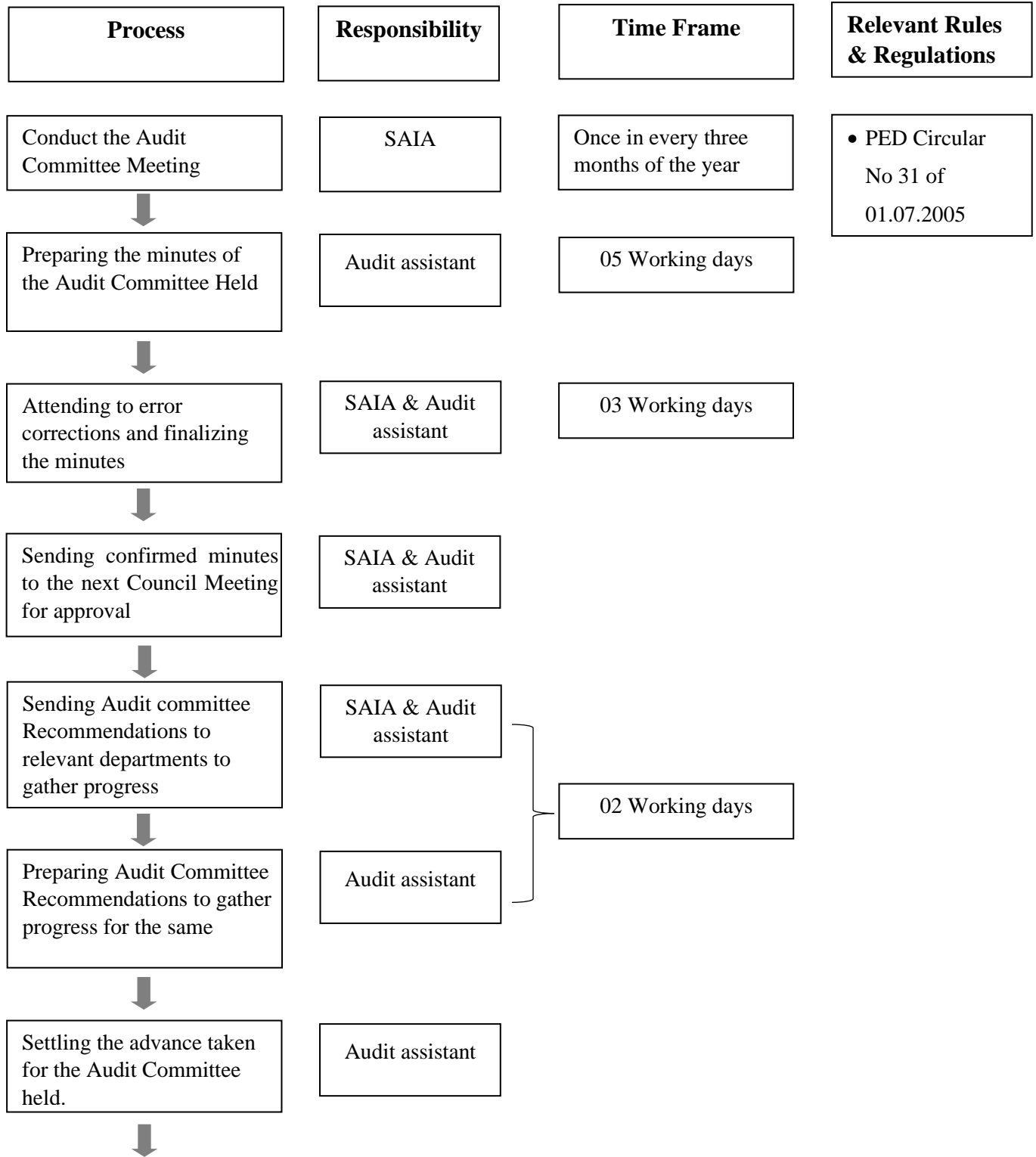
Process	Responsibility	Time Frame	Relevant Rules & Regulations
Receiving the Pension Application from salary division and the relevant personal file from Academic or Non-Academic Division		07 Working days for whole work	<ul style="list-style-type: none"> • Pension circular letter no. 11 of UGC dated 08.04.2016 • Universities Act No. 16 of 1978 • UGC Establishment Code • Commission Circulars (CC) <ul style="list-style-type: none"> – 747 of 10.06.1999 – 02/2014 of 08.01.2014 – 17/2016 of 05.12.2016 – 17/2016 (v) of 01.06.2018
Check & fill the document	Audit assistant		
Reforwarding for necessary corrections			
Recommendation of pension documents	AIA		
Get the Approval	Registrar		
Send pension documents to the UGC	Audit assistant		

05. Pre-Auditing of Gratuity Payments

(University of Kelaniya, Faculty of Medicine, Gampaha Wickramarachchi Ayurveda Institute, Postgraduate Institute of Archaeology, Postgraduate Institute of Pali and Buddhist Studies)

Process	Responsibility	Time Frame	Relevant Rule & Regulations		
Receiving the relevant personal file and Gratuity payment voucher from Academic or Non-Academic Division.					
↓ Check the personal file and find the accuracy of the calculation of amount of Gratuity in the payment voucher.	Audit assistant	02 Working days for whole work	<ul style="list-style-type: none"> • University Establishment Code • Commission Circulars (CC) <ul style="list-style-type: none"> – 952 of 18.03.2011 – 02/2014 of 08.01.2014 – 13/2014 of 21.11.2014 – 17/2016 of 05.12.2016 – 17/2016 (v) of 01.06.2018 – 05/2019 of 04.06.2019 • Establishment Circular Letter 12/2015 dated 08.09.2015 • Academic year calendar • Inland Revenue Guidelines • Circular No SEC/2020/02 of 18.02.2020 		
↓ Recommendation of payment voucher.	SAIA				
↓ Send the personal file & payment voucher for approval.	Vice Chancellor / Directors of the Institutes.				

06. Conducting Audit Committee Meetings (Once in every three months of the year)



Confirming the date for the next Audit Committee

SAIA

01 Working day



Filling the voucher for advance to be taken to the next Audit Committee and sending to the relevant Departments

Audit assistant

10 Working days



Preparing Invitations to the next Audit Committee and sending to the participants

Audit assistant



Preparing documents need to held the Audit Committee and sending to the participants

Audit assistant

07. Maintaining bond violators' details and submitting to the Council monthly.

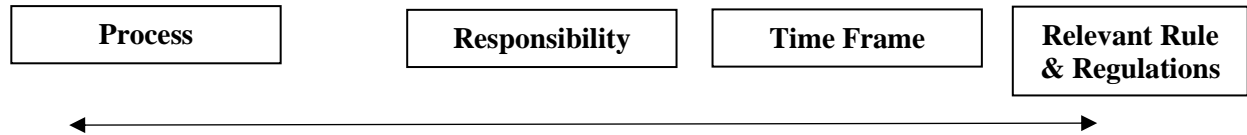
Process	Responsibility	Time Frame	Relevant Rules & Regulations
Maintaining the updated payment schedule for the each and every bond violator.	Audit assistant		The decision made by the Council at its 450 th Meeting held on 13.06.2017
↓ Sending the bond violators' summary to the Academic Establishment, requesting updated information of bonds recovered and current status.	Audit assistant	03 Working days	
↓ Updating the bond violators' summary as per the payment details given by the Academic Establishment Division.	Audit assistant	01 Working day	
↓ Sending the updated bond violators' summary to the Registrar office, to submit to the Council to be held in every month.	SAIA / Audit assistant	Maximum 02 Working days.	

08. Addressing to the Government Audit Queries & Auditor General's Reports

Process	Responsibility	Time Frame	Relevant Rules & Regulations
Receiving the Audit Query to Internal Audit Division			
Preparing letters to obtain details from the relevant divisions for the Audit Query/Auditor General's Reports, to forward for the signature of the Vice Chancellor	Audit assistant	0.5 working days	
Forwarding the letters prepared to obtain details for the Audit Queries/Auditor General's Reports, to the relevant divisions with the signature of the Vice Chancellor requesting to submit the information within 3 working days.	Audit assistant	01 working day	
Receiving the information with the signature of each Head of the Division			
Compilation of the information received from each division and submission for the review	Audit assistant	01 - 02 working days	
Reviewing the compiled report and submission of the report for the signature of the Vice Chancellor when the necessary amendments done.	SAIA	01 working day	
Submission of the reply for the Audit Query/Auditor General's Reports, to the National Audit Office branch with the signature of the Vice Chancellor.	Audit assistant	01 - 02 working days	National Audit Act No.19 of 2018






09. Post-Auditing Activities

(University of Kelaniya, Faculty of Medicine, Postgraduate Institute of Archaeology, Postgraduate Institute of Pali and Buddhist Studies)



(Please refer to the Annual Internal Audit plan approved by the Audit committee for the Internal Auditing activities of the university and its affiliated Institutes.)

10. Pre-audit of Bond Computation

Process	Responsibility	Time Frame	Relevant Rules & Regulations		
Receiving the calculated bond value and the personal file for preaudit from Academic/Non-Academic Establishment division 					
Receiving payment details from Accounts Division 					
Receiving salary details and salary file from Salaries Division 					
Check personal file and correct bond computation, if applicable 	Audit assistant	05 Working days for whole work	<ul style="list-style-type: none"> • Government Establishment Code • University Establishment Code • Commission Circulars (CC) <ul style="list-style-type: none"> – 906 of 06.02.2009 – 907 of 09.03.2009 – 09/2010 of 26.11.2010 – 11/2013 of 10.10.2013 – 18/2016 of 15.12.2016 		
Review of bond value and make recommendation of bond value 	SAIA				
Forwarding personal file with corrected value of the bond to the Academic/ Non-Academic Establishment Division					

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