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A STUDY ON FINANCIAL CONTROLS AND INTERNAL AUDIT PRACTICES

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ABSTRACT
This paper explores the structure and methodology of internal auditing within Sidhi Vinayak Equipment's Pvt. Ltd. (SVEPL). The study examines how internal controls are applied to large-scale telecom and water pipeline projects, focusing on audit planning, risk identification, and compliance. The findings highlight the role of internal audits in enhancing financial transparency and governance in a medium-scale infrastructure firm.

1. INTRODUCTION
The infrastructure sector is a cornerstone of India's digital development, driven by the "Digital India" and "Smart Cities" missions. This study focuses on Sidhi Vinayak Equipment's Pvt. Ltd. (SVEPL), established in 2012, which specializes in Optical Fiber Cable (OFC) laying and HDPE water pipeline projects. The objective of this research is to bridge the gap between academic theory and the practical application of internal audits in an asset-heavy industry.

2. RESEARCH METHODOLOGY
The study adopted a descriptive and observational research design.
* Primary Data: Gathered through direct interviews with site engineers and technicians, and site visits to ongoing projects.
* Secondary Data: Sourced from internal company records, including invoices, work orders, and financial summaries.
* Limitations: The study was constrained by a 4–6 week timeframe and restricted access to certain confidential financial details.

3. CONCEPTUAL FRAMEWORK AND OPERATIONS
SVEPL's core competency lies in Horizontal Directional Drilling (HDD), a trenchless technology used for underground cable installation.
* Technical Integration: The company utilizes advanced equipment such as HDD rigs, OTDR testers, and splicing machines to ensure project precision.
* Administrative Oversight: Internal controls are exercised through managing "Right of Way" (ROW) permissions and rigorous documentation of field reporting and machinery maintenance.

4. FINANCIAL AND OPERATIONAL ANALYSIS
Analysis of SVEPL's performance reveals a robust growth trajectory and a strong market position:
* Growth: Turnover increased from ₹3.99 crores in FY 2015-16 to a provisional ₹15 crores in FY 2023-24.
* Project Reach: The firm has laid over 6,000 kilometers of infrastructure for major clients, including Reliance Jio (1,475 KMs) and BSNL/BBNL (655 KMs).
* Resource Management: By owning a fleet of over 40 heavy machinery units, the company reduces dependency on rentals and ensures faster execution.

SWOT Analysis Summary
* Strengths: Diverse blue-chip clientele (L&T, Tata Projects) and ownership of modern machinery.
* Weaknesses: Bureaucratic delays in securing government permits.
* Opportunities: Expansion into Smart City projects.
* Threats: Local political disturbances and community resistance in remote areas.

5. KEY FINDINGS AND CHALLENGES
The study identified that while SVEPL is technically proficient and well-structured, it faces specific operational hurdles:
* Regulatory Bottlenecks: Delays in obtaining Right of Way (ROW) permissions frequently impact project timelines.
* External Disruptions: Local resistance or protests at project sites cause significant hindrances.
* Liquidity Management: Payment delays from government contractors can impact the company's cash flow.

6. STRATEGIC RECOMMENDATIONS
To enhance operational transparency and efficiency, the following measures are proposed:
* Digitalization: Implement GPS-enabled real-time tracking for machinery and digitize internal documentation for faster invoice management.
* Community Engagement: Explore Corporate Social Responsibility (CSR) opportunities to build goodwill and prevent local site-level disruptions.
* Government Liaison: Strengthen communication with government officials to reduce delays in securing project permissions.

7. CONCLUSION
The study concludes that effective internal audit and financial control practices are vital for the sustainability of infrastructure firms. By integrating technical excellence with modernized

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administrative controls, SVEPL can manage the inherent risks of large-scale civil projects. This experience reinforced the relevance of academic knowledge in internal audit and operational planning within a real-world corporate environment.