

## **Separate Audit Report on the Accounts of the National Institute of Technology, Durgapur, for the year ended 31 March 2022**

We have audited the attached Balance Sheet of the National Institute of Technology, Durgapur, as at 31 March 2022, the Income and Expenditure Account and Receipts and Payments Account, for the year ended on that date, under Section-19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, read with Section 22(2) of the National Institutes of Technology Act, 2007. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only, with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions, with regard to compliance with the Law, Rules and Regulations (i.e., Propriety and Regularity aspects) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that:

- i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- ii. The Balance Sheet and Income and Expenditure Account/Receipts and Payments Account, dealt with by this report, have been drawn in the revised format of Accounts prescribed by the Ministry of Education (erstwhile Ministry of Human Resource Development), Government of India, for Central Education Institutions, vide order No.29-4/2012-PD dated 17 April 2015.
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the National Institute of Technology, Durgapur, as required, insofar as it appears from our examination of such books.
- iv. We further report that

#### **Comments on Accounts**

##### **A Balance Sheet**

##### **1.1 Liabilities**

##### **1.1.1 Designated/ Earmarked/Endowment Funds (Schedule 2): ₹180.72 crore**

Despite similar mention in the previous year's audit report, the above head was overstated, as the 'New Pension Scheme' fund balance, amounting to ₹2.91 crore, was again included under the 'Earmarked Funds' (Schedule 2), instead of being shown under a separate account, attached with the annual accounts, in violation of the Format of Accounts prescribed by the MoE (erstwhile MHRD). This further resulted in overstatement of 'Current Assets' (Schedule 7) by ₹2.91 crore.

##### **1.1.2 Current Liabilities and Provisions (Schedule 3): ₹116.12 crore**

- a) Despite similar mention in the previous year's audit report, and in violation of the Format of Accounts approved by MoE, the above head was overstated by ₹90.32



crore, due to inclusion of the fund balances and interest, of the 'General Provident Fund' (₹80.55 crore), as well as the 'Contributory Provident Fund' (₹9.77 crore). This resulted in overstatement of the 'Current Assets' (Schedule 7) by ₹90.32 crore.

## **1.2 Assets**

### **1.2.1 Current Assets (Schedule 7): ₹222.59 crore**

Despite mention in the previous year's Audit Report, the above head was understated by an amount of ₹0.96 crore, due to non-exhibiting the closing balances of one savings bank accounts for Continuing Education Programme (CEP) [(SBI Account No: 37850318679); Closing Balance: ₹0.96 crore, as on 31 March 2022. This further resulted in understatement of the 'Current Liabilities and Provisions' (Schedule 3), by the same amount.

### **1.2.2 Loans, Advances and Deposits (Schedule 8): ₹46.44 crore**

a) Despite similar mention in the previous financial year's audit report, the above head was overstated by ₹1.12 crore, as, during the financial year 2013-14, subscriptions and contributions, for the New Pension Scheme, were paid from the '1A Rec A/c', instead of being paid from the 'SBI New Pension Scheme Bank A/c', and the said amount was, thereafter, shown as 'Receivable from NPS to IA Rec A/c'. This further resulted in understatement of the 'Current Assets' (Schedule 7), by an amount of ₹1.12 crore, as on 31 March 2022.

b) The above head was understated by an amount of ₹25.20 lakh, due to non-booking of the expenditure incurred towards 'Computer Network and Bandwidth' pertaining to the financial year 2022-23, during the current financial year as prepaid expenses. The Institute, however, booked the same as revenue expenditure under the head 'Administrative and General Expenses' (Schedule 17). This further resulted in understatement of the 'Corpus/ Capital Fund' (Schedule 1), by ₹25.20 lakh.

c) The Institute had deposited an amount of ₹31.25 crore to the ESCROW Account created for repayment of the HEFA Principal and out of this ₹16.19 crore had already been paid till date. However, the Institute has booked only ₹9.07 crore under the head 'Capital Works in Progress' and kept the rest of the amount of ₹22.17 crore under the head 'Other Receivables', instead of booking the amount of ₹15.05 crore under the head 'Current Assets'. This resulted in overstatement of 'Loans, Advances and Deposits' (Schedule 8) by ₹22.17 crore and understatement of the 'Fixed Assets (Capital Work in Progress)' (Schedule 4) by ₹7.12 crore and understatement of the 'Current Assets' (Schedule 7), by ₹15.05 crore.

## **B. Income and Expenditure Accounts**

### **2.1 Expenditure**

#### **2.1.1 Staff Payments & Benefits (Schedule 15): ₹109.80crore**

The above head was understated by an amount of ₹4.67 lakh, due to non-provisioning of the salary towards Hostel Employees for the month of March 2022. This further resulted in overstatement of the Surplus (being the Excess of Income over Expenditure), by ₹4.67 lakh.

#### **2.1.2 Administrative and General Expenses (Schedule 17): ₹22.42 crore**

The above head was understated by an amount of ₹81.05 lakh, due to non-provisioning of the salary of the outsourcing staffs (₹80.68 lakh) and expenditure incurred towards postage and telegram (₹0.37 lakh) for the month of March 2022. This further resulted in overstatement of the Surplus (being the Excess of Income over Expenditure), by ₹81.05 lakh.

### **2.2 Income**

#### **2.2.1 Income from Investments (Schedule 11): ₹6.41 crore**

The above head was understated by an amount of ₹1.03 crore due to non-booking of the accrued interest earned from two SBI term deposits (TDR No. 31798608464 (Principal Amount: ₹0.69 crore) and TDR No. 36976480014 (Principal Amount: ₹0.80 crore)) invested



during 2011 and 2017 respectively. This further resulted in understatement of the Surplus (being the Excess of Income over Expenditure), by ₹1.03 crore.

**C. General Comments**

**3.1** The Institute had wrongly booked the following under the head 'Fixed Assets' (Schedule 4):

a) The 'Fixed Assets (Building)' was understated by an amount of ₹1.95 crore, due to non-transferring of the completed works during previous years from the head 'Capital Works in Progress'.

b) Further, the 'Fixed Assets' was overstated by an amount of ₹2.36 crore, due to wrong transfer of the works completed and put to use during the financial year 2022-23.

**3.2** The Institute had booked capital expenditure during the financial year as ₹11.85 crore in the 'Corpus/ Capital Fund' (Schedule 1), ₹23.18 crore in the 'Current Liabilities and Provisions' (Schedule 3C), ₹112.42 crore in the 'Fixed Assets' (Schedule 4) and ₹29.83 crore in the Receipts and Payments Account. This discrepancy of figures needs to be reconciled.

**3.3** The Institute had booked an amount of ₹2.91 crore as the balance under NPS Fund, however, it booked an amount of ₹2.24 crore under the head 'Investment-Others' (Schedule 6) (₹1.85 crore) and 'Current Assets' (Schedule 7) (₹0.39 crore) against the NPS Fund. This needs to be reconciled.

**3.4** As per the Bank Reconciliation Statement, 'receipts' of ₹22.74 lakh were recorded in the Cash Book, but had not been credited in the Institute's bank account (SBI Account No: 11520034072), till 31 March 2022. The Institute needs to take necessary steps to review the same, for further action, at the earliest.

**3.5** As per the Bank Reconciliation Statement, ₹0.82 lakh was debited from the Institute's Bank Account (SBI Account No: 11520034072), but had not been entered in

the Cash Book, till 31 March 2022. The Institute needs to take necessary steps to review the same, for further action, at the earliest.

**3.6** Despite mention in the previous year's Audit Report, the Institute had not taken any rectifying measures in the following cases:

- a) No actuarial provision was made towards retirement benefits and leave encashment of eligible employees, in term of Accounting Standard 15 and the Format of Accounts prescribed by MoE.
- b) In violation of Accounting Standard-5, the impact on the annual accounts was not disclosed in the 'Notes to Accounts', even though the method of depreciation had been changed from the 'Written Down Method', to the 'Straight Line Method', from the financial year 2018-19.
- c) The Institute did not prepare 'Schedule – 3C (Unspent Grants)' and 'Schedule – 10 (Grants/ Subsidies)', as per the format of accounts prescribed by MoE. Thus, the unspent balance of grants received under the Capital, Revenue and Specific Purpose heads and the interest earned thereon, were not exhibited separately.
- d) In violation of the Format of Accounts prescribed by the MoE, certain items of accounts (such as Tuition fee, Admission fee, Registration fee, Training and Placement fee, Library charge, Students Activity Fund), were not shown separately in the Annual Accounts.
- e) In deviation from the Format of Accounts prescribed by MoE, three reserve funds, with a total balance of ₹4.99 crore, were again created under the head 'Corpus/Capital Fund' (Schedule 1), despite being pointed out in previous year's report.



f) A balance of ₹5.65 lakh was shown under 'Advances and other amounts recoverable in cash or in kind or for value to be received (Others)', under 'Loans, Advances and Deposits (Schedule 8)'. As the amounts are more than 10 years old, chances of their recovery appear to be remote. Despite mentioned in previous year's report, the Institute did not take necessary steps, to review the need to write-off these long pending receivable amounts.

#### **D. Grants-in-Aid**

The National Institute of Technology, Durgapur, is mainly financed by grants from the Government of India (GoI). For the financial year 2021-22, it received grants from the GoI, amounting to ₹153.25 crore [Revenue: ₹125.96 crore, Capital: ₹27.16 crore and HEFA<sup>1</sup> Interest: ₹0.13 crore (OH-31)]. In addition, it had an opening balance of ₹10.55 crore (Revenue: ₹8.18 crore and Capital: ₹2.37 crore), from the previous financial year's unspent grants. Out of the total grants of ₹163.80 crore, so available, it spent ₹157.09 crore (Revenue: ₹127.26 crore and Capital: ₹29.83 crore), leaving an unspent balance of ₹6.71 crore, as on 31 March 2022.

#### **E. Net Effect**

The net effect of the comments given in preceding paragraphs was that both-the Assets, as well as Liabilities-were overstated by ₹92.02 crore, as at 31 March 2022, and the Surplus (being the Excess of Income over Expenditure) was understated by ₹0.17 crore, for the year ended 31 March 2022.

#### **F. Management Letter**

Deficiencies not included in the Audit Report have been brought to the notice of the Director, NIT, Durgapur, through a management letter, issued separately, for remedial/corrective action.

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<sup>1</sup>Higher Education Financing Agency

v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account, dealt with by this report, are in agreement with the books of accounts.

vi. In our opinion, and to the best of our information, and according to the explanations given to us, the said financial statements, read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in the Annexure to this Separate Audit Report, give a true and fair view, in conformity with accounting principles generally accepted in India.

a. insofar as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Durgapur, as at 31 March 2022 and

b. insofar as it relates to Income and Expenditure Account, of the *surplus*, for the year ended on that date.

**For and on behalf of the C&AG of India**

Place: Kolkata

Date: 11.10.2022

(Debolina Thakur)  
Director General of Audit  
(Central), Kolkata



## **Annexure**

### **A. Adequacy of the Internal Audit System**

The Internal Audit System of NIT, Durgapur is inadequate, on account of the following:

- i. There is no Internal Audit Manual, for use in the Internal Audit Wing.
- ii. The Internal Audit Wing functions as a pre-checker of all bills, before payments are made to vendors. The wing did not, however, prepare any Internal Audit Report.

### **B. Adequacy of the Internal Control System**

The Internal Control System of the NIT, Durgapur, is inadequate, on account of the following:

- i. Charts of account are not in use.
- ii. The Institute did not review its long outstanding liabilities / receivables, with a view to providing appropriate accounting treatment in their regard.
- iii. The Fixed Asset Register is not being tallied with the financial accounts, on a periodic basis. Further, basic information in regard to Fixed Assets, such as the rates of depreciation, estimated life spans, accumulated depreciation, estimated salvage values etc., are not available in the Register.
- iv. There is no procedure in place, for verification of the Fixed Assets of the Institute, on a periodic basis.

### **C. Physical verification of Fixed Assets and Inventory**

The Institute did not conduct physical verification Fixed Assets and Inventories, during the financial year 2021-22.

**D. Regularity in payment of Statutory Dues:**

The Institute was regular in payment of its statutory dues, for the financial year 2021-22.