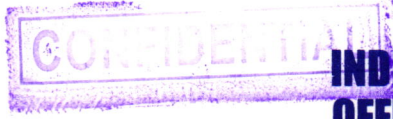




सत्यमेव जयते

SPEED POST

**भारतीय लेखा तथा लेखा-परीक्षा विभाग
महा निदेशक, लेखा-परीक्षा का कार्यालय,
केन्द्रीय, कोलकाता**



**INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF AUDIT,
CENTRAL, KOLKATA.**

No: OA II (AB)/AR/2020-21/NITD/472

Date: 10.01.2022

A copy of the Separate Audit Report, alongwith Annexure, on the accounts of the National Institute of Technology, Durgapur, for the financial year 2020-21, is forwarded to **the Director, National Institute of Technology, Durgapur -713209**, for information and necessary action.

In this regard, it has been observed that, despite their having been highlighted, in previous Audit Reports certain lacunae still remain unrectified. A number of such persistent irregularities have been reported vide Para Nos. 1.1.1, 1.1.2, 1.2.3, 3.5, 3.6, 3.7, 3.8, 3.10, 3.11 and 3.12 of the current Audit Report. I am to request you to rectify these irregularities at the earliest, since non-compliance may lead to the possibility of issuance of a negative certificate during the next audit.

Arrangement may please be made for preparation of Hindi Version of the Separate Audit Report, with Annexure, at your end, and for sending the same directly to the Ministry.

It may please be ensured that the Audited Accounts and the Separate Audit Report, along with Annexure, are placed before the apex body, for consideration and adoption, before the same are sent to the Government for being placed in the Parliament.

A copy of the printed Annual Report, for the financial year 2020-21 (both English and Hindi Version), containing the Audited Accounts and the Separate Audit Report, along with Annexure, as laid before the Parliament, may please be forwarded to this office, for necessary action at this end.

Encl.: As stated

Dy. Director (Inspection)

**जि. आई. प्रेस बिल्डिंग, 8 किरण शंकर राय रोड (1म मंजिल), कोलकाता-700001
Govt. of India Press Building. 8, Kiran Sankar Roy Road, Kolkata - 700001
Phone : 2254-0221, (Gram: ACCOUNTCENT) POST BOX : 2699, Fax No.: 033 22135377**



सत्यमेव जयते

दीपक नारायण
Deepak Narain

SPEED POST

CONFIDENTIAL

महानिदेशक लेखापरीक्षा, केन्द्रीय, कोलकाता
गवर्नमेंट ऑफ इण्डिया प्रेस बिल्डिंग (इस्ट विंग), प्रथम तल
8, किरण शंकर रॉय रोड, कोलकाता-700 001

Director General of Audit, Central, Kolkata
Government of India Press Building (East Wing), 1st Floor
8, Kiran Sankar Roy Road, Kolkata-700 001

D.O No.: OA-II(AB)/AR/2020-21/NITD/47/
Date: 10th January, 2022

Dear Sir,

I am to forward herewith the Separate Audit Report, in the prescribed format, on the accounts of the **National Institute of Technology, Durgapur**, for the financial year 2020-21. A copy of the annual accounts of the organisation, for the financial year 2020-21, is also enclosed.

2. In this regard, it has been observed that, certain lacunae still remain unrectified, despite having been highlighted, in previous Audit Reports. Some of these lacunae/ persistent irregularities find mention under Paragraph Numbers 1.1.1, 1.1.2, 1.2.3, 3.5, 3.6, 3.7, 3.8, 3.10, 3.11 and 3.12 of the current Audit Report. I would, accordingly, request that the Ministry may kindly consider advising NIT, Durgapur, to rectify these irregularities at the earliest, in order to avoid the possibility of issuance of a negative certificate, during the next audit.

3. A copy of the Separate Audit Report (both English and Hindi Version), as presented before the Parliament, may please be forwarded to this office, for necessary action at this end.

4. The dates of laying of the audited accounts and the Separate Audit Report, for the financial year 2020-21, on the Tables of both the Houses of Parliament, may also please be communicated to this office.

with regards,

Yours sincerely,

Deepak Narain

Enclosure: as stated

Shri K Sanjay Murthy,
Secretary,
Ministry of Culture,
Department of Culture, 127-C, Shastri Bhavan,
NEW DELHI - 110001

दू.भा./Tel : 033 2213 5373 / 5374 / फ़ैक्स /Fax No.:033 2213 5377 / ई-मेल / E-mail : narainD@cag.gov.in

Separate Audit Report of the Comptroller & Auditor General of India, on the Accounts of the National Institute of Technology, Durgapur, for the financial year ended 31 March 2021

We have audited the attached Balance Sheet of the National Institute of Technology, Durgapur, as at 31 March 2021, 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): ₹157.43 crore

Despite mention in the previous year's audit report, the above head was overstated, as the 'New Pension Scheme' fund balance, amounting to ₹2.75 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 ₹2.75 crore.

1.1.2 Current Liabilities and Provisions (Schedule-3): ₹112.62 crore

Despite 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 ₹83.30 crore. This was due to inclusion of the fund balances and interest of the 'General Provident Fund' (₹73.53 crore) as well as the 'Contributory Provident Fund' (₹9.77 crore), instead of showing these balances and interest in a separate account. This further resulted in overstatement of the 'Current Assets' (Schedule-7) by ₹83.30 crore.

1.2 Assets

1.2.1 Investments – Others (Schedule – 6): ₹213.26 crore

The above head was understated by an amount of ₹1.85 crore, during the financial year 2020-21, due to exhibition of investments, against the 'General Fund', being shown as ₹10.49 crore, instead of being shown as ₹12.34 crore. This further resulted in understatement of the 'Current Liabilities and Provisions' (Schedule-3), by the same amount.

1.2.2 Current Assets (Schedule – 7): ₹225.08 crore

The above head was understated by an amount of ₹10.02 crore, due to non-exhibiting the closing balances of two separate savings bank accounts for: (i) the Sponsored Research Consultancy Cell (SRCC) and (ii) Continuing Education Programme (CEP), as on 31 March 2021. This further resulted in understatement of the 'Current Liabilities and Provisions' (Schedule-3), by the same amount.

1.2.3 Loans, Advances and Deposits (Schedule-8): ₹24.23 crore

(i) Despite mention in the previous financial year's audit report, the above head was overstated by ₹1.12 crore, as 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 2021.

(ii) The above head was understated by ₹6.21 crore, due to non-inclusion of 'Refundable Income Tax' of ₹2.77 crore and 'License Fee & Electricity charges' of ₹3.44 crore, receivable during the financial year 2020-21. This also resulted in understatement of the 'Corpus/ Capital Fund' (Schedule-1), by the same amount.

B. Income and Expenditure Account

2.1 Expenditure

2.1.1 Depreciation (Schedule-4): ₹13.85 crore

The above head was understated by ₹10.05 lakh, due to the following:

- (i) Depreciation was overcharged by ₹0.14 lakh (@5% of ₹2.82 lakh), due to inclusion of expenditure of ₹2.82 lakh, incurred towards Scholarship and HRA to Research Scholars, as 'Plant, Machineries and Equipment', under 'Fixed Assets'(Schedule-4), instead of accounting for the same as 'Revenue Expenditure'.
- (ii) Depreciation was overcharged by ₹0.34 lakh (₹0.33 lakh + ₹0.01 lakh) [@20% of ₹1.67 lakh + @5% of ₹0.28 lakh], due to booking of revenue expenditure amounting to ₹1.95 lakh [Cable Connection: ₹0.45 lakh and Wi-Fi maintenance: ₹1.50 lakh], as capital expenditure, under the sub-heads 'Computer and Peripherals' (₹1.67 lakh) and 'Plant, Machineries and Equipment' (₹0.28 lakh), under 'Fixed Assets'(Schedule-4).
- (iii) Depreciation was undercharged by ₹0.09 lakh [@7.5% of ₹3.54 lakh – @5% of ₹3.54 lakh], due to inclusion of expenditure incurred towards purchase of UPS, amounting to ₹3.54 lakh, under the head 'Plant, Machineries and Equipment', instead of accounting for the same under the head 'Furniture & Fixtures', in terms of MoE guidelines.
- (iv) Depreciation was undercharged by ₹10.44 lakh, due to inclusion of expenditure incurred towards purchase of Software, amounting to Rs. 43.85 lakh, under the heads 'Computers/Peripherals' (₹32.70 lakh) and 'Plant, Machineries and Equipment' (₹11.15 lakh), instead of accounting for the same under the head 'Computer Software'.

This further resulted in overstatement of the surplus (being the excess of Income over Expenditure), by the same amount.

C. General

- 3.1** As per the Bank Reconciliation Statement, during the financial years 2008-09 to 2019-20, 'receipts' of ₹157.27 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 2021. The Institute needs to take necessary steps to review the same, for further action, at the earliest.
- 3.2** As per the Bank Reconciliation Statement, during the financial years 2009-10 to 2016-17, ₹13.93 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 2021. The Institute needs to take necessary steps to review the same, for further action, at the earliest.
- 3.3** As per the Bank Reconciliation Statement, during the financial years 2016-17 to 2018-19, there was incorrect recording of ₹9.43 lakh in the Cash Book. However, the same had not been rectified till 31 March 2021.
- 3.4** As per the Bank Reconciliation Statement, the Institute had not taken into account ₹64.17 lakh (Time-barred cheques: ₹19.48 lakh and receipts credited in bank account No: 11520034072: ₹44.69 lakh), pertaining to the financial years 2008-09 to 2018-19, in the Cash Book, as on 31 March 2021. This needs to be reconciled at the earliest.
- 3.5** Despite mention in the previous financial year's audit report, in deviation from the Format of Accounts prescribed by MoE, three reserve funds, with a total balance of ₹4.91 crore, were again created under the head 'Corpus/Capital Fund' (Schedule-1).
- 3.6** Despite mention in the previous financial year's Audit Report, the schedule of 'Endowment Funds' (Schedule-2) was not prepared as per the format approved by MoE. Moreover, the opening balance of interest earned, and the total accumulated interest, were not exhibited.
- 3.7** Despite mention in the previous financial year's Audit Report, 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, as well as the interest earned thereon, were not exhibited separately.

3.8 No actuarial provision was made towards retirement benefits and leave encashment, in term of Accounting Standard 15 and the Format of Accounts prescribed by MoE.

3.9 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.

3.10 Despite mention in the previous financial year's Audit Report, and 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.

3.11 The Annual Accounts exhibited a balance of ₹158.39 lakh, comprising of 'deposits from students' (₹142.66 lakh) and 'Sundry Creditors (Others)' (₹15.73 lakh), under 'Current Liabilities' (Schedule-3), both of which relate to amounts that are very old. Despite mention in the previous financial year's audit report, the Institute did not take appropriate action in this regard.

3.12 A balance of ₹4.65 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 concerned amounts are more than 10 years old, chances of their recovery appear to be remote. Despite mention in the previous financial year's Audit Report, the Institute did not take necessary steps, to review the need to write-off these long pending receivable amounts.

3.13 As on 31.3.2020, balances of 95 Sponsored Projects, under the SRCC, were shown as being ₹734.43 lakh, in a separate Annexure to the Annual Accounts of NIT, Durgapur, for the financial year 2019-20. However, in the annual accounts for the financial year 2020-21, the opening balances of Sponsored Projects, under the SRCC, were shown as ₹836.44 lakh, under Schedule 3A. The

discrepancy of ₹102.01 lakh needs to be rectified. Further, no disclosure, on the value of assets acquired out of the SRCC Fund, was made in the Annual Accounts.

3.14 A balance of ₹10.25 lakh, as exhibited under 'Current Liabilities', relates to amounts which are more than five years old. The need to write-off these long pending liabilities needs to be reviewed.

3.15 A balance of ₹7.64 lakh, which was more than five years old, was shown under 'Current Assets'. Chances of recovery of this amount appear to be remote. As such, the need to write-off these receivables needs to be reviewed.

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 2020-21, it received grants from the GoI, amounting to ₹118.50 crore [Revenue: ₹113.05 crore, Capital: ₹5.35 crore and HEFA¹ Interest: ₹0.10 crore (OH-31)]. In addition, it had an opening balance of ₹24.05 crore (Revenue: ₹18.56 crore and Capital: ₹5.49 crore), from the previous financial year's unspent grants. Out of the total grants of ₹142.55 crore (₹24.05 crore + ₹118.50 crore) so available, it spent ₹132 crore (Revenue: ₹123.43 crore and Capital: ₹8.57 crore), leaving an unspent balance of ₹10.55 crore (Revenue: ₹8.18 crore and Capital: ₹2.37 crore), as on 31 March 2021.

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 ₹67.97 crore, as at 31 March 2021, and the Excess of Income over Expenditure was overstated by ₹0.01 crore, for the year ended 31 March 2021.

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.

¹Higher 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.

i. insofar as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Durgapur, as at 31 March 2021 and

ii. 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: 10.01.2022

Deepak Narain
(Deepak Narain)
Director General of Audit
(Central) Kolkata

Annexure

A. Adequacy of the Internal Audit System

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

- a) There is no Internal Audit Manual, for use in the Internal Audit Wing.
- b) 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 Institute, is inadequate, in the following areas:

- a) The Institute did not obtain bank balance certificates in respect of its Fixed Deposits, as at the end of the financial year, in order to verify the actual value of its Investments, during the accounting period.
- b) The Institute did not review its long outstanding liabilities / receivables, with a view to providing appropriate accounting treatment in their regard.
- c) 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.
- d) 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 of its Fixed Assets, during the financial year 2020-21.

D. Regularity in payment of Statutory Dues:

The Institute was regular in payment of its statutory dues, for the financial year 2020-21.