

SCANNED COPY OF
SEPARATE AUDIT REPORT
ON THE ACCOUNTS OF
NATIONAL INSTITUTE OF TECHNOLOGY
DURGAPUR
FOR THE
YEAR - 2013 -14



अदिति रायचौधुरी
Aditi Roychoudhury

ARC(IA)
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CONFIDENTIAL

महा निदेशक लेखा-परीक्षा, केन्द्रीय, कोलकाता
गवर्नमेंट ऑफ़ इण्डिया प्रेस बिल्डिंग (इस्ट विंग), प्रथम तल
8, किरण शंकर राय रोड, कोलकाता 700 001

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

D.O No. OA-II(AB)/AR/2013-14/NIT/ 463

Dt. 5-12-14

Dear Prof Kumar,

I have audited the annual accounts of the **National Institute of Technology, Durgapur** for the year 2013-14 and have issued the **Audit Report** thereon vide letter dated **05-12-14**. During the course of audit, the following deficiencies were noticed that were not included in the Audit Report. These are being brought to your notice for corrective and remedial action.

1. Amount booked under **Loans, Advances & Deposits under long term advance to employees** was ₹ 1.55 lakh. Institute had not accounted for the accrued interest receivable on Scooter/bicycle Advance (₹ 0.16 lakh) and Computer Advance (₹ 1.39) in the Current Assets, Loans and Advances as at 31 March 2014. This resulted in non-compliance of Common Format of Account regarding the treatment of interest bearing staff advances.

2. Despite mention in previous Management Letter the Institute had not taken any step to bring a total 2165 numbers of valuable trees within its campus under its assets, by allotting unique numbers. Total value of such assets was not assessed and thus kept out of accounts so far. The institute should have disclosed total number of trees in its 'Notes on Accounts' to bring those trees as a part of Assets of the Institute.

3. The Institute had not provided for the liabilities on pension, gratuity and leave encashment on actuarial basis as per the detailed guidelines on Common Format of Accounts.

4. Investments- Earmarked/Endowment Funds (Schedule - 8): ₹ 11737.3 lakh

Despite mention in previous Audit Report the investment of Fund balance of NPS (New Pension Scheme) for ₹ 109.31 lakh was shown as investment under Miscellaneous Fund instead of Investment under Earmarked Fund. This resulted in understatement of Investment-Earmarked/Endowment Funds by ₹ 109.31 lakh with corresponding overstatement of Investment-Miscellaneous Funds to the same extent.

5. Current Liabilities and provisions (Schedule 6): ₹ 5243.28 lakh

The above head remained overstated by the amount of ₹40.11 lakh as the following liabilities booked under different heads since 2010-11 and beyond were not required to be discharged in absence of any claimant for years together:-

(i)	Deposit from staff :	₹3.56 lakh (out of total amount ₹5.16 lakh)
(ii)	Sundry creditors :	₹6.60 lakh (out of total balance ₹211.26 lakh)
(iii)	Other :	₹15.73 lakh (whole amount)
(iv)	Statutory liability :	₹0.29 lakh (out of total ₹17.78 lakh)
(v)	Receipt against Sponsored Projects :	₹13.93 lakh (out of total balance ₹27.36 lakh)
Total :		₹40.11 lakh

As such, the whole amount of liabilities ₹40.11 lakh should have been transferred to Capital Fund. Non transfer to Capital Fund resulted in understatement of Capital/Corpus Fund by the amount of ₹40.11 lakh at the end of 2013-14.

6. Administrative Expenditure : ₹1995.15 lakh

The above head remained understated by the amount of ₹27.61 lakh as the following Loans, Advances and Deposits paid to different staff, bodies, parties in 2010-11 and back had remote chances of recovery,

(i)	Medical Advance :	₹0.64 lakh (out of total advance ₹2.44 lakh)
(ii)	Deposit other :	₹17.07 lakh (out of total deposits ₹18.57 lakh)
(iii)	Advance to Supplier :	₹4.24 lakh (whole amount)
(iv)	Loan, Advance to other:	₹5.66 lakh (whole amount)
Total :		₹27.61 lakh

Due to remote chances of recovery the Institute *should have provided for all those Loans, Advances and Deposits* as bad and doubtful debts. This further resulted in overstatement of surplus by the amount of ₹27.61 lakh at the end of 2013-14.

7. Loans, Advances and Deposits (Schedule-10) other Receivables ₹911.71 lakh

The above amount included receivable from New Pension System Accounts for ₹111.71 lakh. Since the Institute had not maintained any separate Accounts for NPS, the actual amount of receivable and payable from main Account could not be ascertained in audit.

The Institute should not maintained any NPS head of account as the amounts recovered under this head should immediately be transferred/deposited to NSDL as per detailed provision of NPS.

8. In the SAR of 2012-13, the assets and liabilities as at 31 March 2013 were stated as overstated by ₹49.86 crore due to the comments given in observation in main Report. The Institute instead of giving effect of the overstated amount in following year had given effect in the audited Accounts of 2012-13. As such the adjusted system was not in order.

9. Bank Reconciliation statement as prepared by the Institute in respect of Account No-11520034072 disclosed that despite mention in previous Audit Report the following irregularities were not rectified.

- (i) Total time barred cheques amounting to ₹74.32 lakh had not been written back.
- (ii) An amount of ₹0.87 lakh credited by bank less than the amount shown in cheque (as stated in reconciliation as on 31 March 2008).
- (iii) Cheques, drafts amounting to ₹119.71 lakh (₹10.74 lakh in 2008-09, ₹0.84 lakh in 2010-11, ₹4.01 lakh in 2011-12 and ₹104.12 lakh in 2012-13) although deposited in those years but bank had not given credit till end of 2013-14.
- (iv) An amount of ₹8.26 lakh (₹2.44 lakh in 2009-10, ₹4.20 lakh in 2010-11, and ₹1.62 lakh in 2012-13) although debited by bank in those years but the Institute had not given any credit in its cash book till end of 2013-14

with best wishes.

Yours sincerely,

AR 5/12/14

Prof. Dr. T. Kumar
Director,
National Institute of Technology,
Mahatma Gandhi Avenue,
Durgapur – 713 209



सत्यमेव जयते

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/2013-14/NITD/ 461

Date: 5-12-14

To
The Secretary,
Human Resource Development,
Government of India,
Department of Secondary & Higher Education,
Shastri Bhavan,
New Delhi - 110001

Subject: Separate Audit Report on the accounts of *National Institute of Technology*
Durgapur for the year 2013-14

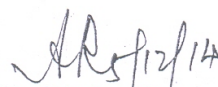
Sir,

I am to forward herewith the Separate Audit Report in the prescribed format introduced by the C & A.G of India on the accounts of *National Institute of Technology, Durgapur* for the year 2013-14. A copy of the annual accounts of the organisation for the year 2013-14 is also enclosed.

2. Two copies of Separate Audit Report (both English and Hindi Version), as may be presented before Parliament, may please be forwarded to this office for necessary action at this end.
3. The dates of laying the audited accounts and the Separate Audit Reports for the year 2013-14 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,

Encl.: As stated


(A. Roychoudhury)
Director General of Audit
Central: Kolkata

जि. आई. प्रेस बिल्डिंग, 8 किरण शंकर राय रोड (1म मंजिल), कोलकाता - 700001
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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/2013-14/NITD/ 462
Date: 5-12-14

A copy of the Separate Audit Report alongwith Annexure on the accounts of **National Institute of Technology**, for the year 2013-14 is forwarded to the **Director, National Institute of Technology, Mahatma Gandhi Avenue, Durgapur 713209**, for information and necessary action.

Arrangement may please be made for preparation of Hindi Version of the Separate Audit Report with Annexure at your end and 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 Parliament.

Two copies of the printed Annual Report for the year 2013-14 (both English and Hindi Version) containing the Audited Accounts and the Separate Audit Report along with Annexure, as laid before Parliament, may please be forwarded to this office for necessary action at this end.

Encl.: As stated

5/12/14
Dy. Director (I)

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

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of National Institute of Technology, Durgapur for the year ended 31 March 2014

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2014, 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 Institute 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 (Propriety and Regularity) 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, evidences 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, Income and Expenditure Account and Receipts and Payments Account dealt with by this report have not been drawn up in the format prescribed by the Ministry of Finance, Government of India.
 - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the National Institute of Technology as required under Section 22(2) of the National Institute of Technology Act, 2007 in so far as it appears from our examination of such books.
 - iv. We further report that

A Income and Expenditure Account

1.1 Expenditure

1.1.1 Depreciation on ₹476.01 lakh

The above expenditure remained understated by ₹11.58 lakh as the depreciation on Computers and Peripherals worth ₹23.14 lakh (included with the value of Furniture and Fixture) was charged @10% (₹2.31 lakh) instead of 60% as per IT Act. (₹13.88 lakh) consequently excess of income over expenditure (surplus) was overstated by ₹11.58 lakh at the end of 2013-14.

B General

2.1 Ministry of Finance, GOI had introduced Uniform Format of Accounts for all Central Autonomous Bodies in 2001 in consultation with CAG of India. Accounts of

the National Institute of Technology, Durgapur have been prepared in the new format of account introduced by Ministry of Human Resources Development, Government of India for institutions of Higher Education, which are still under finalization in consultation with CAG of India.

2.2 Despite mention in previous year's audit reports, the Institute had invested the entire Pension and GPF Balance amount of ₹ 4326.23 lakh (Pension & Gratuity Fund ₹ 710.65 lakh + GPF ₹ 3615.58 lakh) with the Public Sector Bank and thus had not followed the pattern of Investment as per the Government of India's Notification dated 14.08.2008.

2.3 The **Endowment Fund** exhibited a balance of ₹ 1512.17 lakh as on 31 March 2014. However, total assets against the fund were ₹ 1358.63 lakh (investment ₹ 1299.21 lakh, accrued interest ₹ 47.14 lakh and bank balance ₹ 12.28 lakh). This resulted in a discrepancy of ₹ 153.54 lakh between the Endowment fund balance and assets created out of Endowment fund. This needs to be reconciled.

2.4 Fixed Assets- Work-in Progress (Schedule-7): ₹68.19 crore (addition)

The above amount remained overstated by ₹40.36 crore as the Institute had deposited the whole amount during the year to CPWD and NBCC for different construction works. But the Institute had exhibited whole deposited amount as Work-in-Progress instead of being shown as advances/deposits and Work-In-Progress separately.

2.5 **Projects** : It was observed that NIT, Durgapur have not incorporated the accounts relating to projects in the main accounts of the NIT but appended a statement separately. As per common format of accounts all funds relating to projects should have been exhibited in Earmarked Fund in the Balance Sheet of the main accounts.

C Grants-in-aid

The Institute during the year (2013-14) had received total grants of ₹ 97.50 crore (Plan ₹41.50 crore and Non-Plan ₹56.00 crore) both under Plan and Non-Plan heads. The Institute had total receivable grant of ₹11.00 crore (Plan ₹3.00 crore and Non-Plan ₹8.00 crore) of previous year (2012-13).

Out of the total grant (₹97.50 crore) the Institute had spent ₹91.21 crore (Plan ₹10.22 crore and Non-Plan ₹80.99 crore) leaving an unspent balance of ₹6.29 crore.

D Net Impact

Net effect of the comments given in the preceding paragraphs is that the excess of income over expenditure is overstated by ₹11.58 lakh for the year ending 31 March 2014.

E Management Letter

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

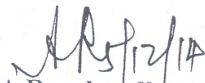
v. Subject to our observations in the preceding paragraphs, we report that the Balance sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

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. In so far as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Durgapur as at 31 March 2014 and
- b. In so far 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: - 05-12-2014


(A.Roychoudhury)
Director General of Audit
Central :: Kolkata

Annexure

A. Adequacy of Internal Audit System

- Internal Audit Reports were not prepared.
- No Internal Audit Manual was in use although internal Audit wing exists.

B. Adequacy of Internal Control System

Following issues relating to Internal Control System were noticed:-

- Fees directly deposited to Bank were not accounted for promptly.
- Fixed Assets barring library books were not insured.
- Many Vouchers were not stamped as 'paid and cancelled'.
- Lack of synergy between various departments of the Institute resulted in non-exhibition of Projects Accounts within the Institute Accounts. As such actual position of different Project Accounts, acquisition of Assets and interest earned out of the Project Fund could not be traced out.
- There is no centralized purchase department. The Purchase Officer also functions as In-charge of Stores.
- No certificate of physical verification of Cash was noticed in the Cash Book of March 2014.

C. Physical verification of Fixed Assets/Inventory

No report in support of **Physical verification of assets** for the year 2013-14 was found to exist in the records made available to audit. Thus, in absence of the Physical verification report, audit could not verify whether the gross block of the fixed assets amounting to ₹ 31500.18 lakh as exhibited in the balance sheet under fixed assets (sch-7) included damaged/unserviceable items of assets or not. Further, the head-wise progressive balance, progressive additions etc. during the year in respect of the different blocks of assets were not recorded in any centralized fixed assets registers. Thus, audit could not verify the total addition/progressive gross block of the fixed assets as exhibited in annual accounts from any fixed assets register. In respect of the library books, the progressive balances were not recorded

in the library accession register. As a result, the gross block of library books as exhibited in the annual accounts from accession registers could not be ascertained in audit.

D Statutory Liabilities:- The Institute had not disposed of statutory dues of ₹ 0.29 lakh pertaining to Professional Tax (Hostel Employees) for more than a year.