



प्रवीण कुमार सिंह
Praveen Kumar Singh

महानिदेशक लेखापरीक्षा, केन्द्रीय, कोलकाता
गवर्नमेंट ऑफ़ 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, Kiron Sankar Roy Road, Kolkata-700 001

D.O No. OA-II(AB)/AR/2016-17/NIT/ 498
Dt. 05-01-2018

Dear Prof. Basu,

I have audited the annual accounts of the National Institute of Technology, Durgapur for the year 2016-17 and have issued the Audit Report thereon vide letter dated 05.01.18. 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. Discrepancy of ₹17.46 lakh was cropped up due to showing of Investment amount in Balance Sheet and Annexure as ₹15731.71 lakh and ₹15749.17 lakh respectively.
2. Instead of inclusion of project account in the main accounts, Institute appended a statement with annual accounts. As such, audit could not ascertain the fund was available to the Institute and assets created out of the fund.
3. Though total cash at Bank as per Receipts and Payments Accounts and Current Assets (Schedule-9) was same, respective balances against each bank book had been miss-matched between Receipts and Payments Accounts and Current Assets (Bank balances).

Note: While sanctioning the SAR for the year 2016-17, the C&AG of India has seriously viewed on non reconciliation and non settlement of old issues as considerable number of Paras pertaining to previous SAR have appeared again in the SAR for the year 2016-17 as no proactive action has been taken.

Correspondence
File 2016-17
11/7/18

1-DR(F&A)(1/18) Pls.
2-AR (Add'l) dism.
nump
10/1/18

Registrar
for early action
10/1/18

The NIT, Durgapur needs to initiate action so that those reconciliation/adjustment issues are resolved. The Management should make efforts to rectify all the points which were raised in the SAR and this would bring clarity in the financial statement of the Institute.

Regards

Yours sincerely,

Prashant
5.1.18

Prof. Anupam Basu
Director,
National Institute of Technology,
Mahatma Gandhi Avenue,
Durgapur – 713 209



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/2016-17/NITD / 497

Date: 05-1-2018

A copy of the Separate Audit Report alongwith Annexure on the accounts of the **National Institute of Technology**, for the year 2016-17 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 2016-17 (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

Dy. Director (Inspection)

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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

No: OA II (AB)/AR/2016-17/NITD / 496

Date: 5-01-2018

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

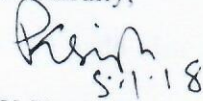
Subject: Separate Audit Report on the accounts of the **National Institute of Technology, Durgapur** for the year **2016-17**

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 the **National Institute of Technology, Durgapur** for the year 2016-17. A copy of the annual accounts of the organisation for the year 2016-17 is also enclosed.

2. Two copies of Separate Audit Report (both English and Hindi Version), as 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 years 2016-17 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,



(P.K.Singh)

Director General of Audit
Central: Kolkata

Encl.: As stated

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of the National Institute of Technology, Durgapur for the year ended 31 March 2017

We have audited the attached Balance Sheet of the National Institute of Technology, Durgapur, as at 31 March 2017, 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 and Income and Expenditure Account/ Receipt and Payment Account dealt by this Report have neither been drawn in the Uniform Format of Accounts approved by the Ministry of Finance nor in the revised Format of Accounts prescribed by Ministry of Human Resource Development, Government of India for Central Educational Institutions.
 - 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

Comments on Accounts

A. Balance Sheet

1.1 Liabilities

1.1.1 Designated/Earmarked fund (Schedule-3) – ₹17.01 crore

The above head was overstated by ₹236.65 lakh due to inclusion of un-discharged contribution of New Pension Scheme (NPS) instead of showing in a separate account in contravention of Format of Account prescribed by MHRD. This resulted in overstatement of assets by ₹236.65 lakh.

1.2 Assets

1.2.1 Current Assets (Schedule-9): ₹104.57 crore

The above head was understated by ₹45.40 lakh due to non-writing back of time-barred cheques including ₹43.29 lakh in previous year. Despite mention in previous

year's audit report, no rectification was done. This also resulted in understatement of Current Liabilities and Provisions (Schedule-6) by ₹45.40 lakh.

B. Income and Expenditure Account

2.1 Expenditure

2.1.1 Depreciation (Schedule-7): ₹20.17 crore

The above amount was understated by ₹15.46 lakh due to the following:

- a) 'Office Equipment' worth ₹4.18 lakh having depreciation rate @ 15 per cent was included under the head 'Furniture and Fixture' with depreciation rate @ 10 per cent, resulting in understatement of depreciation by ₹0.17 lakh.
- b) 'Plant, Machinery and Equipments' valued ₹61.40 lakh bearing depreciation @15 per cent was incorrectly included in 'Furniture and Fixtures' @ 10% depreciation, resulting understatement of depreciation by ₹2.19 lakh.
- c) 'Computer and Peripherals' worth ₹38.44 lakh containing depreciation @ 60 per cent was included in 'Furniture and Fixtures' @10 per cent depreciation, resulting short charging of depreciation by ₹13.10 lakh.

The net impact of above comments was understatement of Excess of Expenditure over Income by ₹15.46 lakh.

2.2 Income

2.2.1 Income from investment (Schedule-313): ₹5.75 crore

- a) The above was overstated by ₹81.81 lakh due to the net impact of excess inclusion of interest earned and accrued interest for the period prior to 2016-17.
- b) The above head had also been understated by ₹7.73 lakh due to non-inclusion of interest earned/accrued interest from fixed deposits of ₹1.54 lakh of Mess Caution

Money, ₹1.52 lakh of College Caution Money, ₹0.70 lakh of Testing and Consultancy and ₹3.97 lakh for State Bank of India-REC Branch.

The net impact of above comments was overstatement of above head by ₹74.08 lakh and understatement of Excess of Expenditure over Income by ₹74.08 lakh.

2.2.2 Other Income (Schedule-14): ₹647.41 lakh

The above head was understated by ₹23.35 lakh due to inclusion of interest income directly into Corpus Fund instead of routing through Income and Expenditure Account. This also resulted in overstatement of Excess of Expenditure over Income by ₹23.35 lakh.

C. General

3.1 Despite mention in the previous year's Audit Report, no corrective actions had been taken in the following matters:

- a) Liabilities towards the retirement benefit payable to the officials/staff on actuarial basis had not been provided for.
- b) Under Restricted Fund an amount of ₹70.04 lakh (IT Fund) and ₹121.41 lakh (Other Scholarship Fund) remained unutilized for years together. This was not transferred to Corpus/General Fund.
- c) Non-rectification of under-mentioned irregularities as appeared in Bank Reconciliation Statement in respect of Account No. 11520034072:
 - (i) An amount ₹0.87 lakh was less credited by the bank than the amount shown in the cheque (as stated in the reconciliation statement of March, 2008)
 - (ii) Cheques and drafts amounting to ₹ 116.28 lakh deposited in the bank in 2008-09, 2010-12 and 2013-14 had not yet been credited by the bank.

(iii) The bank had debited ₹13.32 lakh (₹2.44 lakh in 2009-10, ₹4.20 lakh in 2010-11, ₹1.61 lakh in 2011-12 & ₹5.07 lakh in 2012-13) but the same had not been entered in the bank book of the Institute till March 2017.

3.2 Though Notes on Accounts (Schedule-22, Sl.No.2) declared that the format of accounts was as desired by the MHRD and despite mention in previous audit report, Institute made departure there-from in the following areas:

- a) As per the format of Balance Sheet, approved by the MHRD, only three accounts heads (Corpus/Capital Fund, Designated/Earmarked/Endowment Funds and Current liabilities & Provisions) were to be operated under Sources of Funds. Against this, the Institute had operated six heads of accounts (Corpus, General Fund, Designated/Earmarked Funds, Restricted Fund, Loans/ Borrowings, Secured/Unsecured Loan).
- b) The amount of unutilized Plan Grant, if any, had not been worked out and transferred to Current liabilities & Provisions.
- c) The rates and method of depreciation charged on assets were different from that approved by the MHRD. The impact of the deviation had also not been disclosed.
- d) The excess of expenditure over income of the year amounting to ₹11.97 crore had been deducted from General Fund instead of Corpus Fund resulting in understatement of General Fund and overstatement of Corpus Fund by ₹11.97 crore.
- e) Restricted Fund accounts were opened in the Balance Sheet having a balance of ₹473.79 crore and Grants received were also credited to that head instead of Corpus/Capital Fund. Hence, Corpus/Capital Fund account remained understated and Restricted Fund accounts remained overstated by ₹473.79 crore.

f) GPF and NPS Accounts were included in the annual accounts instead of making separate accounts for each and attached the same with the accounts of the Institute.

3.3 There was a discrepancy of ₹8.6 lakh due to difference of closing balance of ledger account amounting to ₹245.25 lakh for NPS Fund and ₹236.64 lakh exhibited under Earmarked Fund (Schedule-3).

3.4 An amount of ₹58.23 lakh stated as Secured Loan from Government of India was shown in Balance Sheet. Since, the amount remains unadjusted for year's together, needs for review.

3.5 Institute did not make investments against the Donation Funds titled Parpatidevi Chnadumal Memo (₹1.63 lakh), Prof. M. S. Sinha (₹3.00 lakh), T. K. Sinha (₹1.5 lakh), D. V. Sitabai (₹1.5 lakh), S. N. Roy (₹0.48 lakh).

3.6 The MHRD vide Order No. F No 8-4/2014-TSVII dated 18th March 2015 had re-entrusted NIT, Durgapur as a mentor to monitor all receipts and expenses on behalf of Gani Khan Choudhury Institute of Engineering and Technology (GKCIET), Malda. upto the year 2016-17, the unspent grant amounting to ₹4.37 crore received on behalf of GKCIET was kept in the bank account of NIT, Durgapur. The amount was merged with the bank balance of NIT, Durgapur. Instead of keeping the amount in a separate bank account and crediting the interest earned thereon in that bank account, NIT Durgapur had credited the interest earned in its own account. Despite mention in previous years audit report, rectification was not done by Institute.

D. Grants in Aid

The Institute during the year (2016-17) had received total grants of ₹114.30 crore (Plan ₹55.00 crore including previous year's receivable grants of ₹11.00 crore and Non Plan ₹59.30 crore). Though the total grants received was ₹114.30 crore only the Institute had spent ₹155.76 crore (Plan ₹64.04 crore and Non Plan ₹91.72 crore) resulting in an overall excess expenditure of ₹41.46 crore (Plan ₹9.04 crore and Non Plan ₹32.42 crore). The excess expenditure under Plan & Non Plan was met from internal revenue of the Institute.

E Net Impact.

The net impact of the comments given in the preceeding paragraphs is that the Assets and Liabilities were overstated by ₹191.25 lakh and the Excess of Expenditure over Income (Deficit) was understated by ₹66.19 lakh for the year ended 31 March 2017.

F Management Letter

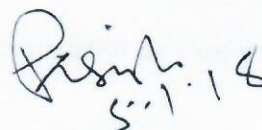
Deficiencies which have not been included in the Audit Report have been brought to the notice of the Director, National Institute of Technology, Durgapur through a management letter issued separately for remedial/corrective action.

- 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 2017 and
- b. In so far as it relates to Income and Expenditure Account of the Deficit for the year ended on that date.

For and on behalf of the C&AG of India



(P.K.Singh)
Director General of Audit
Central :: Kolkata

Place: -Kolkata
Date: - 05.01.2018

Annexure

A. Adequacy of Internal Audit System

The internal audit system is inadequate due to the following:-

1. No Internal Audit Manual was in use though Internal Audit Wing exists.
2. Internal Audit Functioned only in need basis instead of regularly.

B. Adequacy of Internal Control System

The internal control system is inadequate due to the following:-

1. Chart of Accounts and Accounting Manual were not periodically reviewed.
2. Remittance through bank transfer were not to the same control as cheque payment.
3. Duplicate invoices were not marked immediately to avoid double payment.
4. There is no system of perpetual inventory count.

C Physical verification of Fixed Assets/Inventory

Despite mention in previous years' Audit Reports (Annexure) the Institute had not conducted physical verification of Assets and Inventories. Moreover, the Assets Registers did not provide progressing value on addition of Assets to match them with the gross block value of assets

D Statutory Liabilities:- The Institute was regular in payment of Statutory dues