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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, KOLKATA.

No: OA II (AB)/AR/2017-18/NITD /6/0

Date: 22.03.2019

A copy of the Separate Audit Report alongwith Annexure on the accounts of the **National Institute of Technology** for the year 2017-18 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 2017-18 (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

22/3/19
Director (Inspection)

1) DR (FSA)
2) AR (Aadil) }
04/3/19

Regd.
21/4/19

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 2018

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2018, 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 Corpus/Capital Fund (Schedule-1): ₹68.99 crore

The above head included ₹3.19 crore towards Reserve Funds (Capital, General and Special). The existence or creation of such funds was a deviation from Format of Account prescribed by MHRD.

1.2 Assets

1.2.1 Capital Work-in-Progress (Schedule-4): ₹213.05 crore

a) The above head was overstated by ₹73.44 crore due to inclusion of works completed between March 2014 and April 2017 and put to use. The impact of the depreciation due to non-capitalization of buildings worth ₹73.44 crore @ 2 per cent depreciation was ₹2.17 crore. This resulted in overstatement of Capital work in progress by Rs. 73.44 crore, understatement of Buildings by Rs.71.27 crore and understatement of expenditure by Rs. 2.17 crore.

b) The above head was overstated by ₹14.34 crore due to inclusion of advance provided to Central Public Works Department, resulting in understatement of Loans, Advance and Deposit (Schedule-8) by ₹ 14.34 crore.

1.2.2 Current Assets (Schedule-7): ₹145.62 crore

The above head was overstated by ₹70 lakh due to inaction of Institute to set right the cash at bank (1A/SBI) as follows:

a) Overstated by ₹1.17 crore due to non-acceptance of 17 deposits by bank during the years 2008-15 resulting understatement of Receivable account (Loans, Advances and Deposits/Schedule-8) to the same extent.

b) Understated by ₹5 lakh due to inclusion of four expired cheques leading understatement of Current Liabilities and Provisions (Schedule-3) by ₹5 lakh.

c) Understated by ₹77 lakh due to non-inclusion of credit made by bank in 149 cases till February 2018 leading understatement of Current Liabilities and Provisions (Schedule-3) to the same extent.

d) Overstated by ₹35 lakh due to non-inclusion of deduction made by bank during the years 2009-18, resulting in overstatement of Capital/Corpus Fund (Schedule-1) to the same extent.

1.2.3 Loans, Advances and Deposits (Schedule-8): ₹8.10 crore

The above head was understated by ₹16.10 lakh due to the following:

a) Understated by ₹10 lakh due to non-inclusion of insurance premium for the year 2018-19 under Prepaid expenses instead of that the amount was charged as revenue expenditure (Administrative and General Expenses/Schedule-17), resulting in understatement of Corpus/Capital Fund (Schedule-1) by ₹10 lakh.

b) Understated by ₹6.10 lakh due to non-inclusion of value of Library resources for the year 2018-19 as Prepaid Expenses, resulting in overstatement of Fixed Assets (Schedule-4) by 6.10 lakh.

B General

2.1 Other Income (Schedule-13): ₹2.67 crore

The above head was understated by ₹22.62 lakh due to non-inclusion of interest income and crediting the same directly to Capital Fund, resulting in overstatement of Excess of Expenditure over Income by ₹22.62 lakh.

2.2 In a departure from Format of Account prescribed by MHRD, Institute adopted Accounting Policy No. 6 treating entire capital grants of ₹91.93 crore as capital receipts instead of capital grant to the extent utilised for capital expenditure as capital receipts under Corpus/Capital Fund (Schedule-1) and balance as Unspent Grants under Current Liabilities and Provisions (Schedule-3).

2.3 The fixed deposits amounting to ₹18 lakh against NIMNET Fund was not accounted for under the head Investment Others (Schedule-6).

2.4 There was a discrepancy of ₹566.36 crore between Earmarked Fund (Schedule-2) balance of ₹583.77 crore and assets of ₹17.41 crore against the fund balance and that demands immediate reconciliation.

2.5 Despite mention in previous audit report, no action was taken by Institute in the following cases:

a) Retirement benefits were not provided on actuarial method as per Accounting Standard 15 issued by ICAI.

b) IT Fund (₹70 lakh) and Other Scholarship Fund (₹1.21 crore) under Restricted Fund (Schedule-2) remained static for years together.

c) Short credit of ₹87 lakh by bank than the cheque value was not sorted out.

d) Capital grant received during the year was included in Restricted Fund instead of Corpus/Capital Fund (Schedule-1)

e) Instead of preparing separate account and attaching thereof with the annual account, Institute included New Pension Scheme Fund (₹2.38 crore) under Earmarked Fund (Schedule-2), Contributory Provident Fund (₹9.77 crore) and General Provident Fund (₹16.15 crore) under Current Liabilities and Provision (Schedule-3).

f) Investment component of ₹80 lakh (Schedule-6) was not refunded to the grantor though project titled Technical Education Quality Improvement Programme-I was completed.

g) The unspent grant of ₹82 lakh was not refunded to Ghani Khan Choudhury Institute of Engineering and Technology (GKCIET), Malda accumulated during acting as a mentor Institute of GKCIET.

2.6 Inconsistent with Format of Account prescribed by MHRD, Institute did not prepare schedules for Un-utilised Grants (Schedule-3C), Grants/Subsidies (Schedule-10), Income from Investments (Schedule-11) and sub-schedules for Sponsored Projects (3a) and Sponsored Fellowships and Scholarships (3b).

2.7 Documents in support of inclusion of (i) deposits of ₹16 lakh and ₹18 lakh for Income Tax and Service Tax respectively, (ii) ₹5.04 crore for Income accrued from investments under the head Loans, Advances and Deposits (Schedule-8) was not produced.

2.8 In a deviation from Format of Account prescribed by MHRD, no details was provided in the annual account for assets created out of sponsored projects where ownerships was transferred or not transferred to Institute till date.

2.9 No review was conducted for inclusion of ₹87.90 lakh under Current Liabilities and Provisions (detailed Schedule-3) remaining unadjusted for more than five years under the heads Deposits from Students (₹67.74 /six sub-heads), Sundry Creditors-Others (₹ 15.73/two sub-heads), two Projects-PMGSY and DST (₹4.43 lakh).

2.10 As per Accounting Policy No. 8A & 8 B (i) the Depreciation has been provided on the fixed assets on Straight Line Method as per guidelines of MHRD and (ii) the depreciation is provided on the fixed assets at full rate on fixed assets put to use for more than 180 days and at half the rate on fixed assets put to use for less

than 180 days. However, while calculating the depreciation the Institute has adapted written down value method and also the rates adopted by the Institute were different from rates as specified in the of format of accounts prescribed by MHRD. Further, as per format of accounts approved by MHRD the depreciation is provided for the whole year on additions during the year but Institute has made a policy contrary to it and has charged depreciation at half the rate for assets acquired and put to use for less than 180 days. Thus the accounting policy and calculations on depreciation done by Institute are in contravention of format of accounts approved by MHRD.

C. Grants in aids

Institute is mainly financed by grants from Government of India. During the year (2017-18), Institute received a total grants of ₹169.34 crore (Revenue ₹77.41 crore and Capital ₹91.93 crore). Out of the amount (₹169.34 crore), Institute spent ₹169.09crore (Revenue ₹119.95 crore and Capital ₹49.14 crore), leaving an unspent balance of ₹25 lakh.

D Net Effect

The net impact of the comments given in the preceeding paragraphs is that the Assets and Liabilitiies were undersated by ₹0.57 crore as at 31 March 2018.

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 2018 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



Place: -Kolkata
Date: - 22.03.2019

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

Annexure

A. Adequacy of Internal Audit System

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

1. No internal Audit Manual was in place though Internal Audit Wing exists.
2. Internal Audit Reports were not prepared.

B. Adequacy of Internal Control System

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

1. Many debits and credits by bank not accounted for in the bank book of the Institute.
2. Vouchers were not stamped as 'paid and cancelled'.
3. Due to non-maintenance of other projects Account by the Institute, the actual amount (project wise) available to NITD and corresponding creation/procurement of assets could not be ascertained.
4. There is no separate centralized purchased department and no officer in charge of stores functions as purchasing officer.
5. No certificate of physical verification of cash was noticed in the cash book.
6. No committee in place to manage the investment made by the institute.
7. Bank Reconciliation Statement is prepared only for the month of March.

C Physical verification of Fixed Assets and Inventories

Despite mention in previous years' Audit Reports 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



सत्यमेव जयते

प्रवीण कुमार सिंह
Praveen Kumar Singh

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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/2017-18/NIT/6//
Dt. 22.03.2019

Dear

Prof. Basu,

I have audited the annual accounts of the National Institute of Technology, Durgapur for the year 2017-18 and have issued the Audit Report thereon vide letter dated 22.03.2019. 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. In case of 31 Earmarked/Endowment Funds balance totalling ₹546.08 lakh remained static for more than five years.
2. Although Current Liabilities and Provision was ₹78.76 crore as per Schedule-3, the same was shown as ₹78.18 crore in Annexure to Schedule-3, resulting in discrepancies of ₹58 lakh.
3. The annual maintenance charges of ₹28 lakh included ₹15 lakh though pertained to the year 2016-17 was not shown under Prior period items.

Regards

Yours sincerely,

Praveen
22.3.19

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

1) DR (F&A) }
2) AR (Audit) } 04/04/19

Regiman
24/4/19