



सत्यमेव जयते

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as per report -  
10/11/16

876  
11.11.16

भारतीय लेखापरीक्षा और लेखा विभाग  
प्रधान निदेशक, लेखापरीक्षा का कार्यालय,  
केन्द्रीय, कोलकाता

INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT  
CENTRAL, KOLKATA

For urgent na pl.  
AR Audit 11/11/16

No: OA II (AB)/AR/2015-16/NITD / 313

Date: 06-10-2016

06 OCT 2016

A copy of the Separate Audit Report alongwith Annexure on the accounts of **National Institute of Technology**, for the year 2015-16 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 2015-16 (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

Director (I)

**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 2016**

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2016 and the Income and Expenditure 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 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 Funds (Schedule-3): ₹17.03 crore**

1.1.1.1 The above amount had been overstated by ₹14.68 lakh due to excess inclusion of accrued interest on investment of Designated/Earmarked Funds (Depreciation Fund: ₹11.46 lakh, Maintenance Fund: ₹2.62 lakh and Staff Development Fund: ₹0.60 lakh) and consequently, the Loans, Advances & Deposits also stood overstated by ₹14.68 lakh.

##### **1.1.2 Current Liabilities and Provision (Schedule-6): ₹68.54 crore**

1.1.2.1 As per the accounting policies followed by the Institute, receipts against sponsored projects account was credited on receipt of fund for sponsored projects

and the same account was debited on disbursement/utilization of the fund. The balance amount, if any, remained under current liabilities.

Scrutiny of records revealed that on receipt of ₹12 lakh for sponsored project, the amount was though credited to receipts against sponsored projects account, furniture account was debited on disbursement of the amount instead of debiting receipts against sponsored project account. This had resulted in over statement of both current liabilities & provisions and fixed assets by ₹12 lakh.

**1.1.2.2** The above amount of Current Liabilities & Provisions had been arrived at after adjusting debit balance of ₹51.20 lakh (Income Tax: ₹3.64 lakh; Service Tax: ₹3.60 lakh and MOES Hillium Project: ₹43.96 lakh) instead of showing the amount recoverable under Loans, Advances & Deposits.

Similarly, excess recovery/deposits of ₹2.65 lakh (Advance for Scooter/Bicycle: ₹2.35 lakh and Temporary Advance to Staff: ₹0.30 lakh) had been adjusted from Loans, Advances & Deposits instead of reflecting the amount under Current Liabilities & Provisions.

The net impact of above errors was understatement of both Current Liabilities & Provisions and Loans, Advances & Deposits by ₹53.85 lakh.

## **1.2 Assets**

### **1.2.1 Current Assets (Schedule-9): ₹119.17 crore**

As per Bank Reconciliation Statement in respect of A/c No. 11520034072, SBI R.E College Branch, the total value of time barred cheques amounting to ₹79.34 (₹74.40 lakh of previous year and ₹4.94 lakh of current year) lakh had not been written back in accounts despite mention in previous year Audit Report. This had resulted in understatement of both Current Assets and Current Liabilities & Provisions by ₹79.34 lakh.

## **B. Income and Expenditure Account**

### **2.1 Expenditure**

#### **2.1.1 Administrative and General Expenses (Schedule-17): ₹1603.72 crore**

**2.1.1.1** The above amount had been understated by ₹72.97 lakh (₹38.87 lakh for March 2016 & ₹34.10 lakh average bill for February ) due to non provision of liabilities towards electricity charges payable to the DSP/DVC Durgapur.

**2.1.1.2** The above amount had also been overstated by ₹34.98 lakh due to treating capital nature of expenses (supply of software, consultancy charges of installation of software etc) as revenue expenses.

The net impact of above comment was that the Administrative and General Expenses had been understated by ₹37.99 lakh with corresponding overstatement of Excess of Income over Expenditure of the year by similar amount.

#### **2.1.2 Depreciation (Schedule-7): ₹9.36 crore**

**A.** The above amount had been understated by ₹1062.19 lakh due to the following:

(i) Despite mention in previous year's Audit Report, the Institute had provided depreciation @ 5% on the value of Hostel Buildings and Guest House instead of actual rate of depreciation of 10% as per Income Tax Act, 1961. This resulted in short provision of depreciation by ₹33.15 lakh. Thus, total short provision of depreciation of ₹69.86 lakh (including short provision of depreciation of ₹36.71 lakh of previous year) had not been provided for.

(ii) The value of addition to Furniture & Fixture included value of Plant, Machiney & Equipments (₹.237.68 lakh), Office Equipments (₹7.62 lakh) and Electrical Installations (₹8.14 lakh). Misclassification of assets had resulted in short provision of depreciation of ₹10.30 lakh.

(iii) Short provision of depreciation by ₹18.90 lakh due to treating capital nature of expenses (₹34.98 lakh) pertaining to Computers & Peripherals as revenue expenses.

(iv) Inclusion of the value of furniture amounting to ₹250.00 lakh in building works (S.N. Roy Memorial Building) resulted in under provision of depreciation by ₹6.25 lakh.

(v) Providing depreciation on Chemistry Lab/Biotech Building valuing ₹1155.00 lakh for less than 180 days though taken over and used from July 2015 (more than 180 days) resulting in short provision of depreciation by ₹28.88 lakh.

(vi) Although the 264 seated Girls Hostel (₹1018.00 lakh) and the 740 seated Boys Hostel (₹2689.00 lakh) were in use since July 2011 and July 2014 respectively, the value of those buildings were kept under Capital Works-in-Progress instead of being capitalised under proper head. This resulted in under provision of depreciation by ₹928.00 lakh (including prior period ₹619.00 lakh).

**B.** The above amount of depreciation had also been overstated by ₹113.33 lakh as:

(i) The Institute had booked excess depreciation of ₹0.60 lakh due to wrong booking of Fixed Assets (Furniture) of ₹12.00 lakh of Sponsored Projects in Institute Account.

(ii) Depreciation of ₹112.73 lakh was provided on incomplete Boys Hostel (1250 seated) and Girls Hostel (500 seated).

The net impact of above comments was understatement of depreciation by ₹948.86 lakh/overstatement of Fixed Assets by ₹948.86 lakh with the corresponding overstatement of Excess of Income over Expenditure by similar amount.

## **2.2 Income**

### **2.2.1 Income from Investment (Schedule-13): ₹5.05 crore**

**2.2.1.1** The above amount had been understated by ₹3.15 lakh as the interest earned/accrued from investments of Mess Caution Money (₹1.65 lakh) and College/Student Caution Money (₹1.50 lakh) had been credited to General Fund without passing the same through Income and Expenditure Account. Further, the interest earned on investment of TEQIP Phase-I fund amounting to ₹1.77 lakh had also not been treated as own interest income though the assets under TEQIP-I had been taken over and utilized by the Institute.

**2.2.1.2** The above amount had also been understated by ₹29.05 lakh for crediting the income, derived from Testing & Consultancy Services provided by the Institute, to General Fund without passing the same through Income and Expenditure Account. Further, the interest earned on investment of Testing & Consultancy Fund amounting to ₹1.51 lakh had also not been treated as own interest income.

This had also resulted in understatement of excess of income over expenditure of the year by ₹35.48 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)** Grant-in-aid amounting to ₹69.26 lakh, lying unutilized under Earmarked Funds for the years together had not been transferred to Corpus/Capital Fund.

Further, under Restricted Fund an amount of ₹70.04 lakh (IT Fund) and ₹121.41 lakh (Other Scholarship Fund) remained unutilized for years together. These also should be transferred to Corpus/General Fund.

(b) No depreciation had been provided on TEQIP Phase-I assets worth ₹18.49 crore taken over and being used by the Institute without any established order from the grant sanctioning authorities in support of transfer ownership on the assets to the Institute.

(c) Liabilities towards the retirement benefit payable to the officials/staff on actuarial basis had not been provided for.

(d) Non rectification of under-mentioned irregularities as appeared from the Bank Reconciliation Statements in respect of Account No. 11520034072:

(i) An amount of ₹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/Drafts amounting to ₹116.28 lakh deposited in bank in 2008-09 and during 2010-11 to 2013-14 had not yet been credited by the Bank. The amount had further increased by ₹0.29 lakh for not giving credit by the bank against cheques deposited in 2014-15.

(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 2016.

(iv) The bank had credited ₹69.89 lakh during the periods prior to 2009-10 and from 2009-10 to 2013-14 but the same had not been entered in the bank book of the Institute till March 2016.

(e) The MHRD vide Order No. F No 8-4/2014-TSVII dated 18<sup>th</sup> March 2015 had re-entrusted NIT, Durgapur as a mentor to monitor all receipts and expenses on behalf of GKCIET, Malda. In the year 2014-15, the unspent grant amounting to ₹8.39 crore received on behalf of GKCIET was kept in the bank account of NIT, Durgapur. Similarly, the unspent grant amounting to ₹3.87 crore of 2015-16 was

also 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. (The amount could not be quantified).

(f) The accounts relating to projects had not been incorporated in the main accounts but a separate statement had been appended as such the actual amount of fund made available to NIT over the years as well as the assets created out of that could not be ascertained in audit.

3.2 Though in the Notes on Accounts (Schedule-22, Sl.No.2), it was declared that the format of accounts was prepared as desired by the MHRD, the Institute had made departure there-from in the following areas; the Institute had prepared their Accounts neither in Common Format of Accounts nor in the format prescribed by the MHRD vide letter No.29-4/2012-FD Dated 17 April 2015.

3.3 Instead of preparing Receipts & Payments Account, Cash Flow Statement had been prepared and annexed to the accounts.

3.4 Instead of accounting the fees collected from the students on Financial Year basis, fees were accounted for an Academic Year basis (i.e. July to June). It resulted in wrong accounting of fees for the month of April to June.

3.5 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.

3.6 The amount of unutilized Plan Grant, if any, had not been worked out and transferred to Current liabilities & Provisions.

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

The Institute during the year (2015-16) had received total grants of ₹10600.00 lakh (Plan ₹4200.00 lakh and Plan receivable of ₹400.00 lakh of previous year and Non-plan grant of ₹6000.00 lakh). Out of the total grants (10600.00 lakh) the Institute had spent ₹13339.56 lakh (Plan ₹4680.81 lakh and Non-plan ₹8658.75 lakh) resulting in an overall excess expenditure of ₹2739.56 lakh (Plan ₹80.81 lakh and Non-plan ₹2658.75 lakh). Excess expenditure was met out of previous year's unspent balance and internal Revenue of the Institute.

#### **E. Net Impact.**

Net effect of the comments given in the preceeding paragraphs is that both the Assets and Liabilities were understated by ₹106.51 lakh as at 31 March 2016 and the excess of Income over Expenditure had been overstated by ₹951.37 lakh for the year ended 31 March 2016.

#### **F Management Letter**

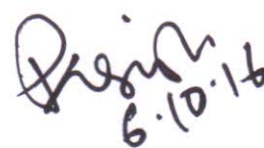
Deficiencies which have not been included in the Audit Report have been brought to the notice of the Director, National Institute of Technology, Durgapur through a management letter issued separately for remedial/corrective action.

- v. Subject to our observations in the preceding paragraphs, we report that the Balance sheet and Income and Expenditure 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 2016 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



6.10.16

Place: -Kolkata  
Date: - 06.10.2016

(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.
3. Internal Auditor did not report to Chief Executive/Director.

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

1. Many debits and credits given by bank not accounted for in the bank book of the Institute.
2. Many vouchers were not stamped as 'paid and cancelled'.
3. Due to non-maintenance of Other Projects Account by the Institute, the actual project-wise amount available with NITD and the creation of assets/procurement of assets in respect of those project could not be ascertained.
4. There is no separate centralized purchased department and the officer in charge of stores functions as purchasing officer.
5. No certificate of physical verification of cash was noticed in the cash book.
6. There was no committee to manage the investment made by the Institute.
7. Accounts are not coded

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

Despite mention in previous year Audit Reports (Annexure) the Institute had not conducted physical verification of Assets and Inventories. There is no written procedure for physical verification on Assets.

**D Statutory Liabilities:-** The Institute had not disposed of Statutory dues of ₹0.66 lakh pertaining to Professional Tax for more than 6 months.



सत्यमेव जयते

भारतीय लेखापरीक्षा और लेखा विभाग  
प्रधान निदेशक, लेखापरीक्षा का कार्यालय,  
केन्द्रीय, कोलकाता

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

No: OA II (AB)/AR/2015-16/NITD / 312

Date: 06-10-2016

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 2015-16**

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 2015-16. A copy of the annual accounts of the organisation for the year 2015-16 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 year 2015-16 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,

*(Signature)*  
6.10.16

(P.K.Singh)

**Principal Director of Audit  
Central: Kolkata**

Encl.: As stated

जी. आई. प्रेस बिल्डिंग, 8, किरण शंकर राय रोड (प्रथम तल), कोलकाता - 700 001  
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प्रवीण कुमार सिंह  
Praveen Kumar Singh

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प्रधान निदेशक, लेखापरीक्षा, केन्द्रीय, कोलकाता

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

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

Registrar  
7/11/16

For napt 3  
11/11/16

DR 29  
AR Audit

D.O No. OA-II(AB)/AR/2015-16/NIT/  
Dt. 06-10-2016

314

06 OCT 2016

Dear Shri Dey,

I have audited the annual accounts of the **National Institute of Technology, Durgapur** for the year 2015-16 and have issued the Audit Report thereon vide letter dated 06.10.2016 . 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. The rates and method of depreciation on assets were different from that approved by the MHRD in the new format of accounts. The impact of the deviation had also not been disclosed.
2. The impact of changes in Accounting Policies/System in the following cases had not been disclosed:

(i) The excess of income over expenditure of the year amounting to ₹7.58 crore had been added to General Fund instead of earlier practice of adding it with Corpus Fund resulting in overstatement of General Fund and understatement of Corpus Fund. by ₹7.58 crore.

(ii) Capital Fund account had been replaced by Restricted Fund accounts thereby the former account remained understated and later account remained overstated by ₹429.10 crore.

3. In the following cases error of classification, over or under capitalization, had occurred which needed rectification:

**A Furniture & Fixture:**

- (i) The value of Furniture & Fixture included the value of Plant, Machinery & Equipments (₹237.68 lakh), Office Equipments (₹7.62 lakh) and Electrical Installations (₹8.14 lakh). Since, the assets were not booked under proper assets heads. This had resulted in overstatement of the value of Furniture & Fixture by ₹253.43 with the corresponding understatement of the value of

Plant, Machinery & Equipments by ₹237.68 lakh, Office Equipments by ₹7.62 lakh and Electrical Installations by ₹8.14 lakh.

(ii) The amount of Furniture & Fixture had also been understated by ₹250 lakh with the corresponding overstatement of the value of Buildings due to inclusion of the value of furniture in the value of Buildings.

**B Buildings:**

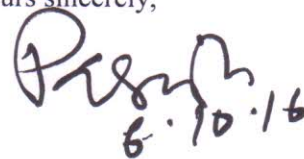
(i) The value of Buildings had been understated with the corresponding overstatement of the value of Capital Works-in-Progress (CWIP) by ₹37.07 crore due to non-capitalization of the value of 264-seated Girls Hostel (₹10.18 crore) completed and in used since July 2011 and the value of 760-seated Boys Hostel (₹26.89 crore) completed and in use since July 2014.

(ii) The value of Buildings had also been overstated by ₹45.09 crore with the corresponding understatement of the value of CWIP due to capitalization of incomplete 1250-seated Boys Hostel (₹33.00 crore) and 500-seated Girls Hostel (₹12.09 crore).

4. The Designated/Earmarked Fund balance included fund of New Pension Scheme (NPS) amounting to ₹257.37 lakh (including interest of ₹58.59 lakh earned on investment of the fund). The Institute should not maintain any NPS head of account as the amount recovered under this head should immediately be transferred/deposited to NSDL as per detailed provisions of NPS.

Regards

Yours sincerely,

  
6.10.16

**Prof. Asok Dey**  
**Director,**  
**National Institute of Technology,**  
**Mahatma Gandhi Avenue,**  
**Durgapur – 713 209**