



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/2012-13/NITD/ 407

Date: 13.01.2014

A copy of the Separate Audit Report alongwith Annexure on the accounts of National Institute of Technology, for the year 2012-13 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.

Six copies of the printed Annual Report for the year 2012-13 (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

13/1/14
Dy. Director (I)



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

No: OA II (AB)/AR/2012-13/NITD/ 406

Date: 13.01.2014

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 *National Institute of Technology
Durgapur* for the year 2012-13

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 2012-13. A copy of the annual accounts of the organisation for the year 2012-13 is also enclosed.

2. Five 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 2012-13 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,

Encl.: As stated

M. Basu
(Madhumita Basu)
Director General of Audit
Central: Kolkata

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 2013

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2013, Income & Expenditure account and Receipts & 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 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 Balance Sheet

1. Liabilities

1.1.1 Corpus/ Capital Fund: (Sch-1): ₹323.08 crore

Loans amounting to ₹58.23 lakh obtained from Government of India had been included in above amount instead of reflecting the same under Secured Loan and Borrowings (Schedule -4)

This had resulted in overstatement of Corpus / Capital Fund by ₹58.23 lakh and understatement of Secured Loans and Borrowings by same extent.

1.1.2 Current Liabilities and Provisions (Schedule - 7): ₹94.79 lakh

The Institute exhibited gross block of fixed assets (instead of net block) in the Balance Sheet (Schedule - 8) and the accumulated depreciation provided thereon amounting to ₹49.86 crore had been exhibited under Current Liabilities & Provisions.

This had resulted in overstatement of Current Liabilities & Provisions as well as Fixed Assets by ₹49.86 crore.

1.2 Assets

1.2.1. Investments- Earmarked/Endowment Funds (Schedule - 9): ₹18.24 crore

Though the funds of New Pension Scheme was included under Earmarked/Endowment Funds, the investment out of this fund amounting to ₹3.70 crore was exhibited under investment of Miscellaneous Fund (**Schedule - 10**).

This had resulted in understatement of Investment- Earmarked/Endowment Funds by ₹3.70 crore with corresponding overstatement of Investment- Miscellaneous Funds to the same extent.

B. Income and Expenditure Account

2.1 Expenditure

2.1.1 Other Administrative Expenses (Sch-21): ₹21.40 crore

The above amount had been understated by ₹24.33 lakh due to the following:

- a) Non-Provisions for Bad & Doubtful debts against ₹20.93 lakh lying unrecovered under Current Assets, Loans & Advances for years together without any prospect of recovery and relevant records.
- b) Write back of time barred cheques valuing ₹3.40 lakh by crediting respective items of expenditure instead of creating fresh liabilities there against.

2.1.2 Depreciations (Schedule - 8) : ₹10.74 crore

The amount had been understated by ₹0.31 crore due to non-Provision of depreciation (at half of the applicable rate of 10% as per policy) on non-residential buildings worth ₹12.32 crore capitalized in March 2013. This had resulted in overstatement of surplus by ₹ 0.31 crore for the year ended 31 March 2013.

2.2 Income

2.2.1 The Institute had earned income on investment of General Fund for ₹ 402.28 lakh and had accrued interest on investment of General Fund for ₹ 201.49 lakh for the year 2012-13. But the Institute had not taken those investment income in their Income & Expenditure Account (Schedule-15) which was left blank. Non-inclusion of huge income from investment amounting to ₹ 603.77 lakh as income of the Institute resulted in understatement of income and this had further resulted in understatement of surplus by ₹ 603.77 lakh at the end of 2012-13.

Those incomes along with accrued interest (₹ 603.77 lakh) were shown in General Reserve (Schedule-2) directly during the year.

C. Receipts and payment account

3.1 The Ministry of HRD had sanctioned Plan grant of ₹ 3.00 crore and Non-plan grant of ₹ 8.00 crore in 2012-13 and the sanctioned grants were received in 2 April 2013 (2013-14). As Receipts and Payments Account is to be prepared on cash basis, the sanctioned grant amount should not be accounted for. Instead, the Institute had shown the grant amount as received and had increased the bank balance accordingly. This had resulted in overstatement of both Receipt of Grant by ₹ 11.00 crore as well as closing bank balance by equal amount.

D. General

4.1 Interest earned (Sch-17): Interest earned exhibited ₹ 15.33 lakh as interest from miscellaneous fund which included ₹ 2.88 lakh towards accrued interest/interest received on maturity of following earmarked funds for the year 2012-13. Since these amounts pertained to different Earmarked Funds, these amounts should have been included as additions to corresponding earmarked funds (Sch-3) instead of considering them as

income. Booking of these interest amounts as income resulted in overstatement of income and understatement of earmarked funds (Sch-3) by ₹2.88 lakh.

Head	Sub Head	Accrued interest For 12-13 as shown in interest earned(₹)
Donation Fund	Kalyaneswari Devi Memorial Fund)	4268
	A M Das Memorial Fund	4394
	DM Sen Memorial Fund	20986
	SP & RB Chowdhury Memorial Fund	512
	DV Sitabai	14364*
Student Aid Fund		175098
Hostel Employee Welfare Fund		68009
Total		287631

*₹ 14,364 received on maturity of investment of ₹ 1.50 lakh of donation fund DV Sitabai

4.2 BRS with reference to 1A Recurring Account (No. 11520034072) as on 31.03.2013, disclosed that the cheques amounting to ₹ 69.91 lakh had become time-barred. As such the amount of ₹69.91 lakh should have been written back in accounts, after observing codal formalities.

Despite mention in previous audit reports/ management letter, the Institute had not taken necessary steps towards writing back of these amounts in the books of accounts.

4.3 Current Assets, Loans & Advances (Schedule-11 B) ₹ 206.88 lakh

The above amount included an amount of ₹ 94.27 lakh under the head of GKCEIT Malda Accounts. Records disclosed that instead of payable amount of ₹ 5.72 lakh, the Institute had exhibited that receivable amount due to non-exhibition of receipt (in 2011-12) of an amount of ₹ 100.00 lakh grant of GKCEIT, which was duly paid/transferred to GKCEIT, in 2011-12.

This wrong exhibition resulted in overstatement of receivable/current Assets amount by ₹ 88.55 lakh and understatement of Bank Balance by that amount at the end of 2012-13.

4.4 Despite mention in previous year's audit reports, the Institute had invested the entire Pension and GPF Balance amount of ₹3596.60 lakh (Pension Aid Fund ₹644.95 lakh + GPF ₹2951.65 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.

E Net Impact

Net effect of the comments given in the preceding paragraphs is that both the Assets and Liabilities was overstated by ₹ 49.86 crore as at 31 March 2013 and the excess of income over expenditure is understated by ₹ 5.73 crore as at 31 March 2013.

F Grants-in-aid

NIT, Durgapur is fully funded by the Government of India. The Institute, during the year 2012-13, had actually received a total grant of ₹103.10 crore (Plan ₹53.50 crore and Non Plan ₹49.60) crore including receivable Grant of ₹ 27.60 crore both under Plan (₹ 16.00 crore) and Non-Plan (₹ 11.60 crore) head from the Ministry of Human Resource and Development. Out of the total Grants (₹ 103.10 crore) the Institute had spent ₹ 22.95 crore under Plan and ₹ 76.12 crore under Non-plan resulting in unspent grant under Plan of ₹ 30.55 crore and excess expenditure was incurred by ₹ 26.52 crore under Non-plan head. The excess expenditure was met from unspent balance of previous year (Reference Para 3.1).

G 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 2013 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: - 13-01-2014

M. Basu
(Madhumita Basu)
Director General of Audit
Central :: Kolkata

Annexure

A. Adequacy of Internal Audit System

- The functions of Internal Audit wing are not adequate and their functions are only limited to pre-auditing of some bills and verification of cash balances. The Annual Accounts are prepared by a C.A firm.
- Internal Audit Reports were not prepared as no internal audit is conducted by the I.A routinely.

B. Adequacy of Internal Control System

- 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.
- No committee was constituted to oversee the investment made by the institute.

C. Physical verification of Fixed Assets/Inventory

- **Fixed Assets: (Sch-8):** No report in support of **Physical verification of assets/stores** for the year 2012-13 was made available to audit.

D. Statutory Liabilities:-

- Following dues remained undisposed of more than a year:-

i)	Professional Tax (Hostel Employees)	₹ 0.29 lakh
ii)	Group Insurance (Hostel Employees)	₹ 0.02 lakh

Total- ₹ 0.31 lakh



मधुमिता बसु
Madhumita Basu

महा निदेशक लेखा-परीक्षा, केन्द्रीय, कोलकाता
गवर्नमेंट ऑफ़ इंडिया 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

SPEED POST

D.O No. OA-II(AB)/AR/2012-13/NIT/ 408

Dt. 13-01-2014

Dear

Prof. Kumar

I have audited the annual accounts of the **National Institute of Technology, Durgapur** for the year 2012-13 and have issued the **Audit Report** thereon vide letter dated- 13-01-2014

. 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 consolidated amount of Donation Account, Depreciation, Staff Development and Maintenance under Earmarked/Endowment Funds was ₹10.02 crore represented by corresponding assets (Investments, Accrued interest and Bank balances) valuing ₹9.95 crore.

This resulted in discrepancies of `0.07 crore which needs reconciliation.

2 **Sundry Creditors (Sch-7):** Current liability(Sch-07) exhibited ₹94.07 crore which included the following liabilities carried forward for more than 4 years (since period prior to 2009-10) as shown below:-

Sl No	Head	Amount (OB & CB) (in ₹)
1.	Voyage money	15501
2.	Security deposit from staff (L)	6000

3.	PMGSy Training Project	243223
4.	Fraternity	1282
5.	Festival advances (hostel employee)	20280
6.	Excess deposit from students	87511
7.	Class projects	12679

The Institute could not furnish any reason for carrying these liabilities for so long. The Institute stated that the items were related to period prior to 2004-05 and the relevant records were not readily available for audit.

3. Loan, advances & other assets(Sch-11B1) included negative balances under the following heads:-

Sl No	Head	Amount (in ₹)
1.	Advance for LTC(NER)	600
2.	Sales Tax and works contract Tax	213076
	Total	213676

Since negative balances under Asset heads indicated payable amounts, inclusion of these amounts in current Assets resulted in understatement of current Assets and liabilities to that extent.

4. As per BRS, an amount of ₹0.87 lakh was entered in the Bank Statement less than the cheque amount (as per reconciliation as on 31.03.2008).

Even though pointed out in the previous audit report/ management letter, the amount of ₹0.87 lakh being related to prior to March 2008, remained unreconciled till date of audit.

5. Also As per BRS of the same account, an amount of ₹15,58,992.38 (₹10,73,577.38 during 2008-09, ₹84,253.00 during 2010-11 and ₹4,01,162.00 during 2011-12) was related to cheques and drafts deposited but not credited by bank.

Despite mention in previous audit report/ management letter, the Institute had not taken any step taken to reconcile the difference of ₹15.59 lakh being related prior to March 2012.

6. As per the same BRS, bank debited ₹2,44,041/- , ₹4,20,498/- and ₹ 161847/-during the year 2009-10, 2010-11 and 2012-13 respectively but the Institute had not made corresponding credits to the Cash Book of the corresponding years.

Thus a discrepancy of ₹ 8,26,386/- between the bank balance and the cash book pertaining to the years 2009-10,2010-11 and 2012-13 remained unreconciled till the end of 2012-13.

7. Despite mention in previous audit reports 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.

8. As per common format of accounts applicable to central autonomous bodies, Provision shall be made for all known liabilities and losses even though the amount can not be determined with substantial accuracy. But Institute did not provide any Provision for the year 2012-13 in respect of following cases:

- a) Provisions for liability towards accumulated leave encashment of employees needs to be accrued on actuarial basis, and provided upto the year end.
- b) Provisions for liability towards gratuity payable on death/retirement of employees needs to be accrued on actuarial basis, and provided up to the year-end.
- c) Provisions for liability payable towards superannuating of employees needs to be actuarial basis, and provided upto the year end.

9. **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. The actual amount of fund made available to NIT over the years as well as the assets created out of the said funds could not be ascertained in audit. As per common format of accounts all funds relating to projects should have been exhibited as Earmarked Fund in the Balance Sheet of the main accounts. Though similar observation was made in the previous audit reports, the Institute had not taken any steps towards to rectify the problem.

Further, discrepancies between the closing balance and opening balance of the following 3 projects were noticed as detailed below:-

Sl. No.	Name of Project with Sl.No. of Accounts	Closing balance as per 2011-12 project statement (₹) in lakh	Opening balance as per 2012-13 project statement (₹) in lakh	Discrepancy (₹) in lakh
1.	Overriding drug resistance in Visceral leishmaniasis (Dr Monidipa Ghosh/ Sl.No. – 12 of Accounts)	1.88	12.78	10.90
2.	DBT – NER Twinning Project (Sl.No. – 38 of Accounts)	-	19.91	19.91

The discrepancies may be reconciled.

Best Wishes

Yours sincerely,

M. S. S. S.

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