



भारतीय लेखा तथा लेखा-परीक्षा विभाग  
महा निदेशक, लेखा-परीक्षा का कार्यालय,  
केन्द्रीय, कोलकाता

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

**CONFIDENTIAL**

No: OA II (AB)/AR/2019-20/NITD/ 14

Date: 07.04.2021

A copy of the Separate Audit Report, alongwith Annexure, on the accounts of the **National Institute of Technology, Durgapur**, for the financial year 2019-20, is forwarded to the **Director, National Institute of Technology, 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 the Parliament.

Two copies of the printed Annual Report, for the financial year 2019-20 (both English and Hindi Version), containing the Audited Accounts and the Separate Audit Report, along with Annexure, as laid before the Parliament, may please be forwarded to this Office, for necessary action at this end.

Encl.: As stated

Dy. Director (Inspection)



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.

SPEED POST

CONFIDENTIAL

No: OA II (AB)/AR/2019-20/NITD/ 13

Date: 07-04-2021

To  
The Secretary,  
Ministry of Education,  
Department of Higher Education,  
Shastri Bhavan,  
New Delhi - 110001

**Subject:** Separate Audit Report on the accounts of the National Institute of Technology, Durgapur, for the financial year 2019-20

Sir,

I am to forward herewith the Separate Audit Report, in the prescribed format, on the accounts of the National Institute of Technology, Durgapur, for the financial year 2019-20. A copy of the annual accounts of the organisation, for the financial year 2019-20, is also enclosed.

2. Two copies of the Separate Audit Report (both English and Hindi Version), as presented before the Parliament, may please be forwarded to this office, for necessary action at this end.
3. The dates of laying of the audited accounts and the Separate Audit Report, for the financial year 2019-20, on the Tables of both the Houses of Parliament, may also please be communicated to this office.

Yours faithfully,

*Deepak Narain*

(Deepak Narain)  
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 financial year ended 31 March 2020**

We have audited the attached Balance Sheet of the National Institute of Technology, Durgapur, as at 31 March 2020, 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 Institutes 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 (i.e., Propriety and Regularity aspects) 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, evidence 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/Receipts and Payments Account, dealt with by this report, have been drawn in the revised format of Accounts prescribed by the Ministry of Education (erstwhile Ministry of Human Resource Development), Government of India, for Central Education Institutions, vide order No.29-4/2012-PD dated 17 April 2015.
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the National Institute of Technology, Durgapur, as required, insofar 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/Endowment Funds (Schedule-2):**

**₹156.51 crore**

Despite mention in the previous year's audit report, the 'New Pension Scheme' fund balance of ₹2.75 crore, was again included under the 'Earmarked Funds' (Schedule-2), instead of showing it under a separate account, attached with the annual accounts, violating the Format of Accounts prescribed by the MHRD. This resulted in overstatement of both-the assets, as well as the liabilities-by ₹2.75 crore each.

**1.1.2 Current Liabilities and Provisions (Schedule-3): ₹96.28 crore**

Despite mention in the previous year's audit report, and in violation of the Format of Accounts approved by the MHRD, the above head was overstated by ₹68.74 crore, due to inclusion of the fund balances and interest, of the 'General Provident Fund', as well as the 'Contributory Provident Fund', instead of showing these balances and interest under a separate account, attached with the annual accounts. This resulted in overstatement of both-the assets, as well as the liabilities-by ₹68.74 crore each.

**1.2 Assets**

**1.2.1 Fixed Assets (Schedule-4): ₹266.06 crore**

**A. Intangible Assets: ₹1.51 crore**

The Institute purchased e-journals, for an amount of ₹4.61 crore, from various publishers, during the financial year 2019-20, but booked only ₹1.17 crore as the addition to 'Fixed Assets', under the head 'E-Journals' (Schedule-4). Further, the amount of ₹4.61 crore, included a payment of ₹17.07 lakh (for procurement of the E-journal 'IOP'), made in July 2020, even though the access period (January to December 2020) of the Journal had started from the

financial year 2019-20. However, the Institute did not book the amount as liability in the 'Balance Sheet'. This resulted in understatement of the 'Fixed Assets' by ₹3.44 crore. It also resulted in understatement of the 'Corpus/Capital Fund' and the 'Current Liabilities & Provisions', by ₹3.27 crore and ₹17.07 lakh, respectively.

**B. Capital Work in Progress: ₹161.11 crore**

The above head was overstated by ₹7.94 crore, due to the following:

- i. It was overstated by ₹6.55 crore, as the addition of ₹26.38 crore, made under the head 'CPWD Projects', in 'Capital Works in Progress (CWIP)' (Schedule- 4), included an amount of ₹6.55 crore, which remained unutilized till the end of the financial year 2019-20. This also resulted in understatement of the 'Loans, Advances & Deposits' (Schedule-8) by the same amount.
- ii. It was overstated by ₹1.24 crore, due to non-inclusion of the value of 'Buildings' which had already been completed during the financial year 2019-20. This also resulted in understatement of 'Assets' by the same amount.
- iii. It was overstated by ₹14.86 lakh, due to inclusion of the maintenance work of Institute buildings, resulting in overstatement of 'CWIP', as well as overstatement of the 'Corpus/Capital Fund', by the same amount.

**1.2.2 Loans, Advances and Deposits (Schedule-8): ₹7.72 crore**

The above head was understated by ₹3.28 crore, due to the following:

- a. It was understated by ₹3.67 crore, due to non-inclusion of 'Refundable Income Tax' of ₹2.56 crore and 'Rent & Electricity charges' of ₹1.11 crore (including GST @18 percent), receivable from the 'Bharat Sanchar Nigam

Limited'. The 'Corpus/ Capital Fund' (Schedule-1) was understated by the same amount.

b. It was understated by ₹2.65 crore, due to inclusion of unutilized advances, lying with CPWD, in respect of works already completed. This also resulted in overstatement of 'Fixed Assets' by the same amount.

c. It was overstated by ₹1.92 crore, due to showing of the balance under 'Income Tax Deposit' as ₹2.08 crore, even though ₹1.92 crore had already been recovered, but not credited to the 'Income Tax Ledger'. This also resulted in understatement of 'Current Assets' by the same amount.

d. It was overstated by ₹1.12 crore, as, during the financial year 2013-14, subscriptions and contributions for the New Pension Scheme, were paid from the '1A Rec A/c', instead of being paid from the 'SBI New Pension Scheme Bank A/c', and the said amount was, thereafter, shown as 'Receivable from NPS to IA Rec A/c'.

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

### **2.1 Expenditure**

#### **2.1.1 Depreciation (Schedule-4): ₹11.87 crore**

The above head was undercharged by ₹1.38 crore, due to the following:

a. It was undercharged by ₹1.38 crore (40 percent of ₹3.44 crore), due to understatement of E-Journals by ₹3.44 crore.

b. It was overcharged by ₹5.30 lakh (2 percent of ₹2.65 crore), due to overstatement of Buildings by ₹2.65 crore.

- c. It was overcharged by ₹3.49 lakh, due to wrong classification of various assets such as instruments, software etc., valued at ₹33.90 lakh.
- d. It was undercharged by ₹3.18 lakh (10 percent of ₹31.81 lakh), due to understatement of 'Library Books' by ₹31.82 lakh.
- e. It was undercharged by ₹2.48 lakh (2 percent of ₹1.24 crore), due to non-capitalization of buildings worth ₹1.24 crore.
- f. It was undercharged by ₹2.72 lakh (20 percent of ₹13.59 lakh), due to booking of ₹13.59 lakh, being the cost of 'renewal of Microsoft campus license (Academic), under 'Computers and Peripherals' (rate: 20 percent), instead of booking the said amount under 'Computer Software' (rate: 40 percent).
- Thus, the 'Excess of Income over Expenditure' was overstated by ₹1.38 crore.

### **C. General**

**3.1** In a deviation from the Format of Accounts prescribed by the MHRD, Schedule-3A did not contain the project-wise opening balances, receipts during the year, expenditure and closing balances, in regard to sponsored projects. Instead, a statement, showing only the closing balances of 95 sponsored projects, was annexed with the main accounts. Further, these closing balances, totaling ₹7.34 crore, did not match with the liabilities of ₹2.88 crore for sponsored projects, under 'Current Liabilities and Provisions' (Schedule-3), resulting in a discrepancy of ₹4.46 crore, which needs reconciliation.

**3.2** In deviation from the Format of Accounts prescribed by the MHRD, three reserve funds, totaling ₹4.85 crore, were created under the head



'Corpus/Capital Fund' (Schedule-1). Despite mention in the previous years' audit report, no remedial measures were taken in this regard.

**3.3** The 'Endowment Fund' (Schedule-2) was not prepared as per the format approved by the MHRD. Moreover, the opening balance of interest earned, interest earned during the year and total accumulated interest, were not exhibited.

**3.4** The Institute did not prepare 'Schedule – 3C (Unspent Grants)' and 'Schedule – 10 (Grants/ Subsidies)', as per the format of accounts prescribed by the MHRD.

**3.5** No actuarial provision was made towards retirement benefits and leave encashment, in term of Accounting Standard 15 and the Format of Accounts prescribed by the MHRD.

**3.6** In violation of the Format of Accounts prescribed by the MHRD, the Institute is following the cash basis of accounting, in regard of collection of 'Tuition Fees', instead of using accrual based accounting for this purpose.

**3.7** Despite mention in the previous years' Audit Report, and in violation of Accounting Standard-5, the impact on the annual accounts was not disclosed in the 'Notes to Accounts', even though the method of depreciation had been changed from the 'Written Down Method', to the 'Straight Line Method', from the financial year 2018-19.

**3.8** The balance amount of ₹6,04,842 (including the accumulated interest of ₹7,694) was transferred (01.04.2019), to the Account no: 37850318679 (SBI), under CEP NIT, Durgapur, from the SBI REC Account

no: 01100050062 (New:11520034877), under the 'Continuing Education Centre (CEC)'. This was not disclosed under the head 'Cash at Bank', in the annual accounts, resulting in understatement of the 'Cash at Bank', as well as the 'Corpus Fund', by ₹6.05 lakh each.

**3.9** The Annual Accounts exhibited a balance of ₹158.39 (142.66 + 15.73) lakh, as being deposits from students and 'Sundry Creditors (Others)', under 'Current Liabilities' (Schedule-3). The Institute needs to review these outstanding liabilities, which are very old, for taking appropriate action in their regard.

**3.10** A balance of ₹4.65 lakh was shown under 'Advances and other amounts recoverable in cash or in kind or for value to be received (Others)', under 'Loans, Advances and Deposits (Schedule-8)'. As amount is more than 10 years old, its chances of recovery appear to be very remote. As such, necessary steps need to be taken to review the need to write-off these long pending receivable amounts, if required.

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

The Institute is mainly financed by grants from the Government of India (GoI). For the financial year 2019-20, it received grants from the GoI, amounting to ₹172.29 crore [Revenue: ₹147.26 crore, Capital: ₹24.91 crore and HEFA<sup>1</sup> Interest: ₹0.12 crore (OH-31)]. In addition, it had an opening balance of ₹7.61 crore from the previous year's unspent grants (Capital). Out of the total grants of ₹179.90 crore, so available, it spent ₹155.85 crore (Revenue: ₹128.82 crore

---

<sup>1</sup>Higher Education Financing Agency

and Capital: ₹27.03 crore), resulting in an unspent balance of ₹24.05 crore (Revenue: ₹18.56 crore and Capital: ₹5.49 crore).

**E. Net Effect**

The net effect of the comments given in preceding paragraphs is that both the Assets and Liabilities were overstated by ₹64.53 crore, as at 31 March 2020, and the Excess of Income over Expenditure was overstated by ₹1.38 crore, for the year ended 31 March 2020.

**F. Management Letter**

Deficiencies not included in the Audit Report have been brought to the notice of the Director, NIT, 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.

i. insofar as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Durgapur, as at 31 March 2020 and

- ii. insofar 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: 07.04.2021**

*Deepak Narain*  
**(Deepak Narain)**  
**Director General of Audit**  
**(Central) Kolkata**

## Annexure

### **A. Adequacy of the Internal Audit System**

The Internal Auditing System of the Institute is inadequate on account of the following:

1. There is no Internal Audit Manual for use in the Internal Audit Wing.
2. The Internal Audit Wing does not prepare any Internal Audit Report.
3. Due to the COVID 19 pandemic, the Internal Audit Section did not carry out its assignments, as per its regular programme.

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

The Internal Control System of the Institute is inadequate in the following areas:

1. The Institute did not obtain bank balance certificates in respect of its Fixed Deposits, as at the end of the financial year, in order to verify the actual value of its Investments during the accounting period.
2. The Institute did not review its long outstanding liabilities/receivables, with a view to providing appropriate accounting treatment in their regard.

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

The Institute did not carry out physical verification of its assets during the financial year 2019-20.

### **D. Regularity in payment of Statutory Dues:**

Payment of Statutory liabilities, amounting to ₹4.75 lakh, was due, as on 31 March 2020.