



O/O THE DIRECTOR GENERAL OF AUDIT (CENTRAL),
KOLKATA
महानिदेशक लेखा परीक्षा का कार्यालय (केंद्रीय) , कोलकाता
8 K S Roy Road
GIP Building
Kolkata , West Bengal
PIN 700001



Ltr No: INSPECTION WING/2023-2024/DIS-1143162
Date: 22 Sep 2023

To,

1 The Director, National Institute of Technology, Durgapur, Mahatma Gandhi Avenue, Durgapur, PIN-713209

Subject: Separate Audit Report on the accounts of the National Institute of Technology, Durgapur, for the financial year 2022-23

Sir/Madam,

A copy of the Separate Audit Report, alongwith Annexure, on the accounts of the National Institute of Technology, Durgapur, for the financial year 2022-23, is forwarded to the Director, National Institute of Technology, Durgapur, Mahatma Gandhi Avenue, Durgapur, PIN-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 for 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.

A copy of the printed Annual Report, for the financial year 2022-23 (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.

Yours faithfully,

Encls: As above

TANUSHREE BISWAS
Deputy Director

Copy to:-

Ltr No: INSPECTION WING/2023-2024/DIS-1143162/C1

1 Finance and Accounts Section, NIT, Durgapur for information

Ltr No: INSPECTION WING/2023-2024/DIS-1143162/C2

2 OAD-AB Section, for information



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Separate Audit Report on the accounts of the National Institute of Technology, Durgapur for the year ended 31 March 2023

We have audited the attached Balance Sheet of the National Institute of Technology, Durgapur, as at 31 March 2023, 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 Current Liabilities and Provisions (Schedule 3): ₹33.30 crore

Despite similar mention in the previous year's audit report, and in violation of the Format of Accounts approved by MoE, the above head was overstated by ₹9.77 crore, due to inclusion of the fund balances and interest, of the 'Contributory Provident Fund' (₹9.77 crore). This also resulted in overstatement of the 'Current Assets' (Schedule 7) by same amount.

1.2 Assets

1.2.1 Current Assets (Schedule 7): ₹261.97 crore

The above head was understated by an amount of ₹3.44 crore due to non-depiction of Prepaid expense (proportional expense) in respect of annual subscription of e-journal for 2023-24. The Institute has erroneously booked an amount of ₹4.93 crore as intangible assets which are annual

Subscriptions for database and e-journals spanning over the period 22-23 (₹1.49 crore) and 23-24 (₹3.44 crore). This has also resulted in overstatement of fixed assets by the same amount.

B Income and Expenditure Accounts

2.1 Expenditure

2.1.1 Academic Expenses (Schedule 16): ₹1.61 crore

The Institute has erroneously booked an amount of ₹4.93 crore as intangible assets which are annual subscriptions for database and e-journals spanning over the period 2022-23 and 2023-24. Resultantly, Academic Expenses did not include an amount of ₹1.49 crore as proportional expenditure incurred for annual subscription of e-journals and databases for the year 2022-23 which needed to be booked as Academic Expenses. This has resulted in understatement of Academic Expenses and overstatement of excess of income over expenditure by the same amount.

2.1.2 Depreciation (Schedule 4): ₹19.56 crore

The above head was understated by an amount of ₹0.27 crore due to charging of depreciation at the rate of 20% (applicable for 'Computer Peripherals') instead of 40% as applicable for 'Compute Software (intangible Asset)', as the Institute had included Computer Software valuing ₹1.37 crore under the Asset head 'Computer Peripherals'. This has further resulted in overstatement of excess of Income over Expenditure.

C General Comments

3.1 The Institute had not collected any Certificate of Accrued Interest from Bank. Instead calculated Accrued Interest on their own, considering a flat rate of Interest for all Investments.

3.2 In contravention to the Format of Accounts as prescribed by the MoE (Erstwhile MHRD), the Institute has not depicted its utilisation of Capital Grants in Schedule 10 and Schedule 3C. Instead, it has depicted the Unutilised Capital Grants received from the Ministry under Schedule 2 (Earmarked Fund).

3.3 The Institute had booked capital expenditure during the financial year as ₹1.89 crore in the 'Corpus/ Capital Fund' (Schedule 1), 0.96 crore in the 'Earmarked Fund', ₹21.91 crore in the 'Current Liabilities and Provisions' (Schedule 3C), ₹40.20 crore in the 'Fixed Assets' (Schedule 4) and ₹26.96 crore in the Receipts and Payments Account. This discrepancy of figures needs to be reconciled. Similar observation was raised in previous report.

3.4 The difference between Receipt of Plan Grant and Utilization is ₹352 which has not been depicted under Unutilised Grant.

3.5 As per Schedule 4 (Fixed Assets), Addition to Fixed Assets under the head Library Books was ₹1.93 crore. However, as per the Accession Register, the figures for the year 22-23 was shown as ₹0.77 crore. The figures need to be reconciled.

3.6 Current Liabilities amounting to ₹4.82 lakh has remained unadjusted under the head 'Sundry Creditors EMD/SD for suppliers-TEQIP-1' for more than 5 years. Effective steps need to be taken for early disposal of the same.

3.7 In contravention to the Format of Accounts as prescribed by the MoE (Erstwhile MHRD), Investments from Earmarked Funds (Schedule 5) has not been depicted separately by the Institute.

3.8 Despite mentioned in the previous Report, the Institute has not made any actuarial provision towards retirement benefits and leave encashment of eligible employees, in terms of Accounting Standard 15.

3.9 Investments matured during the financial year could not be verified in audit due to non-availability of copy of investment certificates which are submitted in the Banks during encashment/reinvestment.

3.10 Despite mentioned in previous audit, in deviation from the Format of Accounts prescribed by MoE, three reserve funds, with a total balance of ₹5.00 crore, were created under the head 'Corpus/Capital Fund' (Schedule 1).

3.11 The Institute did not exhibit "Schedule-3(a) Sponsored Projects and Schedule 3(b) sponsored Fellowship and scholarship, as per the format of Accounts (MoE).

D. Grants-in-Aid

The National Institute of Technology Durgapur (NITD), is mainly financed by grants from the Government of India (GoI). For the financial year 2022-23, it received grants from the GoI, amounting to ₹180.52 crore (Revenue: ₹158.61 crore, which includes HEFA Interest: ₹0.43 crore and Capital: ₹21.91 crore). In addition, it had an opening balance of ₹6.71 crore from the previous financial year's unspent grants. Out of the total grants of ₹187.23 crore, so available, it spent ₹179.18 crore (Revenue: ₹152.22 crore and Capital: ₹26.96 crore), leaving an unspent balance of ₹8.05 crore, as on 31 March 2023.

E. Net Effect

The net effect of the comments given in preceding paragraphs was that both-the Assets, as well as Liabilities-were overstated by ₹9.77 crore, as at 31 March 2023, and the surplus (being the Excess of Income over Expenditure) was overstated by ₹1.76 crore, for the year ended 31 March 2023.

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. insofar as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Durgapur, as at 31 March 2023 and

b. 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: 22.09.2023

Debolina Thakur
(Debolina Thakur)
22/9/23.
Director General of Audit
(Central), Kolkata

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Annexure

A. Adequacy of the Internal Audit System

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

- i. There is no Internal Audit Manual, for use in the Internal Audit Wing.
- ii. The Internal Audit Wing functions as a pre-checker of all bills, before payments are made to vendors. The wing did not, however, prepare any Internal Audit Report.

B. Adequacy of the Internal Control System:-

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

- i. Charts of accounts are not in use.
- ii. Chart of accounts and accounting manual are not periodically verified and amended.
- iii. All suppliers' invoices are not routed through the accounting department.
- iv. The Fixed Asset Register is not being tallied with the financial accounts, on a periodic basis. Further, basic information in regard to Fixed Assets, such as the rates of depreciation, estimated life spans, accumulated depreciation, estimated salvage values etc., are not available in the Register.
- v. There is no procedure in place, for verification of the Fixed Assets of the Institute, on a periodic basis.
- vi. Stocks are not physically verified on annual basis.

C. Physical verification of Fixed Assets and Inventory

The Institute did not conduct physical verification of its Fixed Assets and Inventories, during the financial year 2022-23.

D. Regularity in payment of Statutory Dues:

The Institute was regular in payment of its statutory dues, for the financial year 2022-23.