



सत्यमेव जयते

SPEED POST

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/2014-15/NITD/ 331

Date: 13-10-15

13 OCT 2015

A copy of the Separate Audit Report alongwith Annexure on the accounts of National Institute of Technology, for the year 2014-15 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 2014-15 (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

Dy. Director (I)

AR (Audit)

for - please

23/10/15

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



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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/2014-15/NITD/ 330

Date: 13-10-15

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 2014-15**

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 2014-15. A copy of the annual accounts of the organisation for the year 2014-15 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 2014-15 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,

Encl.: As stated

AR 13/10/15
(A. Roychoudhury)
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 2015

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2015, 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 with by this report have been drawn up in the format prescribed by the Ministry of Human Resource Development, Government of India vide order No. 29-4/2012-FD 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 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

1.1 Liabilities

1.1.1 Designated/ Earmarked Funds (Schedule-3): ₹15.54 crore

The above amount had been understated by ₹3.88 lakh due to short accounting of interest accrued on investment of Earmarked Funds. This had also resulted in understatement of Loans, Advances & Deposits to the same extent.

1.1.2 Current Liabilities and Provision (Schedule-6): ₹74.26 crore

- i) The above amount had been overstated by ₹ 6.61 crore with the corresponding overstatement of Loans, Advances and Deposit as the expenditure incurred on behalf of GKCIET, Malda, had been shown as receivable instead of adjusting the same from the liabilities shown against GKCIET, Malda.
- ii) The above amount had also been understated by ₹ 29.52 lakh with the corresponding understatement of the Loans, Advances and Deposits as the amount of Current Liabilities and Provision had been arrived at after adjusting debit balances

appearing under different heads instead of exhibiting the amount under Loans, Advances and Deposits.

The net impact of the above comment is Current Liabilities and Provision as well as Loans, Advances and Deposit had been overstated by ₹ 6.31 crore

1.2 Assets

1.2.1 Fixed Assets

1.2.1.1 Tangible Assets (Schedule-7): ₹82.53 crore

The above had been understated by ₹15.78 lakh due to treating expenses incurred on construction of culvert, drain and purchase of water purifier, PVC water tank etc. as revenue expenditure.

This had also resulted in understatement of Capital Funds by ₹15.78 lakh.

1.2.1.2 Loans, Advances and Deposits (Schedule-10): ₹15.63 crore

The entire advances amounting to ₹197.34 crore paid to CPWD and NBCC for construction works had been booked under Capital Works in Progress though utilisation certificate for ₹140.11 crore only had been obtained from the above two agencies. As such, the balance amount of ₹57.23 crore should have been exhibited as advance on capital account instead of reflecting under Capital Works in Progress.

This had resulted in understatement of Loans, Advances and Deposits and overstatement of Capital Works in Progress by ₹57.23 crore.

1.2.1.3 Current Assets (Schedule-9): ₹116.17 crore

Despite mention in previous year's Management Letter, the value of time barred cheques amounting to ₹74.40 lakh had not been written back in accounts.

This had resulted in understatement of both the Current Assets and Current Liabilities and provision by ₹74.40 lakh.

B. Income and Expenditure Account

2.1 Expenditure

2.1.1 Other Expenses (Schedule-21): ₹Nil

Despite mention in previous year's Management Letter to provide Bad & Doubtful Debts for ₹27.61 lakh, shown as recoverable since 2010-11 and before, due to remoteness of the chances of recovery, the Institute could recover/adjust ₹6.76 lakh only during the year leaving ₹20.85 lakh unadjusted.

Non-provision for Bad & Doubtful Debts for balance amount resulted in understatement of Other Expenses by ₹20.85 lakh and overstatement of Surplus of the year by an equal amount.

2.1.2 Depreciation (Schedule-7): ₹5.47 crore

The above amount had been understated by ₹37.34 lakh due to

- a) Short provision of depreciation by ₹36.71 lakh on residential buildings for providing depreciation @5% instead of @10% as per the rates of Income Tax Act.
- b) Non-provision of depreciation of ₹0.63 lakh as the capital nature of expenses were treated as revenue expenses.

This had also resulted in overstatement of surplus of the year by ₹37.34 lakh.

2.2 Income

2.2.1 Income from Investment (Schedule-13): ₹3.74 crore

The above included ₹1.80 crore being the amount of interest accrued on investment of General fund which was found to be ₹4.65 crore as calculated in audit. NITD had not calculated the interest accrued on investment on 31.03.2015.

Short accounting of accrued interest on investments had resulted in understatement of Income from Investment as well as surplus of the year by ₹2.85 crore.

2.2.2 Other Income (Schedule-14): ₹5.72 crore

The above did not include ₹5.47 crore being the amount of depreciation provided during the year on assets created out of Government Grant in contravention of Accounting Standard-12 which provides that an amount equal to the amount of depreciation provided on assets created out of Government Grants is to be withdrawn from Capital Funds and credited to income accounts.

This resulted in understatement of Other Income and Surplus of the year by ₹5.47 crore.

C Receipts and payment account

The other income ₹214.81 crore included minus balance of ₹31.91 crore. Since, negative balance in receipt side indicates the payment amount, this amount should be shown in payment side instead of receipt side. This resulted in understatement of both receipt and payment by ₹31.91 crore.

D General

4.1 Designated/Earmarked Funds (Schedule- 3): ₹ 15.54 crore

(i) This exhibited ₹1554.37 lakh as Earmarked fund balance (Liability) under three funds and against this fund balance the corresponding assets were ₹1349.58 lakh. This resulted in a discrepancy of ₹204.79 lakh (₹1554.37 lakh – ₹1349.58 lakh) between the Endowment fund balance and asset created out of Endowment fund which needs to be reconciled.

(ii) The Institute had exhibited an amount of ₹69.26 lakh under **Earmarked fund under Grant-in-aid**. The amount has remained unchanged for years together. These grants were received long ago. Since these were utilized, the same should have been transferred to Capital fund.

4.2 Assets worth ₹18.49 crore pertaining to TEQIP phase I was shown under Schedule 7 Fixed Asset. The assets were included in the Institute account after completion of the project and are being utilized by the Institute without any established orders from the grant sanctioning authorities in support of transfer of the ownership on the assets to the Institute. Further no depreciation had been provided on TEQIP I assets though the same are used by the institute.

4.3 Despite mention in earlier year's Audit Report no liabilities towards the retirement benefits payable to the officials /staff on actuarial basis had been provided for.

4.4 The Bank Reconciliation Statement as prepared by the Institute in respect of Account No. 11520034072 disclosed that, despite mention in previous two year's Management Letter, the following irregularities were not rectified.

a) An amount of ₹0.87 lakh credited by the Bank less than the amount shown in cheque (as stated in reconciliation statement of March 2008)

b) Out of cheques/drafts amounting to ₹119.71 lakh deposited in the bank in 2008-09 and during 2010-11 to 2012-13 but not credited by bank, ₹3.43 lakh only had been credited (pertaining to the year 2012-13) by the bank leaving an amount of ₹116.28 lakh yet to be credited by Bank.

c) The Bank had debited ₹11.71 lakh (₹2.44 lakh in 2009-10, ₹4.20 lakh in 2010-11 and ₹5.07 lakh in 2012-13) but the same had not been entered in the Bank Book of the Institute till end of 2014-15.

4.5 MHRD vide order No. F No 8-4/2014-TSVII Dt. 18 March 2015 had re-entrusted NIT, Durgapur as a mentor to monitor all receipts and expenses. Accordingly, the MHRD had released grants of ₹15.00 crore in favour of NIT,

Durgapur for onward release of funds to GKCIET, Malda as per the demand to be raised by the GKCIET, Malda. The NIT, Durgapur in 2014-15 had utilised fund of ₹6.61 crore (out of the total fund of ₹15.00 crore) on behalf of GKCIET, Malda. Thus, the rest of the fund of ₹8.39 crore (₹15.00 crore – ₹6.61 crore) was kept in the Bank Account of NIT, Durgapur instead of keeping the fund in separate Bank Account and the interest earned on the unspent fund was treated as own interest income (the amount could not be quantified).

Since, unspent fund was related to GKCIET, Malda, the interest earned on the unspent balance should have been shown as liability of NIT, Durgapur at the end of 2014-15. But the NIT, Durgapur had not exhibited interest on unspent balance as liability of the NIT, Durgapur.

4.6 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.

4.7 NITD has been collecting the fees for the academic year i.e. July to June and accounting in the current year. However the financial year is April to March. It resulted in the wrong accounting of fees for the month of April to June. So fees should be accounted on the basis of financial year instead of Academic year.

E Grants-in-aid

The Institute during the year (2014-15) had received total grants of ₹76.00 crore (Plan ₹26.00 crore included receivable grants of ₹8.00 crore and Non Plan ₹50.00 crore). Out of the total grants (₹76.00 crore), the Institute had spent ₹65.22 crore (Plan ₹9.96 crore and Non Plan ₹55.26 crore) resulting in an overall unspent balance of ₹10.78 crore (Plan ₹16.04 crore and Non Plan (-) ₹5.26 crore). The excess expenditure under Non Plan was met from internal revenue of the Institute.

F Net Impact

Net effect of the comments given in the preceeding paragraphs is that both the Assets and Liabilities were overstated by ₹5.37 crore as at 31 March 2015 and the surplus had been understated by ₹7.74 crore for the year ended 31 March 2015.

G Management Letter

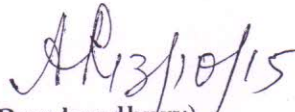
Deficiencies which have not been included in the Audit Report have been brought to the notice of the Director, National Institute of Technology, Durgapur through a management letter issued separately for remedial/corrective action.

- 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 2015 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: - 13.10.2015


(A.Roychoudhury)
Director General of Audit
Central :: Kolkata

Annexure

A. Adequacy of Internal Audit System

- No Internal Audit Manual was in use although internal Audit wing exists.
- Internal Audit Reports were not prepared.

B. Adequacy of Internal Control System

- Fees directly deposited to Bank were not accounted for promptly.
- Many Vouchers were not stamped as 'paid and cancelled'.
- Due to non-exhibition of Projects Accounts within the Institute main Accounts actual amount of project funds made available to NIT over the years as well as assets created out of the said funds could not be ascertained in audit.
- There is no centralized purchase department. The Purchase Officer also functions as In-charge of Stores.
- No certificate of physical verification of Cash was noticed in the Cash Book of March 2015.
- No committee was constituted to manage the investment made by the institute.

C. Physical verification of Fixed Assets/Inventory

- The Institute could not produce any record indicating the period since when Physical Verification of Assets is pending. However, a committee for Physical Verification of Fixed Assets/ Inventories was formed only in March 2014.

D Statutory Liabilities:-

- The Institute had not disposed of Statutory dues of ₹0.29 lakh pertaining to Professional Tax (Hostel Employees) for more than two years.



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अदिति रायचौधुरी
Aditi Roychoudhury

CONFIDENTIAL

SPEED POST

महा निदेशक लेखा-परीक्षा, 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, Kiran Sankar Roy Road, Kolkata-700 001

D.O No. OA-II(AB)/AR/2014-15/NIT/ 332
Dt. 13-10-15

Dear

Dr. Kumar,

13 OCT 2015

I have audited the annual accounts of the **National Institute of Technology, Durgapur** for the year 2014-15 and have issued the **Audit Report** thereon vide letter dated 13.10.2015. 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. Secured Loans and Borrowings: (Sch-5): ₹58.23 lakh

The amount shown under this head represented the balance of interest bearing loans of ₹58.23 lakh received from the Government of India prior to the year 2000-01. The Institute neither had provided any interest on this loans amount nor disclosed non-provision of interest element under contingent liabilities. Further, the responsibilities of the Institute for repayment of the loan amount had also not been assessed.

2. The amount of Capital Works in Progress (₹197.34 crore) in Schedule-7 represented the amount deposited with CPWD and NBCC for construction works. However, as per the progress reports submitted by the agencies, ₹145.69 crore was only shown as advances/deposits received from the Institute. The difference of ₹51.65 crore needs proper reconciliation.

3. Loans, Advances and Deposits (Schedule-10): ₹1563.09 lakh

The above amount included receivable from New Pension System Accounts for ₹111.71 lakh. Since the Institute had not maintained any separate Accounts for NPS, the actual amount of receivable and payable from main Account could not be ascertained in audit. The Institute should not maintained any NPS head of account as the amounts recovered under this head should immediately be transferred/deposited to NSDL as per detailed provision of NPS.

AR(Audit)

For and please

J. K. Choudhury
23/10/15

Despite mention in earlier year's Management Letter, no action was taken by the Institute.

4. The fact that the Academic Expenses of the year included ₹228.41 lakh pertaining to prior periods had not been disclosed.

5. The Institute has submitted the Annual Accounts along with the report of CA firm. As the CAG is the sole auditor of the Institute, the report of CA firm should not be attached with the Annual Account.

Best wishes.

Yours sincerely,

Ad 3/10/15

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