



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.

CONFIDENTIAL

No: OA II (AB)/AR/2018-19/NITD / 462

Date: 10.01.2020

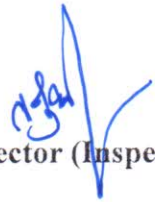
A copy of the Separate Audit Report, alongwith Annexure, on the accounts of the **National Institute of Technology**, for the year 2018-19, is forwarded to the **Director, National Institute of Technology, Mahatma Gandhi Avenue, Durgapur-713209**, for information and necessary action.

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 Annexures, 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 financial year 2018-19 (both English and Hindi Version), containing the Audited Accounts and the Separate Audit Report, along with Annexures, as laid before the Parliament, may please be forwarded to this Office for necessary action at this end.

Encl.: As stated


Dy. Director (Inspection)

Registered
14/01/2020

जि. आई. प्रेस बिल्डिंग, 8 किरण शंकर राय रोड (1म मंजिल), कोलकाता-700001
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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/2018-19/NITD/ 461

Date: 10.01.2020

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 the National Institute of Technology,
Durgapur, for the year 2018-19**

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 year 2018-19. A copy of the annual accounts of the organisation, for the year 2018-19, 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 years 2017-18 and 2018-19, on the Tables of both the Houses of Parliament, may also please be communicated to this office.

Yours faithfully,

(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 National Institute of Technology, Durgapur for the year ended 31 March 2019

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2019, 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, 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/ Receipt and Payment Account dealt by this Report have been drawn in terms of the Format of Accounts prescribed by the 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, 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 Corpus/ Capital Fund (Schedule-1): ₹529.20 crore

The above head was overstated by ₹11.56 crore due to inclusion of the entire capital grant of ₹25.66 crore, instead of the grant utilised (₹14.10 crore) during the year and non-showing of the un-utilised portion of the grant (₹11.56 crore) under Current Liabilities. Such deviation from the Format of Accounts prescribed by MHRD resulted in understatement of Current Liabilities and Provisions (Schedule-3) by ₹11.56 crore.

1.1.2 Designated/ Earmarked/Endowment Funds (Schedule-2): ₹155.33 crore

Despite mention in previous year's audit report, the non-transferred fund balance (₹2.57 crore) of the New Pension Scheme was included under the Earmarked Funds (Schedule-3), instead of attaching it as a separate account with the annual accounts, violating the Format of Accounts prescribed by the MHRD and resulting in overstatement of both assets and liabilities by ₹2.57 crore.

1.1.3 Current Liabilities and Provisions (Schedule-3): ₹90.71 crore

The above head was overstated by ₹62.43 crore due to inclusion of the fund balance and interest of General Provident Fund and Contributory Provident Fund, instead of attaching the same as a separate account with the annual account. Correspondingly, assets were also overstated by ₹62.43 crore.

1.2 Assets

1.2.1 Loans, Advances and Deposits (Schedule-8): ₹28.31 crore

The above was understated by ₹3.10 crore due to non-inclusion of refunds of income tax of ₹2.09 crore and rent, as well as electricity charges of ₹1.01 crore receivable from Bharat Sanchar Nigam Limited, resulting in understatement of the Corpus/ Capital Fund (Schedule-1) by ₹3.10 crore.

B. Income and Expenditure Account

2.1 Expenditure

2.1.1 Repair and Maintenance (Schedule-19): ₹3.60 crore

The above head was overstated by ₹15.68 lakh due to inclusion of expenditure of a capital nature instead of including the same under 'Fixed Assets', resulting in understatement of Excess of Income over Expenditure by ₹15.68 lakh.

2.2 Income

2.2.1 Other Income (Schedule-13): ₹1.96 crore

The above head was overstated by ₹5.30 lakh due to inclusion of capital receipts viz, verification fees and transcription fees, instead of including the same under the Corpus/ Capital Fund, resulting in overstatement of Excess of Income over Expenditure by ₹5.30 lakh.

C General

3.1 In a deviation from the Format of Accounts prescribed by the MHRD, stipulated Schedule-3A for sponsored projects was not prepared. Instead, the Institute annexed a statement with the annual account, showing the closing balance of 80 projects. However, these closing balances, totaling ₹12.11 crore, did not match with the liabilities of ₹4.54 crore for sponsored projects under 'Current Liabilities and Provisions' (Schedule-3), resulting in a discrepancy of ₹7.57 crore.

3.2 In a deviation from the Format of Accounts prescribed by MHRD, three reserve funds, totaling ₹4.59 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 Despite mention in previous years' audit report, no review was conducted for liabilities of ₹10.84 crore and advances of ₹14.63 lakh, under 'Current Liabilities and Provisions' (Schedule-3) and 'Loans, Advances and Deposits' (Schedule-8), respectively, remaining outstanding for more than five years.

3.4 There was a discrepancy of ₹26.48 crore in regard to the amount of work completed in four construction work, as an amount of ₹82.79 crore was

transferred from 'Capital Works-in-Progress' to 'Fixed Assets' (Schedule-4) against the amount of ₹56.30 crore (March 2019) stated by the executing agency.

3.5 The Institute did not prepare Schedule – 3C (Unspent Grants) and Schedule – 10 (Grants/ Subsidies), as per the Format of Accounts prescribed by the MHRD.

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

3.7 The material effect of shifting to the straight line method, from the written down value method of depreciation, in the year 2018-19, was not mentioned in the Notes to Account.

D. Grants-in-Aid

The Institute is mainly financed by grants from Government of India. For the year 2018-19, it received an amount of ₹133.99 crore (Revenue-₹108.33 crore and Capital- ₹25.66 crore). Further, it had an opening balance of ₹25 lakh from the previous year's unspent grant. Out of the total available grant of ₹134.24 crore, it spent ₹151.38 crore (Revenue-₹137.35 crore and Capital-₹ 14.03 crore), resulting in excess expenditure of ₹17.14 crore, which was met from internal revenues.

E. Net Effect

The net effect of the comments given in preceding paragraphs was that both the Assets and Liabilities were overstated by ₹61.90 crore as at 31 March 2019 and Excess of Income over expenditure was understated by ₹10.38 lakh for the year ended 31 March 2019.

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, 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 2019, and
- b.* Insofar as it relates to the 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: - 10.01.2020


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

Annexure

A. Adequacy of Internal Audit System

The Internal Audit System is not adequate due to the following:

- i) NIT Durgapur has its Internal Audit Wing. However, no Internal Audit Manual was in use.
- ii) Internal Audit was not conducted by the Institute during the year 2018-19.

B. Adequacy of Internal Control System

The Internal Control System of the Institute is not adequate in the following areas:

- i) The charts of accounts are not periodically reviewed.
- ii) There is no written procedure for verification of fixed assets.
- iii) The Institute did not review the long outstanding liabilities in order to provide proper accounting treatment to those.
- iv) No Investment Committee was in place to monitor and manage the huge investments made by the Institute.
- v) The certificates from the respective banks of MOD balance as on 31 March 2019 under all sweeps account were not obtained.

C. Physical verification of Fixed Assets and Inventories

The Institute did not conduct physical verification of Fixed Assets, including Inventories, during the year.

D. Statutory Liabilities:-

The Institute is regular in payment of statutory dues.



सत्यमेव जयते

दीपक नारायण
Deepak Narain

CONFIDENTIAL

महानिदेशक लेखापरीक्षा, 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, Kiron Sankar Roy Road, Kolkata-700 001

D.O No. OA-II(AB)/AR/2018-19/NITD/ 463
Dt. 10.01.2020

Dear Professor Basu,

I have audited the annual accounts of the National Institute of Technology, Durgapur, for the year 2018-19, and have issued the Audit Report thereon vide letter dated 10.01.2020. During the course of audit, the following deficiencies were noticed, but were not included in the Audit Report. These are, however, brought to your notice, for corrective and remedial action;

1. The Receipts and Payments Account did not show the expenses in regard to the sub-heads: 'establishment', 'academic', 'administrative', 'repair and maintenance', 'fixed assets' and 'capital works-in-progress' on the 'Payments' side and under the sub-heads: 'academic receipts' and 'receipts against sponsored projects/schemes' on the 'Receipts' side.

2. The details of ₹44.72 lakh and ₹1.12 crore under two heads, viz, 'Project-MOES Hillium' and 'Receivable from NPS to 1A Rec Account', respectively, under 'Loans, Advances and Deposits' (Schedule-8) were not provided.

3. Investment (Schedule-6): ₹187.53 crore

The above head was overstated by ₹67.04 lakh due to incorrectly stating the value of fixed deposits as ₹10.99 crore instead of ₹10.32 crore, resulting in understatement of Current Assets (Cash at Bank/Schedule-7) by ₹67.04 lakh.

4. Current Assets (Schedule-7): ₹151.72 crore

The above was overstated by ₹96 lakh due to inaction of the Institute regarding the cash book (SBI/072) as under:

- i) Overstatement of ₹1.17 crore due to inclusion of the value of 17 deposit instruments not yet credited by the bank during the years 2008 to 2015, instead of showing them as receivables, resulting in understatement of Loans, Advances and Deposits (Schedule-8) by ₹1.17 crore.
- ii) Understatement of ₹5.01 lakh due to non-writing back of value of five time-barred cheques, resulting in understatement of Current Liabilities and Provisions (Schedule-3) by ₹5.01 lakh.
- iii) Understatement of ₹43.82 lakh due to non-inclusion of deposits made by the bank till March 2019, resulting in understatement of Current Liabilities (Schedule-7) by ₹43.82 lakh.
- iv) Overstatement of ₹27.61 lakh due to non-inclusion of deductions made by bank during the years 2009-10 to 2018-19 and showing them as receivables, resulting in understatement of Current Assets (Schedule-7) by ₹27.61 lakh.

5. No mention was made in the Notes to Accounts regarding closure of three bank accounts viz, TEQIP Related Activities, NIT Durgapur (TEQIP-II) and REC Continuing Education and transferring the balances lying therein to a new account (CEP NIT Durgapur).

with regards,

Yours sincerely,

Prof. Anupam Basu,
Director,
National Institute of Technology,
Mahatma Gandhi Avenue,
Durgapur – 713 209.

Anupam Basu