Speed Post

भारतीय लेखापरीक्षा तथा लेखा विभाग

कार्यालय महानिदेशक लेखापरीक्षा (केन्द्रीय), चण्डीगढ़

Indian Audit & Accounts Department

Office of The Director General of Audit (Central), Chandigarh

सत्यमेव जयते

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

No: डी.जी.ए. (सी)/के. व्यय/SAR/NITS/2020-21/2021-22/ 2371 दिनांक: 04.02.2022

सेवा मे,

सचिव,
उच्चतर शिक्षा विभाग,
शिक्षा मंत्रालय,
भारत सरकार,
नई दिल्ली – 110001

विषय: National Institute of Technology, Srinagar के वर्ष 2020-21 के लेखाओं पर पृथक लेखापरीक्षा प्रतिवेदन

महोदय,

कृपया National Institute of Technology, Srinagar के वर्ष 2020-21 के लेखाओं पर पृथक लेखापरीक्षा प्रतिवेदन (Separate Audit Report) संसद के दोनों सदनों के समक्ष प्रस्तुत करने हेतु सलंग्न पाएं | संसद में प्रस्तुत होने तक प्रतिवेदन को गोपनीय रखा जाए |

संसद में प्रस्तुत करने के उपरांत प्रतिवेदन की पांच प्रतियाँ इस कार्यालय को भी भेज दी जाएं |

कृपया इस पत्र की पावती भेजें |

भवदीय,
-हस्ता/-

संलग्न: उपरोक्त अनुसार

महानिदेशक

उपरोक्त की प्रतिलिपी वर्ष 2020-21 की पृथक लेखापरीक्षा प्रतिवेदन की प्रति सहित आवश्यक कार्यवाही हेतु निदेशक, National Institute of Technology, Srinagar, Hazratbal, Kashmir (J &K)- 190006 को प्रेषित की जाती है |

निदेशक (केन्द्रीय व्यय)

प्लाट न. 20-21, सेक्टर - 17 ई, चण्डीगढ़ - 160017 Plot No. 20-21, Sector-17E, Chandigarh - 160017

दूरभाष/ Tel.No. 0172 - 2782020 फैक्स/ FAX No:0172 - 2782021 / 2783974 ई-मेल/ Email: pdacchandigarh@cag.gov.in

Separate Audit Report on the accounts of the National Institute of Technology Hazratbal, Srinagar for the year ended 31March 2021

We have audited the Balance Sheet of the National Institute of Technology, Srinagar as at 31 March 2021, Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 19 (2) of the Comptroller & Auditor General's (Duties, Powers & 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 & 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 & 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 check basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, Hazratbal, Srinagar in so far as it appears from our examination of such books.

iv) We further report that: -

A. General

A.1 Fixed assets, as depicted in Schedule 4, should have been clubbed in the heads as per prescribed format, instead of clubbing under multiple heads of 208 items. This was pointed out in the previous year Management Letter. However, no compliance was made.

A.2 The Institute has disposed the scrap/ unserviceable items (including several items of fixed assets) during the year 2020-21. However, no items of fixed assets were deducted from the Gross block in the Fixed Assets Schedule & resultant gain/ loss, if any, not accounted for.

A.3 Current Assets, Review of Bank Accounts.

Scrutiny of bank records revealed that the Institute has not prepared reconciliation statement of three bank accounts (Current Account J & K Bank CD 106; J& K Bank 0391040100011025 TEIQP III; and SBI scholarship 3232011679-7), and therefore, difference between the balances shown in the accounts (₹ 1640.79 lakh) and actual bank balances (₹ 1625.14) amounting to Rs 15.65 lakh was not reconciled.

Similar observation was issued in the previous Separate Audit Report also in respect of Current Account J & K Bank CD 106. However, compliance has not been made.

A.4 Income and Expenditure Account
Income from Investments ₹7.93 Crore (Schedule 11)

The above is received by the NIT towards interest income by investing the funds, inter-alia, including the unspent balances of Grants received from the Government of India/MHRD/UGC from time to time. As per rule 230 (8) of General Financial Rules 2017, all interests or other earnings earned out of Grants should be remitted to the Consolidated Fund of India immediately after finalization of accounts.

Clause 12 of the sanction order of grants pertaining to recurring/non-recurring grants clearly specifies that "*all interests or other earnings against grants in aid or advances released to any grantee/institution should be mandatorily remitted to the consolidated fund of India immediately after finalization of accounts, such advances should not be allowed to be adjusted against future releases*".

However, the Institute has not ascertained and remitted the interest earned on the grant funds, which contravened the provisions contained in the GFR and term & conditions of the sanction letters of the grants.

Similar observations were also issued in the previous Separate Audit Report. However, no compliance has been made.

A.5 Income from investments ₹ 7.93 crore (Schedule 11)

Interest confirmation certificates from J & K bank show the total interest on FDRs at ₹ 771.57 lakh. However, this certificate does not indicate FDR-wise interest for the year 2020-21. Further, details of interest on FDRs held with other banks (i.e., other than J & K bank) along with the interest confirmation certificates thereof have not been furnished.

A.6 Balance confirmation from Debtors/ Advances recoverable and Creditors not obtained

The Institute has not obtained confirmation from the debtors/ Advances receivable₹286.46 lakh (Debtors ₹ 0.63 lakh and Advance to Others ₹ 285.83 lakh) and creditors (₹48.01 lakh being expenses payable) at the close of the financial year. In the absence of the same, the authenticity of the balances depicted in the financial statements by the Institute could not be verified in audit.Similar observation was issued in the previous Separate Audit Report also in respect of confirmation of debtors, however, compliance has not been made.

A.7 Non-availability of annual accounts of GPF and NPS

As per prescribed format, accounts relating to GPF and NPS were to be annexed with the annual accounts. However, this has not been complied with.

Similar observation was issued in the previous Separate Audit Report. However, compliance has not been made.

A.8Non-provision for retirement benefits

A reference is invited to Sl. No. 3(c) of Significant Accounting Policies and Notes to Accounts (Schedule 23) pertaining to Provision for retirement benefits which state that the provisions of Accounting Standard 15 have not been made. This has resulted in non-compliance of MHRD format of accounts, which prescribe that the provisions of the retirement benefits should be made on actuarial basis.

Similar observation was issued in the previous Separate Audit Report. However, compliance has not been made.

B. Grant-in-Aid

The position of grant-in-aid of the Institute for the financial year 2020-21was as follows: -

(Amount in ₹ crore)

Particulars	OH-31	OH-36 (Salary)	OH-35 (Creation of Capital Assets)	Total
Previous year unspent balance	15.48	18.47	5.37	39.32

Add: Grant received during the year	43.82	57.92	36.61	138.35
Total funds available	59.30	76.39	41.98	177.67
Less: Expenditure	55.38	51.19	11.63	118.20
Unspent balance at the end of the year	**3.92**	**25.20**	**30.35**	**59.47**

The unspent balance as per books of accounts is ₹58.53 crore. This difference of ₹0.94 crore had remained un-reconciled in previous years unspent grant also. This needs reconciliation.

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 other significant matters above and other matters mentioned in Annexure to this 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, Hazratbal, Srinagar as at 31 March 2021; and

b. In so far as it relates to Income & Expenditure Account, of the surplus for the year ended on that date.

For and on behalf of the C & AG of India

Director Generalof Audit (Central), Chandigarh

Place: Chandigarh

Date: 4/2/22

Annexure to Audit Report

1. Adequacy of Internal Audit system

Consultant for Internal Audit has been engaged by the Institute in June 2021. However, the Internal Audit for the year 2020-21 has not been conducted.

2. Adequacy of Internal Control System:

Internal Control system is found to be inadequate in view of the following:

i) Institute possesses substantial amounts of unspent balances of grants. Institute informed that it has kept the grant funds in Current Accounts and not earned any interest on these grant funds. This indicates poor financial management/ inadequate internal control mechanism.

ii) Physical Verification of consumables was not conducted.

iii) Reconciliation statement of three bank accounts (as pointed out at Sl. No. A.3 of this Audit Report) not prepared

iv) Institute has not obtained the confirmation of balances of debtors/advances from concerned parties.

v) Accounting manual has not been prepared.

3. System of Physical verification of fixed assets

The Institute has constituted committee for physical verification of assets in Sept 2021. However due to the prevailing situation, concerned committees have not submitted reports till date. The physical verification is pending for the last two financial year's.

4. System of Physical verification of Inventory

Physical verification of inventory was not conducted.

5. Regularity in payment of statutory dues:

The Institute was regular in payment of statutory dues.

Director

DO No: **DGA (C)/CE/SAR/NIT Srinagar/21-22/**

सुशील कुमार ठाकुर, आई.ए.ए.एस.
Sushil Kumar Thakur, IAAS

महानिदेशक लेखापरीक्षा (केन्द्रीय), चण्डीगढ़
DIRECTOR GENERAL OF AUDIT (CENTRAL), CHANDIGARH

सत्यमेव जयते

Dated: **04.02.2022**

Dear Prof. Sehgal,

The audit of annual accounts of your Institute for the year ended 31 March 2021 was conducted and audit comments in respect of the same have been reported through the Separate Audit Report. In this regard, it is to bring to your kind attention that corrective action, to certain persistent irregularities which are repeatedly included in the Separate Audit Reports/ Management Letters (as briefed in the Part-A of the annexure enclosed), has not been taken by the management of the Institute, which needs your immediate intervention. Besides, there are certain other deficiencies noticed which have not been included in the Separate Audit Report but, nevertheless, are significant (as detailed in the Part-B of the annexure), are also being brought to your attention for remedial /corrective action.

You are requested to issue instructions for taking corrective measures in this regard.

Warm regards

Yours sincerely,

Prof. (Dr.) Rakesh Sehgal
Director
National Institute of Technology,
Srinagar

Encl : As above

Annexure to the Management Letter

PART A: <u>Persistent Irregularities being included in the Separate Audit Reports</u>

Observations at Sl.no. A.1, A.3, A.4, A.6, A.7 and A.8 of Separate Audit Report for the current year 2020-21 and observation at Sl.no. 2 in the Part B below were also included in the previous year report/ Management Letter[1]. However, compliance was not made in the annual accounts for the year 2020-21.

PART B: <u>Other Irregularities noticed during the audit of accounts of the Institute for the year 2020-21 which have not been included in the Separate Audit Report</u>

1. **Balance Sheet**
   Application of funds
   Tangible Assets (Schedule 4)
   Depreciation for the year: ₹ 728.80 lakh

Above includes depreciation on four items of fixed assets, amounting to ₹ 4.62 lakh as per the rate of depreciation mentioned against them. Depreciation on these items as per rates prescribed in the format issued by MHRD works out to ₹ 6.85 lakh. This has resulted in the understatement of depreciation and overstatement of fixed assets to the extent of ₹ 2.23 lakh.

As per schedule 23, depreciation on assets had been calculated at written down value whereas MHRD format prescribes that depreciation on assets should be calculated at straight line method.

2. **General**
   Current Assets, Review of Bank Accounts.

Scrutiny of Bank records revealed that balance confirmation statement in respect of Current Account held with SBI Jammu (having zero balance as per the Accounts) have not been obtained.

Similar observation was issued in the previous Separate Audit Report also, however, compliance has not been made.

Director

[1] These points were included at Sl.no. Sl.no. 2 of Management Letter for the year 2019-20, and Sl.no. B.5, B.2 , B.6, B.7 &A and B.5 (iii), respectively in the Separate Audit Report for the year 2019-20