(27)

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

स०/**No:** डी.जी.ए.(सी)/के. व्यय/SAR NITS/2022-23/23-24/1016 दि०/Dated: 12-10-2023

सेवा मे,

Secy (SE&L) 16/10/2023

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

PPS to Secy (HE)

विषय: National Institute of technology, Srinagar के वर्ष 2022-23 के लेखाओं पर पृथक लेखापरीक्षा प्रतिवेदन

महोदय,

JS (TE)

कृप्या National Institute of technology, Srinagar के वर्ष 2022-23 के लेखाओं पर पृथक लेखापरीक्षा प्रतिवेदन (Separate Audit Report) संसद के दोनों सदनों के समक्ष प्रस्तुत करने हेतु सलंग्न पायें | 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 जाएँ|

कृप्या इस पत्र की पावती भेजें|

भवदीय,

11/10/23

महानिदेशक

संलग्न: उपरोक्त अनुसार

शिक्षा मंत्रालय/Min. of Education
18 OCT 2023
स्कैन/SCANNED

प्लाट न. 20-21, सेक्टर - 17ई, चण्डीगढ़ - 160017 Plot No. 20-21, Sector-17E, Chandigarh - 160017
दूरभाष/ Tel.No. 0172 - 2782020 & 2706117 फैक्स/ FAX No:0172 - 2782021 / 2783974 ई-मेल/ Email: pdacchandigarh@cag.gov.in

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of the National Institute of Technology, Srinagarfor the year ended 31 March 2023

We have audited the Balance Sheet of the National Institute of Technology, Srinagar as at 31 March 2023, 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 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/Receipts and Payments Account dealt with by this Report have been drawn up in the uniform format prescribed by the Ministry of Human Resource Development (now Ministry of Education), Government of India vide order no. 29-4/2012-FD dated 17^{th} April 2015.

iii) In our opinion, proper books of accounts and other relevant records have been maintained by the National Institute of Technology, Srinagar in so far as it appears from our examination of such books.

iv) We further report that:

A Balance Sheet

A.1 Sources of Fund

Current Liabilities & Provisions (Schedule 3)

Current Liabilities: Rs. 49.36 crore

Above does not include Rs. 1.11 crore payable to supplier against the supply of items valuing Rs4.11 crore for execution of smart classroom project while payment of Rs. 3.00 crore was made during the year. Outstanding Liability of Rs. 1.11 (4.11-3.00) crore should have been booked. Non booking of Liability, resulted in understatement of Current Liabilities &Provisions as well as Capital Work in Progress (Schedule 4) by Rs. 1.11 crore.

A.2 Application of funds

Loan, Advances & Deposits (Schedule 8)

Advances to CPWD- Rs 3.79 crore

Above does not include capital advances of Rs. 1.51 crore on accounts of work "construction of Indoor stadium" which has been wrongly booked under capital work in progress. However, as per the expenditure statement of CPWD as on 31.03.2022, the work of Rs. 0.04 crore has been done and work was foreclosed during the year. This has resulted in overstatement of Capital Work in Progress (Schedule 4) and understatement of Loan, Advances & Deposits by Rs. 1.51 (1.55-0.04) crore.

B General

B.1 Net impact of Audit Comments on the Annual Accounts

Net impact of Audit Comments on the annual accounts of the institute for the year ending 31 March, 2023 is as under:

(i) Assets understated by Rs. 1.11 crore

(ii) Liabilities understated by Rs. 1.11 crore

B.2 Capital work in progress- Rs. 102.23 crore

(i) Above represents opening Capital Work in Progress (CWIP) of Rs. 7.27 crore (Rs. 5.14 + Rs. 2.13 crore) crore on accounts of two capital works "4 nos. of Class rooms and construction of Health Centre" under EWS scheme.

However as per expenditure statement as on 31.03.2023 of CPWD, the work of only Rs. 0.91 crore (Health Centre: Rs. 0.87 crore and 4 no. Classrooms: Rs. 0.04 crore) was done till date. Hence, capital work in progress amounting to Rs. 0.91 crore and capital advances of Rs. 6.36 crore (2.13+5.14-0.91) should have been booked as per expenditure statement of CPWD.

However, the Institute replied that Form 65 submitted by CPWD as of 31.03.2023 was having some discrepancies, which they have already communicated to CPWD but this fact of not making accounting entries on the basis of expenditure statement of CPWD (as on 31.03.2023) was also not disclosed in the notes to accounts.

(ii) Above includes Capital Work in Progress of Rs. 0.50 crore instead of Rs. 10.10 crore on accounts of "Construction of extension of Girls Hostel (G+)". As per expenditure statement of CPWD as on 31.03.2023, work of Rs. 10.10 crore was done during the year against the advances of 0.50 crore. Hence, Provisions of Rs. 9.60 (10.10-0.050) crore should have been made as per expenditure statement of CPWD. However, the Institute replied that Form 65 submitted by CPWD as of 31.03.2023 was having some discrepancies, which they have already communicated to CPWD but this fact of not making accounting entries on the basis of expenditure statement of CPWD (as on 31.03.2023) was also not disclosed in the notes to accounts.

B.3 Opening Capital Work in progress: Rs. 79.74 crore
Renovation of compound wall with gates- Rs. 2.45 crore

Above represents Rs. 1.75 crore in r/o works "Compound wall with Gates" while as per the expenditure statement of CPWD as on 31.03.2023, work has been completed at the cost of Rs. 1.70 crore during the year. Buildings should have been capitalized for Rs. 1.70 crore and Rs. 0.05 crore should have been booked under capital advances as per expenditure statement of CPWD.

However, the Institute replied that CPWD have not provided the Form 65 as desired instead consolidated figures have been communicated which is not giving the true & fair picture of funds lying with them under different heads, that is why Institute has not rendered any adjustment entry based on their Form 65. But, this fact of not making accounting entries on the basis of expenditure statement of CPWD (as on 31.03.2023) and was also not disclosed in the notes to accounts

B.4 The annual accounts depicts the accounting treatment of funds in respect of work "Mega hostel" as on 31.03.2023

(Amount in crore)

1	Capital work in progress	57.34
2	Capital advances	3.79

	Total funds	61.13

However, as per expenditure statement of CPWD as on 31.03.2023, the funds details in r/o work "Mega hostel" are given below:

1	Work done (CWIP)	20.72
2	Outstanding advances	35.44
	Total funds	56.16

There is difference in booking of advance amounting to Rs. 4.97 (61.13 – 56.16) crore. It needs to be reconciled.

Further, Capital Work in progress amounting to Rs. 36.62 (57.34 – 20.72) crore has been excess booked under Schedule- 4.

B.5 Current Assets, review of bank accounts

The Institute has not prepared reconciliation statement of J&K Bank CD 106 and therefore the difference between the balances shown in the accounts (Rs.15.91 lakh) and actual bank balances (Rs 48.84 lakh) amounting to Rs. 32.93 lakh were not reconciled.Similar observation was issued in previous year Separate Audit Reports since 2019-20. However, compliance has not been made.

B.6 Income from investments Rs. 10.93 crore (Schedule 11)

Interest 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*".

The grant is being credited to designated RBI account and operated through TSA since 2021-22 only. However, the Institute has not ascertained and remitted the interest earned on the grant funds, prior to 2021-22 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 year Separate Audit Reportssince 2019-20, however, compliance has not been made.

B.7 Income from Investment: Rs. 10.18 crore (Schedule-11)

Interest Confirmation certificate from J&K Bank shows the total interest on FDRs at Rs.10.18 crores. However, this certificate does not indicate FDR wise interest for the year 2022-23. Further, details of interest on FDRs held with other banks (i.e other than J&K Bank) along with interest confirmation certificates thereof have not been furnished. Similar observation was issued in the previous year Separate Audit Reports since 2020-21. However, compliance has not been made.

B.8 The uniform format of accounts prescribed by MHRD for educational institutes (Page 75) provides that the accounting policy should disclose the method of valuation of gifted/donated assets.

The institute is having equipment of Rs. 85.49 lakh as on 31.03.2023 which were gifted by Italian government in previous years but institute has not disclosed the policy regarding method of valuation of gifted/donated Assets.

B.9 Balance confirmation from Debtors/ Advances recoverable and Creditors not obtained

The institute has not obtained confirmation from the debtors/ Advances receivable Rs. 301.41 lakh, (Advances to others: 285.83 lakh, sundry debtors Rs 0.63 lakh and creditors: Rs. 14.95 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 previous years SAR since 2019-20, however, compliance has not been made

B.10 The institute has made the following adjustment entries in the Corpus Fund (Schedule -1) and same has been depicted under significant accounting policies:

Particulars	Amount
Salary payable	Rs. 37168068/-
DA payable	Rs. 6317722/-

Fixed Deposits	Rs. 100444651/-

However, the relevant documents, including the reconciliation statement of investment, authorisation for making the reversal entries etc.in support to the adjustment entries were not provided.

B.11 Non provision for retirement benefits

A reference is invited to Sr.No-3(b) pertaining to provisions for retirement benefits which states that the benefits towards employees are accounted for during the year on actual basis. 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 since 2020-21. However, compliance has not been made.

B.12 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 year Separate Audit Report since 2019-20, however, compliance has not been made.

B.13 Scrutiny of records revealed that following registers were not maintained by the institute:

1. Expenditure control register

2. Register of contracts

C Grant-in-Aid

The position of Grant in Aid of the institute for the financial year 2022-23 was as follows:

(amount in crore)

Particulars	**OH-31**	**OH-36**	**OH-35**	**Total**
Previous year's unspent balance	NIL	NIL	17.86	17.86
Add Grant-in-Aid received during FY 2022-23	64.91	70.18	19.83	154.92
Total Funds	64.91	70.18	37.69	172.78
Less Expenditure	64.91[1]	70.18[2]	23.68	158.77
Less lapsed grant	-	-	-	-

Unspent balance at the end of the year	NIL	NIL	14.01	14.01[3]

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 31st March 2023; 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

11/x/23

Director Generalof Audit (Central), Chandigarh

Place: Chandigarh
Date:

[1] Actual utilization of Rs. 68.16 crore (OH-31) restricted to the extent of funds available of Rs. 64.91 crore as excess expenditure of Rs. 3.25 crore was to be met from IRG.
[2] Actual utilization of Rs. 82.82 crore (OH 36) restricted to the extent of funds available of Rs. 70.18 crore as excess expenditure of Rs. 12.74 crore was to be met from IRG
[3] The unspent balance as per books of accounts is Rs. 13.07 crore. The difference of Rs. 0.94 crore has remained unreconciled in previous years.

Annexure to Audit Report

1. Internal Audit System

Internal audit for the financial year 2022-23 was not conducted.

2. Adequacy of Internal Control System:

Internal Control System of NIT, Srinagar was found inadequate to following extent:

(i) Institute has not obtained the confirmation of balances of debtors/advances

(ii)Reconciliation statement of one bank accounts was not prepared.

(iii)Physical verification of Fixed Assets, Library and Inventories was not conducted.

(iv)Accounting manual has not been prepared.

3. Physical verification of Fixed Assets:

The physical verification of Fixed Assets was not conducted during 2022-23

4. Physical verification of stock

Physical verification of inventories was not conducted during 2022-23

5. Physical verification of Library Books:

Physical verification of Library Books was not conducted during 2022-23

6. Regularity in payment of statutory dues:

The institute was regular in payment of statutory dues.

Dy. Director