

कार्यालय प्रधान निदेशक लेखापरीक्षा (केन्द्रीय) लखनऊ, शाखा कार्यालय
इलाहाबाद

सत्यनिष्ठा भवन 15 -ए दयानन्द मार्ग इलाहाबाद

पत्र संख्या: स्वा0नि0(केन्द्रीय)/पू.ले.प.-12/2016-17/

दिनांक: 10.2016

सेवा में,

सचिव, भारत सरकार,
मानव संसाधन विकास मंत्रालय,
माध्यमिक उच्च शिक्षा विभाग,
शास्त्री भवन, नई दिल्ली - 110001

Register Office
Date: 09/11/2016

National Institute of Technology, Uttarakhand

Received पत्र Letter No. 5712
Dated 09/11/16 through S.P. Sign. AR

AR (Admin)

विषय: राष्ट्रीय प्रौद्योगिकी संस्थान श्रीनगर पौड़ी, उत्तराखण्ड के वर्ष 2015-16 के लेखों पर आधारित पृथक लेखापरीक्षा प्रतिवेदन।

महोदय,

मैं, राष्ट्रीय प्रौद्योगिकी संस्थान उत्तराखण्ड के वर्ष 2015-16 के लेखों पर आधारित पृथक लेखापरीक्षा प्रतिवेदन (अंग्रेजी) तथा वार्षिक लेखे की प्रति अग्रसारित कर रहा हूँ।

2. कृपया सुनिश्चित करें कि पृथक लेखापरीक्षा प्रतिवेदन एवं सम्बन्धित लेखे संसद के दोनो सदनों के सम्मुख प्रस्तुत हुए।

3. कृपया पृथक लेखापरीक्षा प्रतिवेदन एवं लेखो को संसद के दोनों सदनों के समक्ष अन्तिम रूप से प्रस्तुत करने की तिथि भारत के नियंत्रक एवं महालेखापरीक्षक के साथ-साथ इस कार्यालय को भी सूचित करने का कष्ट करें।

संलग्नक: उपरोक्तानुसार।

भवदीय,

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प्रधान निदेशक लेखापरीक्षा (केन्द्रीय)

पत्र संख्या: स्वा0नि0(केन्द्रीय)/पू.ले.प.-12/2016-17/107

दिनांक: 31.10.2016

वर्ष 2015-16 के लेखों पर पृथक लेखापरीक्षा प्रतिवेदन (अंग्रेजी) की प्रति निदेशक, राष्ट्रीय प्रौद्योगिकी संस्थान श्रीनगर पौड़ी, उत्तराखण्ड 246 174को आवश्यक कार्यवाही हेतु प्रेषित है। संस्थान यदि आवश्यकता अनुभव करे तो इस प्रतिवेदन का हिन्दी अनुवाद करवा सकता है परन्तु इस प्रतिवेदन के हिन्दी अनुवाद में निम्नलिखित अस्वीकरण (disclaimer) अंकित होना चाहिए:

“प्रस्तुत प्रतिवेदन मूलरूप से अंग्रेजी में लिखित पृथक लेखापरीक्षा प्रतिवेदन का हिन्दी अनुवाद है। यदि इसमें कोई विसंगति परिलक्षित होती है तो अंग्रेजी में लिखित प्रतिवेदन मान्य होगा।”

हिन्दी अनुवाद की एक प्रति इस कार्यालय को भी प्रेषित करने का कष्ट करें।
संलग्नक: उपरोक्तानुसार।

उपनिदेशक लेखापरीक्षा (केन्द्रीय व्यय)

**Separate Audit Report of the Comptroller and Auditor General of India
on the accounts of National Institute of Technology, Uttarakhand for the
year ended 31 March, 2016**

We have audited the attached Balance Sheet of the National Institute of Technology, Uttarakhand, Srinagar, (Institute) as at 31 March, 2016, 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 & Conditions of Services) Act, 1971 read with Section 22(2) of the National Institutes of Technology Act, 2007 as amended in 2012. 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 (C&AG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on the 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/C&AG'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 also 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, Income and Expenditure Account and Receipts and Payments Account dealt with by this report have been drawn up in the format of financial

statements for Central Higher Educational Institutions approved by the Ministry of Human Resources Development.

(iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Institute as required under Section 22(2) of the National Institutes of Technology Act, 2007 as amended in 2012, in so far as it appears from our examination of such books.

(iv) We further report that:

(A) Balance Sheet

(A.1) The Institute received ₹ 30.55 lakh for the R&D/Projects but reflected ₹ 44.15 lakh under head 'Designated/Earmarked/Endowment Fund' of R&D/Project Account for the year 2015-16. This resulted in overstatement of Designated/Earmarked/Endowment Fund and Current Assets by ₹ 13.60 lakh each.

(A.2) As per format of Financial Statements prescribed for Central Higher Educational Institutions (Format) Grants from UGC, Government of India and State Government to the extent utilised for Capital Expenditure should be reflected as addition in the 'Corpus/Capital Fund'.

The Institute purchased 'Fixed Assets' of ₹ 356.05 lakh during the year 2015-16 and reflected it under the head "Designated/Earmarked/Endowment Fund in sub-schedule 2.2-Plan Grant Liability instead of Corpus/Capital Fund.

This resulted in understatement of Corpus/Capital Fund and overstatement of Designated/Earmarked/Endowment Fund by ₹ 356.05 lakh each.

(A.3) As per Format, the available funds for different projects should be reflected under Current Liability (Schedule 3-A) and funds received from sponsors of projects/schemes shall not be reckoned as part of 'Earmarked Fund'.

However, the Institute reflected the balances of different R&D Projects ₹ 52.11 lakh under Earmarked/Endowment Fund instead of Current Liability. Thus, Endowment//Earmarked Fund overstated and Current Liability understated by ₹ 52.11 lakh.

(A.4) The Institute subscribed two online journals for ₹ 67.09 lakh and wrongly debited under the head 'Books & Journals' instead of 'e-journals'. This resulted in understatement of 'e-journals' and overstatement of 'Books & Journals'. Besides, the

Institute charged depreciation on these e-journals at the rate of 10 *per cent* (as applicable for Library books) instead of 40 *per cent*. This resulted in understatement of depreciation by ₹ 20.13 lakh and overstatement of Current Assets.

(A.5) The Institute exhibited ₹ 852.32 lakh as 'work-in-progress' in schedule 4 of fixed assets which included un-utilised deposits of ₹ 500 lakh lying with NBCC as on 31 March, 2016. This resulted in overstatement of Fixed Assets under the head work-in-progress and understatement of Deposit/Advance by ₹ 500 lakh each.

(A.6) As per schedule 7 'Current Asset', cash and bank balance with the schedule bank was ₹ 1.43 crore and with SBI ₹ 0.52 crore. As such the total cash balance with the Institute worked out to ₹ 1.95 crore. However, in the Receipts and Payments Account of the Institute the closing balance as on 31 March, 2016 from seven Bank Accounts was ₹ 1.81 crore only. Thus, 'current assets' and closing balance were overstated by ₹ 14 lakh each.

(A.7) Un-utilised grants should be depicted under 'Current Liabilities and Provisions'. The institute entered the un-utilised grants of ₹ 20.57 crore under the 'Designated/Earmarked/Endowment Fund' instead of accounting it under 'Current Liabilities'. Due to misclassification 'Current Liability' was understated and 'Earmarked Fund' overstated by ₹ 20.57 crore each.

(A.8) Item-wise details of Provision of ₹ 79.38 lakh shown under Schedule 3 'Current Liabilities and Provisions' was not given. Further as per Ledger Account the above Provision included sundry creditors of ₹ 10.62 lakh relating to ADCC Infocod Pvt Ltd (₹10.29 lakh) Sri Param Shivam Enterprises (₹ 0.01 lakh) and Taniya Electric House (₹0.32 lakh). Thus, sundry creditors of ₹ 10.62 lakh was misclassified as Provisions and resulted in understatement of sundry creditors and overstatement of Provision by ₹10.62 lakh each.

(A.9) As per Schedule-5 Institute had FDR of ₹ 16.40 lakh but according to Bank statement its value was of ₹17.83 lakh, as a result 'Earmark Fund' and 'Investment from Earmark Fund' were understated by ₹ 1.43 lakh each.

(A.10) As per MHRD's format of Financial Statement for Central Higher Educational Institute the rate of depreciation of fixed assets has been laid down in Straight Line Method (SLM) and depreciation should be charged for the whole year irrespective of the in which assets have been acquired. During financial year 2015-16 the Institute did

not follow the direction of MHRD and charged depreciation on monthly basis of acquiring the assets/goods. In Schedule-4 addition of Fixed assets was shown ₹ 356.05 lakh on which depreciation should have been charged ₹ 46.68 lakh but the Institute charged depreciation only ₹ 19.44 lakh resulting in overstatement of assets by ₹ 27.24 lakh and understatement of liability up to same extent. The adjusting figure for calculation of depreciation from the beginning as per MHRD guidelines required to be incorporated suitably in the accounts.

(A.11) The scrutiny of library records revealed that there was 32865 books as on 31 March, 2016 as per accession register. Out of which 732 books valuing ₹ 4.15 lakh were missing. The value of missing books should be debited from value of Library books. This resulted overstatement of 'Fixed Assets' amounting to ₹ 4.15 lakh and understatement of liability to that extent.

(B) Income & Expenditure Accounts

(B.1) As format of Financial Statements for Central Higher Educational Institutions (Format) depreciation charged on Fixed Assets is to be routed through Income and Expenditure Accounts.

The Institute charged depreciation on fixed assets ₹439.21 lakh. The entry was not routed through Income and Expenditure. This resulted in understatement of expenditure and overstatement of Corpus/Capital Fund by ₹ 439.21 lakh each.

(B.2) As per Format (P/43) "Fees from student (except tuition fee) is accounted on cash basis". However, the Institute reflected ₹ 96.00 lakh as "Fees received in Advance" which included ₹ 6.40 lakh other than tuition fee (Book bank ₹ 1.54 lakh + Seat Rent ₹ 4.86 lakh) which should not be entered in Current Liabilities. ₹ 6.40 lakh should be in Income & Expenditure Accounts under Academic Receipts. It resulted overstatement of Current Liability and understatement of Income by ₹ 6.40 lakh each.

(B.3) Fees from students in different manners should be shown in Income and Expenditure Account as "Academic Receipts". The Institute reflected ₹ 42.42 lakh of Fees from students (Students related activities fees of ₹ 41.30 lakh and Alumni Association Fees of ₹ 1.12 lakh) was included in Designated/Earmarked/Endowment Fund. The aforesaid amount of Fees of ₹ 42.42 lakh was not routed through Income and Expenditure Account. Thus, surplus was understated and Designated/Earmarked/Endowment Fund overstated by ₹ 42.42 lakh each.

(B.4) According to revised formats of accounts, introduced by MHRD, Income from Investment and accrued income should be depicted in Income and Expenditure Accounts and in corresponding Schedule 11. The Institute earned interest on FDR of ₹ 128.51 lakh after adjusting ₹ 0.68 lakh and accrued interest of ₹ 53.16 lakh. The total amount of interest ₹ 181.67 lakh should be depicted in Income and Expenditure Accounts but it was directly taken to Corpus Fund. This resulted in understatement of income by ₹ 181.67 lakh.

C. Receipt and Payment Accounts

(C.1) Opening balances of banks in Receipts and Payments Accounts for the year 2015-16 included balance of ₹ 10.30 lakh relating to Bank Account (No. 3351969550) which was, however, not part of the closing balance of Receipts and Payments Accounts of the year 2014-15. The institute, however, did not disclose it in the notes to accounts.

(C.2) As per revised format of accounts, expenditure on fixed assets and capital work in progress should be shown separately in Receipts and Payments Account. The Institute showed expenditure of ₹41.56 lakh on fixed assets in the Receipts and Payments Account which included capital work in progress of ₹ 12.60 lakh. The capital work in progress was not shown separately in the Receipt and Payments Accounts.

(D) Notes on Accounts

As per MHRD guidelines regarding revised formats of Accounts of Central Educational Institutions dated 17 April, 2015, In Schedule 24 "Contingent Liabilities and Notes on Accounts" The educational institutions should host the information regarding no of students, no of teachers, Building funds, Sports Activities, Co-curricular Activities, development charges, compliance with statutory dues and salary structure of teachers to enable all stake holders to have a bird's eye view of the Institutions capacity and capability. It was noticed that the Institute did not follow the above Instructions and no disclosures was made in Schedule 24.

(E) General

(E.1)The institute did not make provision in respect of retirement liabilities on actuarial valuation basis as required under approved Formats of Financial Statements for Central Higher Educational Institutions.

(E.2) The depreciation chart (schedule 4) was not as per approved format of Financial Statements for Central Higher Educational Institutions. In the column of Opening balance of Gross Block, Institute exhibited depreciated value instead of Gross/Initial value of the Assets, Adjustment of depreciation for the year was not reflected in the appropriate column but merged with "depreciation on Opening". Thus, the Schedule-4 was not reflecting true and fair picture of depreciation charged.

(F) Grants-in-aid

The Institute received grants-in-aid of ₹ 23.00 crore (Plan) from MHRD and generated internal income of ₹ 4.72 crore during the year 2015-16. After taking into account the opening balance of ₹ 20.86 crore (Plan ₹ 14.01 crore and internal income ₹ 6.85 crore), the total funds available worked out to ₹ 48.58 crore (Plan ₹ 37.01 crore, internal income ₹ 11.57 crore), out of which the Institute utilised a sum of ₹ 16.36 crore (Non-Plan ₹ 12.80 crore Plan ₹ 3.56 crore), leaving a balance of ₹ 32.22 crore (Plan ₹ 20.65 crore, internal income ₹ 11.57 crore) as unutilised grant as on 31 March, 2016.

v. Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure 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 Annexure to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India.

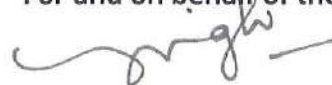
a. In so far as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Uttarakhand as at 31 March, 2016; and

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

Place: Lucknow

Date: 31.10.16

For and on behalf of the C & AG of India



Principal Director of Audit (Central)

Annexure

1. Adequacy of Internal Audit System

The Institute does not have an Internal Audit system of its own and internal audit of NIT was carried out by a consultant during the year 2015-16. The Institute has prepared its Internal Audit Manual.

2. Adequacy of Internal Control System

The Internal Control System in the Institute reflected the following deficiencies:

- i. The post of Finance Officer and Accounts Officer were vacant since the beginning of the Institute. The post of Dy. Registrar was also vacant. These posts are bock-bone of any Institute for smooth running and financial/administrative controlling system.
- ii. Meetings of Finance Committee and senates were held thrice and twice respectively during the year 2015-16 against norm of four per year.

3. System of Physical Verification of Fixed Assets

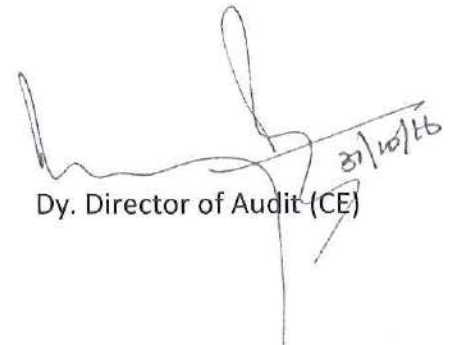
Physical verification of Fixed Assets was carried out during the year 2015-16.

4. System of physical verification of Inventories

Physical verification of Inventory was carried out during the year 2015-16.

5. Regularity in payment of statutory dues

The Institute had been regular in payment of statutory dues except NPS of ₹12.04 lakh as on 31 March, 2016.


Dy. Director of Audit (CE)