No. PDAC/LKO/SAR-NITJ/ 2022-23/ Dated: .10.2023

Indian Audit & Accounts Department

Office of the Principal Director of Audit (Central), Lucknow
Branch Office: Ranchi, Jharkhand,
PAG Office Main Building, 5th floor, Doranda,
Ranchi-834 002

To

The Director,
National Institute of Technology,
Jamshedpur-831014.

Subject: Separate Audit Report on the accounts of National Institute of Technology, Jamshedpur for the year 2022-23.

Sir,

I enclose a Separate Audit Report (SAR) on the Annual Accounts of National Institute of Technology, Jamshedpur for the year 2022-23 for information and necessary action.

2. A copy of Separate Audit Report is also being sent to the Secretary to the Government of India, Ministry of Education, New Delhi for information and necessary action.

3. The audited Annual Accounts, Audit Report should be duly considered and adopted by the Governing Body (BOG) of the NIT, Jamshedpur in the Annual General Meeting before these are laid in the House of parliament.

4. A copy of (i) Resolution of Governing Body adopting the Audit Report with audited Annual Accounts, (ii) Date of its presentation before the House of Parliament and (iii) Annual Report of the Institute may be furnished to this office in due course for our records and onward transmission to the Comptroller and Auditor General of India, New Delhi.

5. The Hindi version of this SAR may kindly be furnished to this office within one week.

6. The receipt of this letter with enclosures may please be acknowledged.

Yours faithfully,

Encl: - As above.

Principal Director of Audit (Central), Lucknow

BRANCH: DIRECTOR GENERAL OF AUDIT (CENTRAL), LUCKNOW AT RANCHI
Address

सत्यमेव जयते

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Ltr No: Central Expenditure Audit wing/2023-2024/DIS-1161420
Date: 03 Oct 2023

To,

Director, NIT, Jamshedpur

Subject: Issue of Separate Audit Report (to NIT) : PR-69994

Sir/Madam,

I am to forward herewith the Separate Audit Report, SAR of NIT Jamshedpur 2022-23.

Yours faithfully,

Adarsh Agarwal
Deputy Accountant General / Deputy Director

Separate Audit Report of the Comptroller & Auditor General of India on the accounts of National Institute of Technology (NIT), Jamshedpur for the year ended 31 March 2023

We have audited the attached Balance Sheet of National Institute of Technology, Jamshedpur as on 31 March 2023, 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 (1 to 4) of the National Institutes 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 (C&AG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards 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/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. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. It 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 & Expenditure Account and Receipts and payments Account dealt with by this report have been drawn up in the format approved by the Government of India, Ministry of Education.

(iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Institute as required under Section 22 (1 to 4) of the National Institutes of Technology Act, 2007 in so far as it appears from our examination of such books.

(iv) We further report that;

A. Balance sheet

A.1 Liabilities

A.1.1 Corpus/Capital Fund (Schedule 1) – ₹586.46 Crore

A.1.1.1 The Institute had an unutilized grant of ₹ 9.60 crore[1] under the head Capital at the beginning of the year. During the year the Institute received a grant of ₹ 11.54 crore under the head capital. Thus, the total fund available with the institute was ₹21.14 crore. During the year the Institute incurred capital expenditure amounting to ₹ 5.74 crore *(excluding advance of ₹ 0.69(₹ 6.43-0.69 Cr= 5.74 Cr) crore given to CPWD)*. As such, the Institute was required to exhibit ₹ 15.40 crore as refundable to the Ministry at the end of the year.

The Institute exhibited 5.12 crore (Schedule 3 C - unutilized grant refundable to Ministry of Education) as an unutilized grant refundable to the Ministry which was refunded to the Ministry through PFMS at the end of the year. The irregular treatment resulted in an understatement of current liabilities under the head unutilized grant refundable to the ministry and an overstatement of the capital fund by ₹ 10.28 crore (15.40– 5.12) crore.

A.1.1.2 The opening balance of the unutilized Revenue grant of the Institute as of 01.04.2021 was ₹ 4.24 crore[2]. The Institute received a grant of ₹ 109.28 crore from the Ministry of Education under the head revenue. Thus, the total fund available with the Institute was ₹ 113.52 crore. Out of which the Institute utilized ₹ 109.68 crore during the year. As such the Institute was required to exhibit ₹ 3.84 crore as an unutilized grant refundable to the Ministry. The institute exhibited ₹ 0.03 crore as an unutilized grant which was refunded to the Ministry through PFMS at the end of the year. This resulted in an understatement of current liabilities and overstatement of the capital fund by ₹ 03.81Crore (₹3.84 crore - 0.03 crore).

[1] SAR figure of 2021-22.
[2] SAR figure of 2021-22

B. Income and Expenditure Account

B.1 During scrutiny of Annual Accounts 2022-23 and Form-65 dated 06.04.2022 & 15.04.2023 it was noticed that expenditure of ₹5,98,64,726/- had been shown in Schedule-19 under Repair & Maintenance (CPWD). Since the amount pertains to Capital nature, the same should be accounted in Fixed Assets (Capital work in Progress)

This resulted in an overstatement of Repair and Maintenance (Schedule 19) and understatement of Fixed Assets(Capital work in Progress) to the tune of ₹5.98 crore.

C. General

C.1 As per the uniform format for Central Higher Educational Institutions, provision for liability towards gratuity payable on death/retirement of employees, leave encashment and pension need to be accounted for on an actuarial basis, and provided up to the year-end. Actuarial valuation as of 31st March is to be conducted every year.

On scrutiny of the Annual Accounts of the National Institute of Technology (NIT) for the Year 2022-23 Schedule – 15 – Staff Payment & Benefits (Establishment Expenses), it was noticed that the Institute had made provision for pension on a cash basis which is in contravention of AS-15 and Uniform Format of Accounts.

C.2 Scrutiny of Bank Reconciliation Statement revealed that ₹29.87 lakh was received through various instruments/sources from April 1995 to March 2023 which were debited in Cash/Bank Books and were not credited in the Bank till the audit. The same needs to be reconciled.

C.3 As per point 17 of Notes and Instructions for compilation of Financial statements of Central Educational Institutions (as per Uniform format of accounts), it is necessary to prepare annual accounts for these funds i.e. a Balance Sheet, an Income and expenditure account (on an accrual basis), Receipt and Payments account and to attach it separately to the accounts of the Institution.

During the course of the financial audit of accounts of NIT, Jamshedpur for the year 2022-23, It was noticed that no separate Balance sheet, Income and Expenditure account and Receipt and Payment account of NPS has been prepared.

C.4 Scrutiny of Annual Accounts 2022-23 revealed that an amount of ₹ 76.40 lakhs was paid to the Municipal Corporation in the nature of Property Taxes. As per the format of financial statements for Central Higher Educational Institutions such expenditure was to be shown in the Infrastructure Expenses under the Schedule-17 "Infrastructure Expenses" which had wrongly been shown under the head "Other Expenses".

C.5 As per the common format of accounts prescribed by the Ministry of Education (MoE), the Consultancy fee should be part of Schedule 9- Academic receipts and as per it, if the major activity of the entity is to provide consultancy services, such income should be part of Sch 13 (Other income). Here, as consultancy service is not the major activity of the institute, this should be placed under Schedule 9. This led to an overstatement of (other income Schedule 13) and an understatement of Academic receipts (Schedule 9) by ₹ 57,43,957/-.

C.6 As per Rule 230 (8) all interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalization of the accounts. Such advances should not be allowed to be adjusted against future releases.

Scrutiny of Annual Accounts revealed that the Institute has credited the interest earned from Grant to Capital Fund instead of including it as untulised grant in Current Liabilities.

D. Grants-in-Aid

Grants-in-Aid of ₹ 115.67 crores (Capital – ₹ 11.54 crore and Revenue ₹109.28 crore) were received from the Government of India during the year. The unspent balance of the previous year[3] was ₹ 13.84 crore (capital 9.60 crore and revenue 4.24 crore). Thus, the fund available with the Institute was ₹134.66 crore (Capital 21.14 crore and Revenue ₹113.52 crore). Out of which the Institute utilized a sum of ₹ 115.42 crore {Capital ₹ 5.74 crore *(excluding advance of ₹ 0.69 (₹ 6.43-0.69 Cr= 5.74 Cr) crore given to CPWD)* and Revenue ₹ 109.68 crore*} during the year and leaving a balance of ₹19.24 crore (Capital ₹ 15.40 crore and Revenue ₹3.84 crore) as unutilized balance as on 31.03.2023. However, the Institute showed a balance of ₹ 5.12 crore in capital and 0.03 crore balance in Revenue, which was returned to the Ministry through PFMS at the end of the year.

[3] SAR figure of 2021-22.

E. Management letter

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Institute 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 and Income & Expenditure Account and Receipts & 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 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 NIT, Jamshedpur as at 31stMarch 2023, 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
Comptroller and Auditor General of India

Place:-
Date:-

Principal Director of Audit(Central), Lucknow

ANNEXURE

1. **Adequacy of Internal Audit.**

   The Institute has its own Internal Audit wing and Internal Audit Manual where three retired officers are working as Internal Auditor. Pre-check of transactions are being done by them. Pre-transaction check and files are being scrutinised by the Internal Auditors before obtaining approval of the competent authority. The internal audit of the Institute was also carried out by a Chartered Accountant firm. Thereafter, no formal internal audit has been carried by the Institute.

2. **Adequacy of Internal Control System:-**

   The Internal Control System reflected following deficiencies:

i. As per Schedule-8- Loans, Advance & Deposits, advances amounting to ₹5.46 crore (₹4.29 crores out of Capital Fund and ₹1.16 crore out of Revenue Fund) given to supplier agencies and Staff had been lying outstanding for periods more than one year.

The Institute did not take action to recover these advances from the employees and suppliers/Contractors. There was no provision for bad and doubtful debts in the accounts either. Though the audit appreciates the effort taken by the Institute to adjust the old and pending advances of ₹ 2.35 crore (Capital ₹ 1.05 crore and Revenue ₹ 1.30 crore.) it should put in efforts to realise/adjust the outstanding advances.

ii. The Institute maintained Cash/Bank book in the computer application called Tally ERP. The Cash/Bank Books were not maintained in prescribed form.

iii. Entries in the bank books were not made in chronological order and also not cross referenced with ledger folios.

iv. The Institute did not take confirmation of Debtors/Loan & Advances from the respective parties.

3. **Physical verification of fixed assets and inventory**

   The Institute had conducted physical verification of assets and inventory through a committee during the year.

4. **Irregularity in payment of statutory dues.**

   The Institute was regular in payment of statutory dues.