



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

Address



नेकति.मं. सलभिड
Dedicated to Truth in Public Interest

Date: 25 Oct 2022

To,

Director, National Institute of Technology, Jamshedpur

Subject: Seperate Audit Report on Financial Accounts of National Institute of Technology, Jamshedpur for the year 2021-22

Sir/Madam,

I enclose a Separate Audit Report (SAR) on the Annual Accounts of National Institute of Technology, Jamshedpur for the year 2021-22 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,

Encls: As above

Kumar Shivendra
Sr AO

Copy to:-

Registrar, National Institute of Technology, Jamshedpur



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 2022

We have audited the attached Balance Sheet of National Institute of Technology, Jamshedpur as on 31 March 2022, 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 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/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, evidences 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 & 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 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) – ₹ 546.97 crore

A.1.1.1 The Institute had unutilized grant of ₹10.96 crore under the head Capital at the beginning of the year. During the year the Institute received grant of ₹2.64 crore under the head capital. Thus, the total fund available with the institute was ₹13.60 crore. During the year the Institute incurred capital expenditure amounting to ₹5.08 crore (including ₹1.08 crore given to CPWD as capital advance). As such, the Institute was required to exhibit ₹8.52 crore as refundable to Ministry at the end of year. The Institute exhibited ₹0.003 crore (Schedule 3 C - unutilized grant refundable to Ministry of Education) as

unutilized grant refundable to ministry. The irregular treatment resulted in understatement of current liabilities under the head unutilized grant refundable to ministry and overstatement of capital fund by ₹8.52 crore.

A.1.1.2 The opening balance of unutilized Revenue grant of the Institute as on 01.04.2021 was ₹14.37 crore. The Institute received grant of ₹95.42 crore from Ministry of Education under the head revenue. Thus, total fund available with the Institute was ₹109.79 crore. Out of which the Institute utilized ₹105.55 crore during the year. As such the Institute was required to exhibit ₹4.24 crore as unutilized grant refundable to Ministry. This resulted in understatement of current liabilities and overstatement of capital fund by ₹4.24 crore.

A.2 Assets

A.2.1 Fixed Assets (Schedule-4)-₹439.86 crore

A.2.1.1 Scrutiny of Form-65 revealed that CPWD (Electricals & Civil) executed and handed over works amounting to ₹20.72 crore. As per Common format of Accounts, the works got completed are transferred to respective fixed assets. But the Institute did not transfer these assets to the respective fixed assets. The irregular treatment resulted in understatement of assets under the head Buildings and overstatement of Work-in-Progress by ₹20.72 crore with consequential effect on depreciation.

A.2.1.2 As per Format of financial accounting statement for Central Higher Educational Institutions) E-journals are intangible assets to be accounted for under the “Schedule 4-Fixed Assets” of the Balance sheet.

During scrutiny of Annual Accounts for the year 2019-20 to 2021-22, it was noticed that the Institute purchased E-journals amounting to ₹ 5.91 crore (₹ 1.98 crore during 2019-20, ₹2.32 crore during 2020-21 and ₹1.61 crore during 2021-22). The Institute irregularly debited the above amount in Income and Expenditure Account instead of fixed assets. The institute has shown the same under Schedule 16 - Academic Expenses. This led to overstatement of revenue expenditure and understatement of fixed assets.

A.2.2 Current Assets (Schedule – 7) – ₹236.59 crore

A.2.2.1 Clause 23C of Section 10 of Income Tax Act, 1961 prescribes that income of any university or other educational institutions, existing solely for educational purposes and not for purpose of profit, shall be exempt from tax.

During the course of audit of Annual Accounts and other supporting documents of National Institute of Technology, Jamshedpur we found that ₹13,95,419/- was deducted as TDS by the various banks on interest earned on Term Deposits as per following details:

Financial Year	Amount of TDS deducted (₹)	Reference
2012-13	11236	Schedule 7 C of Annual Accounts 2012-13
2013-14	1384183	
Total	1395419	

As per the above notification, the Institute was exempted from Income Tax. But, the Institute failed to file Income Tax returns on years and could not get refund of the above amount leading to loss to the

institution. Since these amounts are not recoverable as such it should have been charged to revenue. Non-charging has resulted in the overstatement of surplus and current assets to the extent of ₹13.95 lakh.

B. Income and Expenditure Account

B.1 CPWD (Electricals & Civil) incurred expenditure of ₹1.31 crore on repair/day to day maintenance of Institute and booked under Capital work-in-progress/not booked. Since these expenditure are in the nature of revenue the same should have been charged in Income and Expenditure Account. Thus non-charging of the above has resulted in overstatement of surplus of income over expenditure and overstatement of capital work-in-progress and advance to CPWD by ₹1.31 crore.

B.2 As per Format of Accounts prescribed by Ministry of Education for Central Higher Educational Institutes, expenses on "Employees Retirement and Terminal Benefits" should be booked under Staff Payments & Benefits under Schedule 15 A. Audit scrutiny of Annual Accounts of NIT, Jamshedpur, revealed that the Institute made an expenditure of ₹2.40 crore on Retirement & Terminal Benefits and booked it in "Other Expense" under schedule 21. This resulted in understatement of Staff Payments & Benefits (Schedule 15) and overstatement of other expense (Schedule 21) by ₹2.40 crore.

C. General

C.1 As per 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 on actuarial basis, and provided up to the year-end. Actuarial valuation as on 31st March is to be obtained every year. On scrutiny of Annual Accounts it was noticed that the Institute had made provisions for Pension on cash basis which is in contravention of AS 15 and Uniform Format of Accounts.

C.2 The Institute leased on perpetual lease three acre of land to DAV College Trust and Management Society for 30 Years for running a School from 01.11.1990. The fact was not disclosed in Notes on Account for the Financial Year 2021-22.

C.3 Scrutiny of Bank Reconciliation Statement revealed that ₹21.85 Lakh was received through various instruments/sources during April 1995 to March 2022 which were debited in Cash/Bank Books were not credited in bank. The same needs to be reconciled.

C. 4 As per Schedule 2.1-Capital Grants and loans shows a balance of ₹ 7.85 crore (sponsored projects- ₹4.33 crore, Research account- ₹0.01 crore, Outside account – ₹3.51 crore) as unspent amount received against sponsored projects. As per format prescribed by Ministry of Education the unspent amount against sponsored project is required to be shown under current liability. Wrong accountal of the above has resulted into overstatement of capital grants and loans {(Schedule 2(i))} and understatement of current liabilities and provisions (Schedule-3) to the extent of ₹7.85 crore.

C.5 As per Rule 229 of General Financial Rules, the Ministry or Department may consider creating a Corpus Fund for an Autonomous Body only with prior concurrence of Ministry of Finance if Corpus is created out of budgetary allocation. If the corpus is created out of internal accruals of the body, approval of the administrative Ministry must be obtained.

Scrutiny of balance sheet revealed that the Institute has a Corpus of ₹11.93 crore. The Institute, however, could not obtain approval of competent authority for creation of Corpus Fund. The year of creation, source of fund of corpus was also not disclosed in Notes on Accounts.

E. Grant-in-Aid

The Government of India sanctioned Grants-in-Aid of ₹98.06 crore (Capital – ₹2.64 crore and Revenue ₹95.42 crore) during the year. The unspent balance of previous year was ₹25.33 crore (capital ₹10.96 crore and revenue ₹14.37 crore). Thus, the fund available with the Institute was ₹123.39 crore (Capital ₹13.60 crore and Revenue ₹109.79 crore). Out of which the Institute utilized a sum of ₹109.55 crore {Capital ₹4.00 crore (excluding advance of ₹1.08 crore given to CPWD) and Revenue ₹105.55 crore} during the year and leaving a balance of ₹13.84 crore (Capital ₹9.60 crore and Revenue ₹4.24 crore) as unutilized balance as on 31.03.2022. However, Institute showed balance of ₹ 0.003 crore in capital and Nil balance in Revenue.

F. 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, 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 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, Jamshedpur as on 31st March 2022, 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 the
Comptroller and Auditor General of India**

Place: Lucknow

Date: .10.2022

Principal Director of Audit (Central), Lucknow

As per format of financial statements of Central Higher Educational Institutions depreciation of Computers and Peripherals should be charged @ 20 per cent and on Computer software @ 40 per cent on straight line method. As per Schedule 4(i) Fixed Assets (Plan/TEQIP), of Annual Accounts of NIT Jamshedpur, we found that the institute charged depreciation of ₹74.72 lakh on Computer & Peripheral and ₹48.87 lakh on Computer software instead of ₹154.19 lakh and ₹73.54 lakh respectively. Details are as under:

Assets heads	Amount	Amount of dep. Charged	Amount of dep. chargeable	Difference
Computer & Peripheral	77096696	7472200	15419339.20	7947139.20
Computer Software	18389534	4887243.80	7355813.60	2468569.80
Total:				10415709

The irregular treatment resulted in overstatement of fixed assets and understatement of depreciation by ₹1.04 crore with consequential overstatement of surplus to that extent.

AAO

Sr.AO

Director(CE)

Annexure

1. Adequacy of Internal Audit.

The Institute has its own Internal Audit wing 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 upto July 2021. Thereafter, no format internal audit has been carried by the Institute. Observations/suggestions given by the Internal Auditors on the concerned files are being complied simultaneously. The Institute is yet to prepare its Internal Audit Manual.

2. Adequacy of Internal Control System:-

The Internal Control System reflected following deficiencies:

- i) The Institute does not have its own Accounting Manual and Office Procedure Manual.
- ii) The Institute maintained Cash/Bank book in the computer application called Tally ERP. The Cash/Bank Books were not maintained in prescribed form and also not closed daily/monthly basis under the signature of competent authority like cashier/DDO.
- 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.
- v) The following record was not maintained by the Institute:
 - a. Register of Contracts

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.

Director(CE)