

Separate Audit Report 2022-23 (Comments)

Sl. No.	Comment in Separate Audit Report	Reply
A.	<p>Balance Sheet Application of Funds Loans, Advances & Deposits (Schedule 8): Rs 3.33 Cr Grants recoverable/receivable: Rs 6.08 Cr</p> <p>It represents positive balance of grant 94.24 lakh (in respect of OH 35 and OH36) and negative balance of grant 702.72 lakh (in respect of OH 31). Thus. The Institute has shown a net balance of grant, instead of showing the positive balances separately as "Unspent grants" (Under Current liabilities). This has resulted in understatement of "Current Liabilities" as well as Loans. Advances and Deposits" by 94.24 lakh.</p> <p>Similar observation was included in the SAR for the year 2020-21 and Management Letter for the year 2021-22, however, compliance has not been made.</p>	<p>The positive & negative balance will be shown in schedule 3 (Current liabilities) & Schedule-8 (loan & Advance) accordingly in the Accounts of FY 2023-24 as suggested by Audit.</p>

<p>B</p>	<p>Income & Expenditure Account Finance Cost: Rs 26.03 Cr Interest charges- HEFA term loan: Rs 25.92 Cr</p> <p>Above represents interest expenditure on the Term loans availed by the Institute from Higher Education Financing Agency (HEFA) for the purpose of Construction of Buildings and Infrastructure Development in the campus of IIT Ropar.</p> <p>As per the provisions of Accounting Standard 16 (AS 16) as issued by institute of Chartered Accountants of India, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The AS 16 further provides that capitalization of borrowing costs Should be stopped when substantially all activities necessary to prepare the qualifying asset for its intended use are complete. The financial statements Should disclose: (a) the accounting policy adopted for borrowing costs; and (b) the amount of borrowing costs capitalised during the period.</p> <p>In terms of the aforesaid AS-16. pre-construction period interest on HEFA term loans should have been capitalized as part of the project cost.</p> <p>Non-capitalization of aforesaid interest on term loan has resulted in understatement of Capital Work-in-progress booked during the year and Overstatement of expenditure</p>	<p>The Institute is availing HEFA Term Loan for which Institute receives grant under OH 31 (Recurring).</p> <p>Therefore, 100% of the interest amount is shown under recurring as the same is received out of Govt.</p> <p>Further, disclosure will be made in Notes of Accounts.</p>
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	<p>by 2591.54 lakh.</p> <p>Though the Institute has deviated from the prescribed provisions contained in AS-16, it has not disclosed the Accounting Policy as regards treatment of borrowing cost.</p> <p>HEFA interest booked as expenditure in the previous years was not intimated by the Institute. The same should also be rectified.</p>	
<p>C. C.1</p>	<p>General Net impact of Audit comments on the Annual Accounts</p> <p>Net impact of Audit comments on the annual accounts of the Institute for the year ending 31 March 2023 is as under:</p> <ul style="list-style-type: none"> i. Assets understated by Rs 26.86 Cr ii. Liabilities understated by Rs 0.94 Cr iii. Corpus/Capital Fund understated by Rs 25.92 Cr iv. Deficit for the year overstated by Rs 25.92 Cr 	<p>Position as per above comments.</p>

<p>C.2</p>	<p>Saving Bank balances</p> <p>i. Bank balances excluded 20.13 lakh, being the amounts credited in the bank accounts up to 31.03.2022 (1.e. more than one financial year old) but not accounted for in the cash book. The Bank Balances also included 2.00 lakh on account of "Wrong Debits (Amount debited by bank but not vet recorded in cash book)" up to 31.03.2022 (i.e. more than one financial year old). These need to be pursued vigorously with the banks to ascertain the nature of transactions and adjusted accordingly in the annual accounts. The Institute has not framed any policy to deal with such cases in the accounts.</p> <p>ii. The SBI bank interest certificate is containing six saving bank accounts in the name of the Institute, however, these are not shown in the Schedule 7 of annual accounts, nor was any disclosure made in this regard by way of Notes to Accounts. These saving bank accounts are also not included by SBI in its certificate showing closing balance. These accounts are mentioned as below: -</p> <p>30836912866; 36917235970; 37580585460; 37563686528; 38737508277; 366685867386</p>	<p>Reply from R & D</p> <p>Please be informed that, out of the total unaccounted receipt of Rs 5,92,618/- of the R & D Account, a receipt of Rs 5,26,464/- has been identified and recorded accordingly in the books of accounts.</p> <p>The remaining unaccounted receipt of Rs 66,154/- is being processed and will be recorded accordingly.</p> <p>Account number: - 36917235970 (Mathematics Research Day), 37580585460 (BOSA IIT Ropar), 38737508277 (Outdoor adventure club), 36685867386 (JEE Chairman), 37563686528 (IIT Ropar Welfare account) and 30836912866 (Hostel account) are related to student activities, conference & other various activities and maintained by student affair, and respective conference coordinators. Hence not shown in Schedule 7.</p> <p>The disclosure of the same will be made in the Notes of Accounts.</p>
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	<p>Details of these bank accounts, bank balance certificate and concerned bank statement as not furnished to the audit.</p>	
C.3	<p>The Institute has submitted to the audit party SBI Interest certificate in respect of TDR STDR /SB /FCNR /Recurring A/cs in the name of the Registrar Ropar (Customer No: 855 785 19572) for the financial year ended 31 March 2023.</p> <p>Aforesaid interest certificate included 5 number of FDRs (FDR nos. 38627363144: 40838544258: 41229552470: 41229633553: 41229630697) showing status of FDRs as "open" as on 31.3.2023 and interest shown as accrued.</p> <p>These FDRs were not shown in the accounts and no necessary disclosure in the notes to accounts were given.</p>	<p>The FDRs' are related to hostel account and from the fund collected for HEF (Hostel Establishment Fund) from students which are to be utilized for various student related activities like cultural, welfare, recreation activates for students, messing and other misc activities.</p> <p>The disclosure of the same will be made in the Notes of Accounts.</p>
C.4	<p>Nine equipments valuing Rs 24.57 crore procured between the period from 30December 2019 to 12 October 2020 and three equipments valuing 8.14 crore transferred from "Scientific & Laboratory Equipment" to "Capital Work in progress" were not installed till the closure of the year. Reasons for non-installation of above equipments were not disclosed by way of Notes to Accounts.</p>	<p>Out of total Four equipment has already installed and four are under progress since July 2023.</p> <p>Rest four equipment will be installed when clean Labs are ready. (Annexure attached)</p>

		Hence, in view of above, the comment may kindly be dropped.
C.5	There were a large number of research projects going on in the institute on which no expenditure was incurred during the year. Some of these projects are very old being continued since 2014-15. Status of these projects. Whether closed or operational, was not ascertained. Financial closure in respect of old projects was not made.	The Audit observation has been noted and the same will be intimated to the appropriate faculty/Principal Investigator PI/consultant-in-charge (CI) of the projects. Keeping in view of the terms & conditions of the projects and also the recommendations of the PI/CI of the projects, the decision for refund of balance amount to the Agency or treatment of the same as Institute's overheads/income will be taken on priority basis.

D**Grant-in-aid**

The position of Grant-in-aid during the year 2022-23 is details as follows:-

Particulars	OH 31	OH 31	OH 31	OH 35	OH 36	Total
Op Bal	0.15	0	-764.87	268.20	43.29	OH31,35 and 36: 311.64 OH 31 (principal HEFA):- - 764.87
Add:- Grant Received	6114.0 0	2090.13	3885.97	2086	6279	20455.10
Other receipts (22-23)	2.64	0	0	75.20	.99	78.83
Total fund available	6116.7 9	2090.13	3121.10	2429.40	6323.28	20080.70
Utilisation	6115.4 7	2591.54	3323.47	2160.49	6073.58	20264.55
Less:- Negative balance for the year 2020-21 adjusted				268.20		268.20
Refund	0.26	0	0	0	156.17	156.43
Balance	1.06	-501.41	-202.37	0.71	93.53	-608.48 (OH 31, 35 and 36: 95.30 OH

Factual Position

						31 (Principal HEFA): (-) 707.78
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It includes Rs 501.44 lakh on account of interest liabilities on HEFA term loan outstanding as on 31.03.2023.

The institute had reported a negative balance of Rs 3.52 crore under OH-35 towards Grant-in-Aid request for FY 2021-22 where against the MoE had released a total of Rs 14 crore under OH-35 for the FY 2021-22. Accordingly, the institute had incurred a total expenditure of Rs 14 crore including the negative balance of Rs 2.68 crore under OH-35 disallowed in the previous SARs. As the MoE had considered the negative balance while releasing the funds for the year 2021-22, amount of Rs 2.68 crore has been considered as utilized.

Annexure to Audit Report

Sl. No.	Particulars	Reply
1.	<p>System of Internal Audit</p> <p>The Institute has an Internal Audit Wing; The Institute also gets its Internal Audit Conducted from a firm of Chartered Accountants.</p>	No comments
2.	<p>Adequacy of Internal Control System</p> <p>Internal control system in the Institute was found inadequate in view of the following: -</p> <p>i. The Institute has not prepared Accounting Manual.</p> <p>ii. Total of the gross value of the fixed assets recorded in the“Fixed Assets Registers” were not made, therefore, gross block of fixed assets as included in the Accounting could not be matched with fixed assets registers.</p>	<p>i. Institute follows accounting manual format prescribed by Ministry for preparation of Financial Statements for Central Higher Educational Institutions vide F.No.32-21/2013-TS-I dated 13-05-2015.</p> <p>Now, Institute is taking up the matter for preparation of Accounts Manual.</p> <p>ii. The Stores & Purchase Section has maintained the record of Fixed Assets in the appropriate Register. The record of Fixed Assets is maintained item wise and not according to the budget heads of the Account Section. The value of each Asset item can be</p>

		<p>ascertained from the record in excel sheet maintained in Stores & Purchase Section. However, efforts would be made to reconcile the same with the figures maintained in Annual Accounts.</p>
<p>3.</p>	<p>System of Physical verification of Fixed Assets</p> <p>Physical verification (PV) of fixed assets (except library books) was not conducted. PV in respect of library books was conducted during 2022-23 for the period 2019-2022. Number of library books held by the Institute are more than 20000 and complete stock verification of library books is to be got conducted once in three years.</p>	<p>It is submitted that Physical Verification of Fixed Assets for the financial year 2021-22 has already been conducted. The same was also shown to the Audit party at the time of balance sheet Audit and also submitted PV sample reports of 04 departments (DBME, Central Workshop, MME and CDCRC) which are attached for your reference please.</p> <p>Physical verification for the FY 2022-23 is under process and shall be provided during the transaction audit.</p>

4.	<p>System of Physical verification of Inventories</p> <p>There was no system of conducting PV in respect of Inventory held by various departments.</p>	<p>Petty consumable items. Which are kept by the Departments with them for their research work. These consumable items are of very low cost.</p> <p>The Institute purchases inventory as per requirements of faculty members and Research Scholars in small quantities as per their immediate requirement requests and all the consumables received issued at the same time to respective indenters.</p> <p>As suggested, Institute shall start P.V of Inventory from FY 2023-24.</p>
5.	<p>Regularity in Payment of statutory dues</p> <p>As per books of accounts, the Institute was regular in depositing statutory dues.</p>	<p>No comments</p>
