



भारतीय लेखापरीक्षा तथा लेखा विभाग

कार्यालय महानिदेशक लेखापरीक्षा (केन्द्रीय), चण्डीगढ़

Indian Audit & Accounts Department

Office of The Director General of Audit (Central),
Chandigarh



No: डी.जी.ए. (सी)/के. व्यय/SAR IITR-2021-22/2022/ 970

दिनांक: 20.07.2022

सेवा में

निदेशक,
Indian Institute of Technology, Ropar,
Rupnagar, Punjab - 140001

विषय: Indian Institute of Technology, Ropar के वर्ष 2021-22 के लेखाओं पर ड्राफ्ट लेखा
परीक्षा कमेंट्स (Draft Audit Comments)

महोदय,

कृपया Indian Institute of Technology, Ropar के वर्ष 2021-22 के लेखाओं से
सम्बन्धित ड्राफ्ट लेखा परीक्षा कमेंट्स (Draft Audit Comments) इस पत्र के साथ संलग्न पाएं।
आप से निवेदन है कि इन पर दो सप्ताह में annotated form में अपने जवाब सम्बन्धित दस्तावेजों
(supporting documents) की फोटोकॉपियों सहित प्रस्तुत करें एवं जवाब की सॉफ्ट कॉपी हमारे ई-
मेल एड्रेस pdacchandigarh@cag.gov.in पर भेजी जाये अन्यथा यह मानते हुए कि संस्थान इन
पर कोई भी जवाब नहीं देना चाहता, लेखा परीक्षा रिपोर्ट को अंतिम रूप दे दिया जाएगा।

भवदीया,

संलग्न: उपरोक्त अनुसार

निदेशक (केन्द्रीय व्यय)

We have audited the Balance Sheet of Indian Institute of Technology, Ropar (Punjab) as on 31 March 2022, Income & Expenditure Account and Receipts and 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 23 (2) of the Indian Institute of Technology Act, 1961 as amended by Indian Institute of Technology (Amendment) Act, 2012. Draft comments on the annual accounts of the Institute for the year 2021-22 are given in succeeding paragraphs-

A. Balance Sheet

A.1 Sources of Funds

Current liabilities and Provisions (Schedule 3)

Expenses Payable (Institute): ₹ 4.61 crore

A reference is invited to Significant Accounting Policy at Sl. no. 1 (Schedule 23) which inter alia states that the financial statements are prepared on the accrual basis of accounting.

Above does not include expenses of ₹ 2.44 crore pertaining to financial year 2021-22 but paid in April-May 2022. This has resulted in understatement of expenses payable (institute) by ₹ 2.44 crore as well as expenditure by ₹ 2.44 crore.

A.2 Application of Funds

A.2.1 Fixed Assets (Schedule 4)

A.2.1.1 Scientific & Laboratory Equipments: ₹ 86.01 crore

Vide comment no. A.2.1.2 of the previous year SAR, it was pointed out that Scientific & Laboratory Equipments included four laboratory equipments of ₹ 8.26 crore which had been received during Financial Year 2020-21 but could not be installed upto 31.03.2021. As the installation of the equipments was pending, these should have been classified under Capital Work in Progress as per the MHRD Format of Accounts.

However, compliance of the observation was not made by the Institute. Out of the above four equipments, three equipments valuing ₹ 8.14 crore have not been installed till date. This has resulted in understatement of Capital Work in Progress by ₹ 8.14 crore and overstatement of Scientific and Laboratory Equipments by ₹ 6.84 crore (after depreciation of ₹ 1.30 crore for 2 years at the rate of 8% p.a. on ₹ 8.14 crore) and overstatement of depreciation by ₹ 1.30 crore.

Further, one equipment valuing ₹ 0.12 crore was installed on 09.04.2021. This has resulted in understatement of fixed assets as well as capital fund by ₹ 0.93 lakh to the

extent of depreciation charged on the equipment installed in FY 2021-22 but capitalised in the accounts in FY 2020-21.

A.2.1.2 Capital Work-in-Progress: ₹ 619.07 crore
Computer/Peripherals
NICSI: ₹ 11.16 crore

The work of Networking in the Institute Buildings was awarded to the executing agency National Informatics Centre Services Inc. (NICSI) in February 2017. The work in all the buildings of the Institute was completed by the agency in the year 2020-21 (between the period from 10.07.2020 to 30.10.2020) at a total cost of ₹ 21.23 crore and the networking was totally operationalised in the Institute.

As per the books of accounts, against the expenditure incurred of ₹ 21.23 crore, payments amounting to ₹ 19.87 crore had been released by the Institute, which were booked in annual accounts as Computer/Peripherals ₹ 8.71 crore and Capital Work-in-Progress ₹ 11.16 crore. Hence, the Institute has capitalized an amount of ₹ 8.71 crore against the actual amount to be capitalized of ₹ 21.23 crore. Thus, an amount of ₹ 12.52 crore was not capitalized. Further, liability for balance amount of ₹ 1.36 crore (21.23 – 19.87) which was payable to NICSI was not made in the accounts.

This has resulted in overstatement of Capital Work-in-Progress by ₹ 11.16 crore, understatement of Computers/Peripherals by ₹ 7.51 crore (after depreciation of two years at the rate of 20 per cent per annum on ₹ 12.52 crore), understatement of depreciation by ₹ 5.01 crore and understatement of Current Liabilities by ₹ 1.36 crore.

A.2.2 Loans, Advances & Deposits (Schedule 8)
Grants Recoverable/Receivable: ₹ 7.21 crore

It has been observed that the Institute had positive balances and negative balances amounting to ₹ 0.44 crore and ₹ 7.65 crore, respectively, under grant heads OH-36 and OH-31 (HEFA Principal). The Institute has shown net amount of negative balance as receivables amounting to ₹ 7.21 crore in the accounts, instead of showing the positive balances amounting to ₹ 0.44 crore as unutilized grants and negative balances of ₹ 7.65 crore as receivables. This has resulted in understatement of Loans, Advances & Deposits as well as unutilised grants by ₹ 0.44 crore.

Similar observation was also included in the previous year SAR at Sl. no. A.2.2.(ii). However, compliance was not made by the Institute.

B. Income & Expenditure Account
Income

B.1 Income from Investment (Schedule 11): ₹ 5.43 crore
Interest Earned (Schedule 12): ₹ 0.46 crore

As per General Financial Rule 230(8), the interest earned on grants should have been mandatorily remitted to the Consolidated Fund of India immediately after finalization of the accounts. Vide comment no. B of the previous year SAR, it was pointed out that the interest income on grants funds amounting to ₹ 95.72 lakh should have been booked under Current Liabilities instead of booking it as Income.

Compliance to the observation has not been made by the Institute. Interest income on grant funds amounting to ₹ 14.97 lakh was further booked as Income instead of as liability. This has resulted in overstatement of Corpus Fund and understatement of Current liabilities and Provisions (Schedule 3) by ₹ 110.69 lakh. Besides, income for the year has also been overstated by ₹ 14.97 lakh.

Since, this practice was adopted in past years prior to 2020-21 also. Interest earned on grants funds of these years is also to be transferred as liability from Corpus Funds.

B.2 Other Income (Schedule 13): ₹ 1.72 crore

Above includes an amount of ₹ 13.48 lakh booked as miscellaneous income. It has been noticed that this amount was deducted from the final payments made to various agencies/vendors on account of liquidity damages for which the assets/expenditure incurred was made out of grant funds. Therefore, the miscellaneous income amounting to ₹ 13.48 lakh should have been transferred to grant funds instead of Corpus Fund. This has resulted in understatement of unutilized grants and overstatement of Corpus fund by ₹ 13.48 lakh.

C. Significant Accounting Policies (Schedule 23)

A reference is invited to comment no. C of previous year SAR vide which it was pointed out that "Accounting Policy (Schedule 23) at Sl. No. 5 states that the inventory of chemical, glassware, publication, stationery, and other stores are revenue expenditure. This accounting policy is contradictory to the prescribed format (Significant Accounting Policy at Sl. No.5) which provides that expenditure on purchase of chemicals, glassware, publications and other stores is to be accounted as revenue expenditure, except that the value of closing stocks held on 31 March is set up

as inventories by reducing the corresponding Revenue Expenditure on the basis of information obtained from Departments. They are valued at cost.

As a result of contradictory accounting policy adopted, valuation of stock at the end of the year has not been done and value of stock has not been shown in the annual accounts. No change has been made by the Institute in its accounting policy (Sl.no.5) regarding inventories despite being pointed out in the previous year SAR.

D. General

D.1 Capital Work in Progress: ₹ 619.07 crore

A reference is invited to Significant Accounting Policy at Sl. no. 4 (Schedule 23) which states that in the case of commissioned assets, where all final settlement of bills with contractors is yet to be effected; capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

Construction work of the Institute is being done through Government executing agency CPWD. It has been observed that various works and buildings such as Administration Block, Academic Blocks (3 Nos.), Residential Blocks, Hostel Blocks, Director Residence etc. included in Phase-1A were completed and handed over to Institute on 30.12.2019 and are being utilized by the Institute since then. Similarly, various works and buildings such as Boys Hostel (950 capacity), Girls Hostel (260 capacity), Type-5 (64 units), T-6 (8 units), Visitor Hostel (40 capacity), Library and Lecture Hall (600 capacity) etc. included in Phase-1B were completed and handed over to Institute on 16.08.2021 and are being utilised by the Institute since then.

The Institute is conducting its activities in these buildings. However, against the total expenditure incurred on these buildings of ₹ 769.66 crore, the Institute has transferred/capitalized an amount of ₹ 436.30 crore only to Fixed Assets up to 31.03.2022 and capitalization of works amounting to ₹ 333.36 crore is still pending.

This has resulted in overstatement of Capital Work in Progress and understatement of Fixed Assets by ₹ 333.66 crore. Further, applicable depreciation for the years 2019-20, 2020-21 and 2021-22 is also to be charged on these completed works.

D.2 Records of Fixed Assets

Fixed Assets are to be recorded in the Fixed Assets Register as per the heads of Fixed Assets prescribed in the MHRD/ Ministry of Education Format of accounts. It has been observed that though the Fixed Assets Register was maintained but totals of gross value of these assets recorded therein were not made so as to match with figures of Gross

Block under various heads as appearing in the annual accounts. In the absence of which, verification of assets as appearing in the accounts could not confirmed. Hence, for confirmation of verification of all assets included in the Fixed Assets Schedule, Fixed Assets registers are required to be maintained properly showing the Gross value of assets matching with the figures as shown in the annual accounts.

D.3 Ministry of Education vide O.M. No. F. No. 19-1/2017-IFD dated 27 January 2022 communicated that Ministry of Finance has clarified that Autonomous bodies may adopt Payment of Gratuity Act, 1972 administered by the Ministry of Labour and Employment and the issue relating to implementation of Payment of Gratuity Act may be taken up with Ministry of Labour and Employment directly or through Ministry of Education.

Further, Integrated Finance Division, Department of Higher Education, Ministry of Education, to ensure a uniform position across all ABs, has moved a proposal for seeking the approval of Ministry of Labour and Employment.

Annual Accounts for the year 2021-22, included an accumulated provision amounting to ₹ 9.45 crore in respect of gratuity to the employees, covered under NPS. However, gratuity can be given to the employees of the ABs only if approved by the Ministry of Labour and Employment. Hence, in view of the above, this fact should have been disclosed in notes to accounts.

D.4 It has been observed that there are numerous research projects going on in the Institute which are being sponsored by various third party agencies. However, it has been noticed that there are number of projects on which there was no expenditure incurred during FY 2021-22 and have less than ₹ 1 lakh in balance as on 31.03.2022. Some of these projects were started back in FY 2014-15. Audit has identified and tabulated the number of such projects under each department:

Sl no.	Name of the Department	No. of projects (<1 lakh)
A	Science and Engineering Research Board	12
B	Department of Science & Technology	3
D	Council for scientific & Industrial Research	4
E	Defense Research and Development Organization	3
F	Department of Atomic Energy	1
I	Central Power Research institute	1
L	Consultancy	27
O	Indo US Science and Technology Forum	1
R	MHRD UAY Project scheme	1
S	IFIP Conference Grant	1
AD	Punjab State Council For Science & Technology	1
Total		55

The institute should conduct a review of such projects and their ongoing status. If the project has been closed/ completed, then the balance amount should be refunded to the sponsoring agency at the earliest to avoid the loss of interest. In case the amount is not refundable to the sponsoring agency, the Institute may consider the same as income of the Institute keeping in view the terms and conditions of the project. Final action initiated in this regard may be intimated to audit.

D.5 The Institute manages its financial activities through multiple savings and current accounts maintained with SBI. During the verification of bank balances maintained, it was noticed that the bank reconciliation statements of some of the accounts had huge number of pending entries under "amount credited in bank account but not booked in cash book" amounting to a total of ₹ 1.18 crore. Some of these entries even date back to FY 2017-18 including some foreign transactions and yet to be adjusted in the books.

Bank A/C no.	Credited by bank but not booked in cashbook (₹)
30836125653	8385817.59
37360100716	1244575
37360107268 (fee A/c)	1231526
32325870435 (R&D)	951875
Total	11813793.59

These entries need to be reconciled and accounted for in the accounts accordingly.

D.6. It has been observed that the Institute has fixed assets amounting to ₹ 18.87 crore under various projects of different agencies. These projects are sponsored by various agencies such as SERB, CSIR, DRDO, ICSSR etc. Only SERB has mentioned in its sanction letter that disposal of assets would be done with the prior approval of SERB. No other agency has mentioned anything about ownership of the assets procured under their projects. The Institute should clarify the matter of ownership of assets under the projects which have ended and review those project assets, ownership of which may be retained by the Institute and thereafter, in accordance with the instructions contained in the prescribed format of accounts,

transfer these assets accordingly to the fixed assets of the Institute and transfer equal amount to the Capital fund.

D.7 It has been observed that there was an amount of ₹ 24.57 crore shown in Capital work in progress-equipments. Nine Equipments against above amount were received between the period of 30/12/2019 to 12/10/2020 on various dates but these equipments were not installed till date.

Further, as stated at Sl. no. A.2.1.1, equipments valuing ₹ 8.14 crore which were received and capitalized in FY 2020-21 under Scientific & Laboratory Equipment were not installed as well. Reasons for delayed/non-installation of above equipments should have been disclosed by way of a note in the Notes to Accounts.

D.8. System of Internal Audit

Internal audit system was found to be in place and the internal audit of the Institute for FY 2020-21 was conducted in 2021-22.

D.9. Adequacy of Internal control system

Internal control system was found to be inadequate to the extent that:-

1. Accounting manual was not prepared.
2. Institute was heavily understaffed. Out of total of 250 sanctioned regular non-faculty posts, only 109 posts were filled and rest 141 posts were still vacant. Also only 164 faculty posts were filled against 230 sanctioned posts.

D.10. System of Physical Verification of Fixed assets

Physical verification of fixed assets was conducted for the FY 2009-2021 and final report submitted on May 12, 2022. As per the records/information provided by Store section regarding Physical verification of assets for the period 2009-2021, it has been observed that though the verification was conducted, summarized details of following items have not been prepared:

1. List of assets/equipments which are in non-working conditions.
2. List of obsolete items/to be written off assets.
3. List of lost items.
4. List of items which were not found during verification.
5. List of items damaged in flood and how many of them have been repaired/under-repair.

6. There were some items which had been marked "not verified". However, reasons for non verification were not mentioned.

In the absence of above details the Physical Verification Report was found incomplete.

D.11 System of Physical verification of Inventories

No central inventory system was found in existence.

D.12. Regularity in Payment of statutory dues

As per books of accounts, the Institute was regular in depositing statutory dues

E. Grant-in-Aid

The position of Grant -in -aids during the year 2021-22 is detailed as follows:

Particulars	Amount in ₹ lakh					Total
	OH-31 (General)	OH-31 (Interest HEFA)	OH-31 (Principal HEFA)	OH-35 (Capital)	OH-36 (Salary)	
Opening Balance	624.75	-588.10	-764.87	0	263.27	-464.95
Add: Grant received during the year	4537.00	2253.41	2292.22	1400.00	5086.00	15568.63
Other Receipts	0.25	0	0	0	0	0.25
Total Funds Available (A)	5162.00	1665.31	1527.35	1400.00	5349.27	15103.93
Less : Utilization during the year	5158.25	1665.29	2292.22	1131.54	5171.82	15419.12
Less: Refunds	3.60	0.02	0	0.26	134.16	138.04
Total funds of utilized/refunded	5161.85	1665.31	2292.22	1131.80	5305.98	15557.16
Unutilized balance at the end of the year	0.15	0	-764.87	268.20	43.29	-453.23

Govt. of India, MHRD, Department of Higher Education letter F.No.23011/02/2018-IF.1 dated 25.10.2018, inter-alia, lays down that:

- The Institutes need to incur the expenditure as per the grants released;
- No additional requirement should be projected to the MHRD as it was not possible to release the grants.

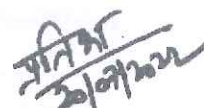
Accordingly, it was advised not to show the negative balances corresponding to the fund spent from IRG in the books of accounts. Instead, IRG/ Corpus fund should be debited corresponding to the expenditure incurred out of it.

It was pointed out in the SAR for the year 2020-21 (comment no. E.2) that keeping

in view the above directions of the Ministry, negative balance under OH-35 of ₹ 2.68 crore should have been booked as expenditure from IRG/Corpus, instead of showing negative balances under these heads and grant balances in the Schedule 3C needed necessary correction.

However, instead of making compliance of Ministry/Government directions to meet the excess expenditure incurred of ₹ 2.68 crore from the IRG/Corpus Funds as pointed in the previous SAR, it has been observed that contravening the instructions of the Ministry/Government, the Institute has recouped the minus balance of grant of ₹ 2.68 crore of the previous year 2020-21 from the current year grants received.

On being pointed out the Institute has replied that during the financial year 2020-21, ₹ 15.00 crore was allocated by the Ministry under OH-35 and the Institute had planned expenditure accordingly. However, the Ministry had released only ₹ 11.25 crore. The Institute should take up the matter with the Ministry regarding releasing of the funds incurred of ₹ 2.68 crore against the allocated funds of f.y. 2020-21.


20/07/2022
Director (CE)