



सत्यमेव जयते

ACCOUNTS SECTION  
INWARD NO. \_\_\_\_\_  
DATE 5 MAR 2020

भारतीय लेखा परीक्षा और लेखा विभाग  
महानिदेशक लेखा परीक्षा (केंद्रीय) का कार्यालय  
सी-25, लेखा परीक्षा भवन, आयकर भवन के पीछे,  
बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400051.

टेली/:(EPBX) (022)-26572907 फैक्स/:(26572451)

क्र. म.नि.ले.प. (के.) / ना. एवं. स्वा. नि. / एस. आर. ए. / 18-19/NITIE Mumbai/

दिनांक: 04.03.2020

सेवा में,

सचिव, भारत सरकार

मानव संसाधन विकास मंत्रालय,

उच्च शिक्षा विभाग, शास्त्री भवन,

नई दिल्ली - 110001.

विषय - वर्ष 2018-19 के लिए नेशनल इंस्टीट्यूट ऑफ इंडस्ट्रियल इंजीनियरिंग मुंबई के लेखों पर प्रथक लेखापरीक्षा प्रतिवेदन ।

महोदय,

31 मार्च 2019 को समाप्त वर्ष के लिए नेशनल इंस्टीट्यूट ऑफ इंडस्ट्रियल इंजीनियरिंग, मुंबई के लेखों पर प्रथक लेखापरीक्षा प्रतिवेदन निम्नलिखित दस्तावेजों के साथ संसद के दोनों सदनों की पटल पर प्रस्तुत करने हेतु अग्रेषित किया जा रहा है।

i. वर्ष 2018-19 के लिए वार्षिक लेखे

ii. अनुबंधक सहित लेखापरीक्षा प्रतिवेदन-सह-लेखापरीक्षा प्रमाण पत्र

कृपया संसद में प्रस्तुत दस्तावेजों की प्रतियां एवं सदनों में उनकी प्रस्तुति की तिथि के सम्बन्ध में सूचना इस कार्यालय को अग्रेषित की जाए।

कृपया पत्र की प्राप्ति की सूचना दे ।

संलग्नक: यथोपरि

भवदीय,

Sd/-

उपनिदेशक/ना. एवं. स्वा. नि

क.म.नि.ले.प. (के.) / ना. एवं. स्वा. नि. / एस. आर. ए. / 18-19/NITIE Mumbai/ 1386

दिनांक:-04.03.2020

Hand delivery.

सेवा में,

निदेशक,

नेशनल इंस्टीट्यूट ऑफ इंडस्ट्रियल इंजीनियरिंग ( National Institute of Industrial Engineering)

विहार झील सड़क, पवई

मुंबई -400 087.

अनुबंधक के साथ प्रथक लेखापरीक्षा प्रतिवेदन की एक प्रति जानकारी एवं आवश्यक कार्यवाही हेतु अग्रेषित की जा रही है। संसद में दस्तावेजों की प्रस्तुति की तिथि एवं उनकी प्रतिलिपि इस कार्यालय को प्रस्तुत की जाए।

जे.रि.

उपनिदेशक/ना. एवं. स्वा. नि.

Reshma/AG

MJ

5/3

D-380

06/3/2020

**Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of the National Institute of Industrial Engineering (NITIE), Mumbai for the year ended 31 March 2019.**

We have audited the attached Balance Sheet of the National Institute of Industrial Engineering (NITIE), Mumbai as at 31 March 2019, the Income & Expenditure Account and Receipt & Payment Account for the year ended on that date, under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The audit has been entrusted for the period up to 2022-2023. 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 (CAG) 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/CAG'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 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, the Income & Expenditure Account and Receipt & Payment Account dealt with by this report have been drawn up in the format approved by the Government of India, Ministry of Finance instead of format prescribed by the Ministry of Human Resource Development, Govt. of India vide order no.29-4/2012-IFD dt.17 April 2015 **except** those mentioned under para **C- 2**.
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Institute as required under Rule 18 of its Memorandum of Association insofar as it appears from our examination of such books.

iv. We further report that:

**A Balance Sheet**

**A.1 Liabilities**

**A.1.1 Current Liabilities & Provisions**

The Institute has not made provisions in the Annual Accounts for payments on account of arrears on retirement benefits of ₹3.1 crore paid during 2018-19 for the period pertaining to 2017-18 and arrears of pay and allowances on implementation of 7th CPC of ₹30.93 crore payable. Thus, non-provision of above expenditure has resulted in understatement of prior period expenses (establishment expenses) of ₹34.03 Crore with corresponding understatement of Current Liabilities and Provisions.

**A.1.2 Other Funds (₹ 2.41 Crore)**

The Institute has accounted 'unutilised Earmarked Funds' (Avartan/HBA/PD Fund/DDF & Welfare Fund) of ₹2.41 Crore under Current Liabilities which is, irregular. This has resulted in overstatement of Current Liabilities & Provision by ₹2.41 Crore with corresponding understatement of Earmarked Funds. Separate accounts are prepared for Endowment, BCPAAA and DDF as per

the directions given by the Board of Governors of NITIE and TIFAC and IIPC projects are also maintained separately as externally funded projects. However, the Institute has not consolidated the accounts and thus deviated from the instructions contained in the revised Format of Accounts.

## **A.2 Assets**

### **A.2.1 Current Assets Loans, & Advances**

The Institute is exempt from payment of Income tax under Section 10(23) (c) of Income Tax Act, 1961. As per Form 26AS, ₹22.09 lakh was deducted as TDS on Institute's income of ₹2.23 crore, which was netted off with the income instead of showing it as receivables under Current Assets, Loans & Advances as per accrual concept of accounting. Omission to do so, has resulted in understatement of Income and Current Assets by ₹22.09 lakh.

### **A.2.2 Bank Reconciliation Statement**

As per Bank Reconciliation Statement in respect of NITIE Main Account [SBI Account No. 10007680096], Bank has not given credit in respect of 35 cheques amounting to ₹6.07 lakh which were deposited during the period from April 2012 to December 2018. As these cheques

are invalid, the transactions were to be reviewed and written back in the accounts. Omission to do so, has resulted in overstatement of current assets, loans and advances (bank balance) by ₹ 6.07 lakh with corresponding overstatement of sundry creditors.

### **A.2.3 Fixed Assets (₹122.41 crore)**

The multi-storeyed hostel building costing ₹ 41.12 crore and the Academic cum library building costing ₹ 58.23 crore (₹46.69 crore for construction & ₹11.53 crore for interior design) was put to use by the Institute in March 2014 and June 2016 respectively, but these assets have not been capitalized in the books for want of Occupancy Certificate and final valuation from CPWD. This has resulted in understatement of Fixed Assets and Corpus by ₹91.77 crore and also understatement of expenditure on account of depreciation by ₹7.58 crore, (including prior period expenditure of ₹5.60 crore) with corresponding overstatement of Fixed Assets.

## **B. Income & Expenditure Account**

### **B.1 Income**

**B.1.1** As per Bank Reconciliation Statement in respect of NITIE Main Account [SBI Account No. 10007680096], Bank has given credit in respect of 35 no. of cheques amounting to ₹80.11 lakh which were deposited during the period from April 2017 to March 2019. The

Institute has not recognized the same as income so far. Omission to do so, has resulted in understatement of income of ₹80.11 lakh with corresponding understatement of Current Assets (bank balance).

## **B.2 Expenditure**

**B.2.1** Bank has given debits in 8 cases amounting to ₹ 4.42 lakh the details of which, were not known to the Institute. The same were not accounted for, in the books during 2018-19. This has led to understatement of expenditure of ₹4.42 lakh with consequent overstatement of surplus.

## **C. GENERAL COMMENTS**

1. As per Significant Accounting Policies of NITIE accounting of Retirement Benefits such as Gratuity, Commutation value of pension, leave encashment etc. is to be done on actual basis as per annual budget provision made by the Institute. As per Accounting Standard-15 of ICAI Employee Benefits obligations are to be done on Actuarial Valuation Method. Thus, the accounting of Employee Benefits of the Institute is not in consonance with the Accounting Standard 15.

2 The Institute has not adhered to the MHRD Format of Accounts as detailed below:

- Schedule 2A (Endowment Fund) is not prepared, however a separate Endowment Fund Account has been prepared, which is not inconsonance with MHRD format.
- Schedule 10 – Grants/Subsidies (Irrevocable Grants Received) shows only the receipt of grants without indicating the opening and closing balances and utilisation of grants.
- Small Value Assets are to be depreciated fully, at the time of acquisition and the details of such small value assets are not shown under Fixed Assets (Schedule 4).

#### **D. Grants – in- Aid**

The Institute received total ₹33.50 crore grant during the year. The Institute utilized totaling to ₹62.08 crore. The excess expenditure was met from Internally Generated Income.

The Utilization Certificate does not tally with the Annual Accounts as the Institute has transferred IRG of ₹9.52 Crore to NITIE Endowment Fund Account (Routed



through Corpus Fund) which is treated as utilization in the Utilization Certificate issued to the Ministry.

The Institute had depicted ₹1.41 Crore as utilised under Plan:/Revenue in Schedule 3(c) during the previous year. However, it consisted of Purchase of Dell LED Monitors, Tower, Speakers & Upgradation of AMCE Lab and other revenue expenditure. As it was neither booked under capital head (Fixed Assets] nor routed through Income & Expenditure Account, it was treated as unutilized grant by audit during the previous year. The Institute should have complied with audit comment by addition to assets and treated the revenue expenditure by booking in Income/expenditure account of current year.

- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, the Income & Expenditure Account and Receipt & Payment 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 Industrial Engineering, Mumbai as at 31 March 2019, and
- (b) In so far as it relates to the Income & Expenditure Account of the surplus for the year ended on that date.


**For and on behalf of the  
Comptroller and Auditor General of India,**

  
**Director General of Audit (Central)**

**Place : Mumbai,  
Date : 04.03.2020.**

## Annexure-I

<b>1</b>	<b>Adequacy of Internal Audit System</b> The internal audit of the Institute is conducted by a Chartered Accountant's firm. However, no internal audit has been conducted by the Ministry since inception. Further, there is no mechanism of peer review in existence as required under Rule 229(ix) of GFRs 2017. The Internal Audit Manual has not <sup>been</sup> prepared by the Institute so far.
<b>2</b>	<b>Adequacy of Internal Control System</b> The overall internal control system is very weak and not commensurate with the size and nature of the Institute for the following reasons: <ol style="list-style-type: none"><li>1. Rectification in respect of comments included in the previous years Report has not been carried out which has resulted in a distorted picture of Annual Accounts</li><li>2. The Institute has not followed accrual system of accounting in many instances.</li><li>3. The Institute has not accounted TDS receivable in the Annual Accounts.</li><li>4. The Institute has not included GST Accounting in the Annual Accounts. There is discrepancy in GST payment as per GST returns and GST ledger.</li></ol>
<b>3</b>	<b>Physical verification of Assets</b> Physical verification of fixed assets as well as library books had not been conducted for the year 2018-19.
<b>4</b>	<b>System of Physical verification of Inventory</b> Institute maintains record of the inventory in stores section and physical verification of the same has not been conducted for the year 2018-19.
<b>5</b>	<b>Regularity in payment of statutory dues.</b> <ol style="list-style-type: none"><li>1. NPS contributions (employees' contributions as well as employer's contributions) were remitted to the account with delay ranging from 6 days to 150 days.</li><li>2. GST Return was filed with a late fee of Rs. 24600/- for late filing of periodic returns in the year 2018-19.</li></ol>

  
**Director General of Audit (Central)**