



सत्यमेव जयते

भारतीय लेखा परीक्षा और लेखा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
महानिदेशक लेखा परीक्षा (खान) का कार्यालय
OFFICE OF THE DIRECTOR GENERAL OF AUDIT (MINES)
1, काउंसिल हाउस-स्ट्रीट, कोलकाता- 700 001
1, COUNCIL HOUSE STREET, KOLKATA-700 001

दिनांक / Dated.....

To,
The Secretary to the Government of India,
Ministry of Commerce and Industry,
Udyog Bhawan,
New Delhi – 110 011

Subject: **Separate Audit Report (SAR) on the accounts of National Institute of Design, Jorhat, Assam, for the year 2020-21.**

Sir,

I am to forward herewith the Separate Audit Report (SAR) on the accounts of National Institute of Design, Jorhat, Assam, for the year 2020-21. A copy of the Annual Accounts of National Institute of Design, Jorhat, Assam, for the year 2020-21 is also enclosed.

Action may please be taken for placing the same before both the houses of Parliament. The date on which the SAR is placed before Parliament (both Lok Sabha and Rajya Sabha) may please be communicated to this office. The Director of National Institute of Design, Jorhat, Assam has been requested to send the Hindi version of the SAR and Annual Accounts to the Ministry.

The receipt of this letter may kindly be acknowledged.

Yours faithfully,

Sd/-

(Suparna Deb)

Director General of Audit (Mines),
Kolkata

Enclo: As stated.

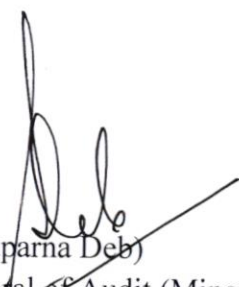
No. 45 / DGA(M)/SMP-ABs/SAR-2020-21/NIDJ/2022-23/Vol. II

Dated: **20 JUN 2022**

Copy along with a copy of the Separate Audit Report (SAR) for the year 2020-21 is forwarded to the Director of National Institute of Design, Jorhat, Assam, Tocklai, Rajabari, Jorhat-785014, Assam for information and necessary action.

Hindi Version of the SAR and the Annual Accounts may please be prepared and submitted to the Ministry for further action.

Encl: As stated.


(Suparna Deb)
Director General of Audit (Mines),
Kolkata

**Separate Audit Report of the Comptroller & Auditor General of India on the accounts of
National Institute of Design, Assam for the year ended 31st March 2021.**

We have audited the attached Balance Sheet of National Institute of Design, Assam as at 31 March 2021 and the Income and Expenditure Account for the year ended on that date under Section 19(2) of Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act 1971 read with Section 25 of National Institute of Design Act, 2014 and Section 4 of the National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020. These financial statements are the responsibility of the Management of National Institute of Design, Assam. 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 & 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 financial transactions with regard to compliance with the Law, Rules & 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, evidence 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 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 dealt with by this report have been drawn up in the format approved by the Government of India under Sections 25 and 38(2b) of National Institute of Design Act, 2014 read with Section 4 of the National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020.
 - iii. In our opinion, proper books of Accounts and other relevant records have been maintained by the National Institute of Design, Assam as required under Sections 25 and 38(2b) of National Institute of Design Act, 2014 read with Section 4 of the National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020 in so far as it appears from our examination of such books.
 - iv. We further report regarding National Institute of Design, Assam that:

A.1.1 Fixed Assets

Fixed Assets (At cost)

₹87.24 lakh

Machinery, Equipment & Tools (Depreciation rate 10%) under fixed assets includes various insignificant items viz. claw hammer with wooden handle, hand saw blade, measuring strip, safety goggles, Spit Magnet Level, Wood Chisel, etc. value ranging from ₹118 to ₹505.40. NID management may formulate a policy for charging of such insignificant items in the year in which it is purchased considering the number and value of such insignificant items.

A.1.2 Fixed Assets

Computer and Peripherals

₹12.88 lakh

Computer and Peripherals under fixed assets includes payment of ₹3.49 lakh on annual subscription of creative cloud for Enterprise Educational student plus faculty for the period from 31st August 2020 to 30th August 2021. The said expenditure which is recurring in nature and does not bring any future benefit after its validity period should be proportionately expensed in 2020-21 and the balance be carried forward as pre-paid expenses as on 31.03.2021. This has resulted in overstatement of Fixed Assets and Capital Fund to the tune of ₹3.49 lakh with corresponding understatement of Current Assets (prepaid expenses) and Grants & Contribution to the extent of ₹1.46 lakh (₹3.5 lakh X 5/12).

A.2.1. Current Liabilities**₹102.50 lakh****Liability for expenses****₹46.93 lakh**

The liability for the month of March 2021 towards security services received from the service provider amounting to ₹5.32 lakh has been provided for in the accounts. However, the GST liability payable thereon for the month of March 2021 on reverse charge mechanism (RCM) has not been provided by the Institute in the books of accounts for the year 2020-21. Thus, non-provision of the same has resulted in understatement of Current Liabilities (Liability for expenses) and overstatement of Grants and Contribution to the extent of ₹0.96 lakh.

A.3.1. Capital Fund**₹80.99 lakh****Depreciation Fund****₹6.24 lakh**

(a) Depreciation Fund does not include depreciation on boundary walls of NID Assam campus constructed by CPWD. This has resulted into overstatement of Capital Fund to the extent of ₹4.92 lakh (₹196.78 lakh X 2.5%) with corresponding understatement of Depreciation Fund by the same amount.

(b) Depreciation Fund does not include depreciation on Computers & Peripheral- IT related work valuing ₹257.67 lakh executed by M/s. NBCC. This has resulted into overstatement of Capital Fund to the extent of ₹51.53 lakh (₹257.67 lakh X 20%) with corresponding understatement of Depreciation Fund by the same amount.

(c) Depreciation Fund does not include depreciation on interior works including tables, etc. valuing ₹652.35 lakh executed by M/s. NBCC. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of ₹65.24 lakh (₹652.35 lakh X 10%) for the year 2020-21.

(d) Depreciation Fund does not include depreciation on 11 KV line from Cinnamora to National Institute of Design, Jorhat and 11/0.4 KV, 2 X 750 KVA sub-station valuing ₹125.04 lakh (₹94.72 lakh + contingency charges of ₹30.32 lakh) executed by M/s. NBCC. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of ₹ 12.5 lakh (₹125.04 lakh X 10%) for the year 2020-21.

(e) Depreciation Fund does not include depreciation on Campus Building amounting to ₹7674.64 lakh executed by M/s. NBCC. This has resulted in overstatement of Capital Fund & understatement of Depreciation Fund to the extent of ₹191.87 lakh (₹7674.64 lakh X 2.5%) for the year 2020-21.

(f) Depreciation Fund does not include depreciation on assets created by Assam Urban Water Supply & Sewerage Board amounting to ₹232.42 lakh executed by M/s. NBCC. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of ₹5.81 lakh (₹232.42 lakh X 2.5%) for the year 2020-21.

(g) Depreciation Fund does not include depreciation on Library Books purchased by NID, Ahmedabad on behalf of NID, Assam amounting to ₹89.74 lakh. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of ₹8.97 lakh (₹89.74 lakh X 10%) for the year 2020-21.

(h) Depreciation Fund does not include depreciation on Computer and Peripherals towards the assets procured by NID, Ahmedabad on behalf of NID, Assam valuing ₹10.27 lakh. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of ₹2.05 lakh (₹10.27 lakh X 20%) for the year 2020-21.

A.3.2. Depreciation Fund**Notes forming part of accounts**

National Institute of Design, Assam has adopted policy for rate of depreciation on Machinery, Equipment & Tools at the rate of 5 per cent and Furniture & Fixture at the rate of 7.5 per cent which is in contrary to the policy adopted by National Institute of Design, Ahmedabad, the pioneer institute who has considered the rate of depreciation on Machinery, Equipment & Tools and Furniture & Fixture at the rate 10 per cent.

A.4.1. Grants and Contribution ₹1160.73 lakh

As per item 1h. Schedule 17 of the format of accounts as specified in National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020 vide Gazette Notification dated 30th December 2020, gratuity is to be charged to Income & Expenditure Account based on actuarial valuation and the same is contributed to the NID Employee's Gratuity Fund. However, no such gratuity fund has been contributed by NID due to not conducting actuarial valuation to determine gratuity liability for the year 2020-21. This has resulted in understatement of Gratuity Fund with corresponding overstatement of Grants and Contribution.

A.4.2. Grants and Contribution ₹1160.73 lakh

During the year 2020-21, NID, Assam received (23rd March 2021) capital grant amounting to ₹273 lakh from Government of India for construction of boundary wall (height extension) and new entrance gate including watch towers at the campus premises. The said grant was, however, accounted for as revenue grant – salary and general instead of earmarked capital grant. This has resulted in understatement of grants for non-recurring exp. (capital) to the extent of ₹273 lakh with corresponding overstatement of grants for recurring exp. (salary) and grants for recurring exp. (general) of ₹198 lakh and ₹75 lakh respectively.

A.5.1. Current Liabilities ₹102.50 lakh

Income & Expenditure Account

Surplus carried over to Balance Sheet ₹292.52 lakh

As per Rule 230 (7) of GFR 2017, when recurring Grants in aid are sanctioned to the same Institution or organization for same purpose, unspent balance of the previous grant should be considered in sanctioning of the subsequent grant. Further, Para XXII of the sanction letter states that if the grantee fails to utilize the grant for the purpose for which the same has been sanctioned, the grantee institution shall be required to refund the grant with interest at the rate of 10 percent per annum.

Out of an unspent grant of ₹ 1258.11 Lakh as on 01.04.2020, NID, Assam had an unspent grant of ₹ 867.58 Lakh as on 31.03.2021. Hence, a liability for interest on unspent grant of 2019-20 amounting to ₹ 86.76 lakh $\{(\text{₹}129.19 \text{ lakh} + \text{₹}134.79 \text{ lakh} * + \text{₹}453.60 \text{ lakh} + \text{₹}150 \text{ lakh}) \times 10\%\}$ should be provided for in the accounts for the year 2020-21. This has resulted in overstatement of Surplus for the year with corresponding understatement of Current Liabilities to the extent of ₹86.76 lakh.

* $445.90 - 311.11 = 134.79$ (considering FIFO Method for utilization of Grants)

B. Income & Expenditure Account

B.1.1. Income & Expenditure Account

Other Administrative Expenses ₹315.43 lakh

Other Administrative Expenses includes an amount of ₹1.98 lakh paid towards Bloomsbury Design Library for the period of October 2020 to September 2021. As part of the expenditure is related to the year 2021-22, proportionate amount should be booked as prepaid expenditure for the year 2020-21. This has resulted in understatement of Current Assets (Prepaid expense for design library) and Grants & Contribution to the extent of ₹0.99 lakh $(\text{₹}1.98 \text{ lakh} \times 6/12)$.

B.1.2. Income & Expenditure Account

Other Administrative Expenses ₹315.43 lakh

Other Administrative Expenses includes an amount of ₹ 7.64 lakh paid towards subscriptions for books and journals for the period of January 2021 to December 2021. As part of the expenditure is related to the year 2021-22, proportionate amount should be booked as prepaid expenditure for the

year 2020-21. This has resulted in understatement of Current Assets (Prepaid expense for subscription of books and journals) and Grants & Contribution to the extent of ₹5.73 lakh (₹7.64 lakh X 9/12).

B.1.3. Income & Expenditure Account

Other Administrative Expenses

Welfare, Campus Events & Other Expenses ₹72.14 lakh

Welfare, Campus Events & Other Expenses includes payment of ₹5.38 lakh towards Group Mediciclaim Insurance Premium for NID, Assam of the students and staffs for the period of 1st April 2021 to 31st March 2022. As the entire expenditure is relating to 2021-22, the same should have been booked as prepaid expenditure for the year 2020-21 instead of current year's expense. This has resulted in understatement of both Current Assets (prepaid expense) and Grants & Contribution to the extent of ₹5.38 lakh.

B.1.4. Other Administrative Expenses ₹315.43 lakh

Significant Accounting Policies

Other Administrative Expenses includes ₹0.83 lakh towards purchase of workshop materials for education service. As the entire workshop material is not consumed at the first instance, above items may be treated as inventory of workshop materials and accordingly based on actual consumption, the same may be charged off to the Income and Expenditure account as consumption. The management may formulate suitable policy in this regard.

B.2.1. Income & Expenditure Account

Interest Earned ₹52.76 lakh

During 2020-21, NID, Assam has earned accrued interest on STDR amounting to ₹10.05 lakh (₹62.81 lakh – ₹52.76 lakh) but the same has not been accounted for as interest income for the year 2020-21. This has resulted in understatement of Surplus carried over to Balance Sheet and understatement of Current Assets to the tune of ₹10.05 lakh. NID, Assam may, however, suitably modify the accounting policy (item 1.a of Notes forming part of Accounts) in this regard.

C. General

C.1. C&AG is the sole authority for certification of accounts of NID and there is no provision in the NID Act for authentication/ certification of the accounts by Chartered Accountants. The authentication of the annual accounts of the institute for the year 2020-21 by Chartered Accountants apart from the Director of NID for submission of the same to the Comptroller & Auditor General of India is not in order.

C.2. In exercise of the powers conferred by clause (b) of sub-section (2) of section 38 read with sub-section (1) of section 25 of the National Institute of Design Act, 2014 (18 of 2014) and National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020 notified vide Gazette Notification dated 30th December 2020, NID shall prepare its annual statement of accounts and balance sheet showing the financial results as specified in Form 'A' and Form 'B' and the Schedules annexed to these rules. However, the same has not been adhered to for the year 2020-21 in the following instances:

- a) Non-inclusion of Schedule 4 information even if the same is NIL for NID, Assam.
- b) Re-arranging of Schedule numbers.
- c) Item wise details in the Schedules relating to Current Liabilities, Loans, Advances, etc., Income from Project receipts/ Grants (Non plan) & expenses from projects.

C.3. In pursuance of National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020, the institute shall prepare its annual statement of accounts and balance sheet showing the financial results as specified in Form 'A' and Form 'B' and the Schedules annexed to these rules. However, the same has not been adhered to for the year 2020-21 in the following instances:

Notes forming part of accounts:

1. Significant Accounting Policy

- a) The actual position of long-term investment for the year has been mentioned instead of valuation of same.
 - b) Policy on Current Assets, Loans and Advances has not been included.
 - c) Non-disclosure of exemption for income of the institute under Income Tax Act 1961 with consequential non-requirement of provision for income tax in the accounts.
 - d) Policy on Retirement/ Terminal benefit.
2. Details of Contingent Liabilities.
 3. Details of Capital Commitment.
 4. Regrouping/ rearranging of corresponding figures for the previous year wherever necessary.
 5. Rounding off for the figures in the final accounts.

D. Management Letter:

Deficiencies which have not been included in the Audit Report have been brought to the notice of National Institute of Design, Jorhat, Assam, 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 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-I 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 Design, Assam as at 31st March 2021; and
- b. In so far as it relates to Income and Expenditure Statement, of the Surplus for the year ended on that date.



(Suparna Deb)
Director General of Audit (Mines),
Kolkata

Place: **Kolkata**

Date:

20 JUN 2022

Annexure-I to Audit Report

- (1) **Internal Audit:** The Institute does not have any Internal Audit wing of its own. Internal Audit of the institute was carried out by any external agency during 2020-21.
- (2) **Internal control:** The Internal Control system is not adequate and commensurate with size and nature of the Institute.
- (3) **System of Physical Verification of Inventories:** There was no system of accounting of Inventories. Hence, no physical verification of inventories was carried out during 2020-21.
- (4) **System of Physical Verification of Fixed Assets:** No physical verification of Fixed Assets was carried out during 2020-21.
- (5) **Regularity in payment of statutory dues:** According to the information and explanations given to us and the records of the Institute examined by us, National Institute of Design, Assam is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Professional Tax and any other material statutory dues applicable to the Board.
- (6) No register for Special Term Deposit Receipts (STDRs) were maintained during the year.
- (7) No register for Cheques issued were maintained during the year.

Sd/-
(Vinod Parihar)
Dy. Director