

CONFIDENTIAL

No. /DGA(M)/SMP-ABs/SAR-2021-22/NIDJ/2022-23/Vol. II



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

CAO / SAR  
Ri  
04/01/23

दिनांक / Dated..... 21 DEC 2022

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 2021-22.**

Sir,

I am to forward herewith the Separate Audit Report (SAR) on the accounts of National Institute of Design, Jorhat, Assam, for the year 2021-22. A copy of the Annual Accounts of National Institute of Design, Jorhat, Assam, for the year 2021-22 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.

आवक डाक / Incoming Dak	
क्र./SL. No.....	दिनांक / Date.....
से / From.....	हस्ता. / Sign.....

Yours faithfully,

Sd/-

(Suparna Deb)

Director General of Audit (Mines),  
Kolkata

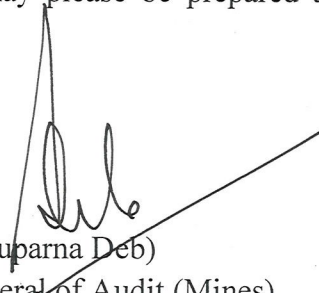
Enclo: As stated.

No. 145/DGA(M)/SMP-ABs/SAR-2021-22/NIDJ/2022-23/Vol. II

Dated: **21 DEC 2022**

Copy along with a copy of the Separate Audit Report (SAR) for the year 2021-22 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.



(Suparna Deb)

Director General of Audit (Mines),  
Kolkata

Enclo: As stated.

**Separate Audit Report of the Comptroller & Auditor General of India on the accounts of National Institute of Design, Assam for the year ended 31<sup>st</sup> March 2022.**

We have audited the attached Balance Sheet of National Institute of Design, Assam as at 31 March 2022 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 (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 & 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 Balance Sheet:**

**Assets**

**Fixed Assets (at cost)**

**A.1 NID Campus Building (Sch-6) (Gross Block): ₹8119.67 lakh**

This does not include ₹14.63 lakh being the bill received (2 April 2022) towards the capital work of supply, fitting and fixing of MS grill in balconies of Hostel of NID Assam. As the work has already been completed (1 February 2022) and measured (2 March 2022), the same should have been capitalized.

Hence, non-capitalising the above resulted in understatement of 'Fixed Assets- NID Campus buildings' (Gross Block) and 'Current Liabilities' by ₹14.63 lakh each. This has also resulted in understatement of Depreciation by ₹0.37 lakh leading to understatement of Net block ₹14.26 lakh and overstatement of Capital Fund by ₹ 0.37 lakh.

**A.2 Furniture and Fixtures ₹665.89 lakh**

The head 'Furniture & Fixture' includes ₹ 5.68 lakh (Annexure-1) towards the value of Assets physically not found during the physical verification conducted in February 2022. Non-accounting of the discrepancies noticed in such physical verification by the management has resulted in overstatement of 'Furniture & Fixture -Fixed Assets' (Gross Block) by ₹ 5.68 lakh. In absence of any information regarding date of capitalisation of the above assets, the net impact of these assets on profitability of the year could not be verified in Audit.

**A.3 Current Assets, Loans & Advances (Sch-8)**

**Loans, Advances & Other Assets: ₹24.70 lakh**

This includes ₹ 22.53 lakh being the amount paid (14 March 2022) to M/s Volks Energie Pvt. Ltd against supply, installation, testing and commissioning of VRV/VRF HVAC system. Since, the payment is related to creation of capital assets, the same should have been accounted for under 'Capital works in Progress'. This has

resulted in overstatement of the above head by ₹22.53 lakh with corresponding understatement of 'Capital works in Progress' by the same amount.

## **B Income & Expenditure Account**

### **B.1 Income**

#### **Grants ₹914.87 lakh**

As per Significant Accounting Policies (Sch-17) of the Institute, the "Central Government Grants for Recurring Expenses (General)" are recognized as income to the extent of expenditure incurred during the year. However, during 2021-22, the Institute spent a sum of ₹410.10 lakh under the head "Other Administrative Expenses (Schedule 15)" (excluding catering charges-Hostel, which are recoverable from students) but credited ₹ 442.50 lakh as income (appropriation from grants) (Sch-12).

Thus, the excess recognition of grants over the expenditure actually incurred by the Institute has resulted in overstatement of surplus for the year by ₹32.40 lakh (₹442.50 lakh – ₹410.10 lakh) and understatement of Grants and Contribution (Sch-3) by the same amount.

### **B.2 Expenditure**

#### **Depreciation: ₹1202.77 lakh**

The Institute procured (6 September 2021) software from Bitdefender Gravity Zone Business Security valuing ₹ 0.55 lakh for three years. However, the depreciation on the software has been charged at the rate of 20 *per cent*, assuming the life as five years.

This has resulted in understatement of depreciation by ₹ 0.18 lakh<sup>1</sup> with corresponding overstatement of Capital Fund by the same amount.

**B.3** The above head represents the accumulated depreciation charged on fixed assets as of March 2022 including ₹6.24 lakh charged upto 31 March 2021 and the extent of same was already debited to Capital Fund and credited to Income & Expenditure Accounts of the previous years.

Hence, crediting the entire accumulated depreciation to the Income & Expenditure Account of the current year instead of the actual depreciation accounted for has resulted in overstatement of depreciation as well as understatement of Capital Fund by ₹.6.24 lakh each.

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<sup>1</sup> ₹0.55 lakh \* 33 percent - ₹0.55 lakh \* 20 percent

## **C Significant Accounting Policies (Sch-17)**

**C.1** As per Para-h of the Notes to Accounts, 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. The fact is that the Institute has neither established a Gratuity Fund nor conducted any actuarial valuation as stated in the policy so as to make provision for the liability.

**C.2** A reference is invited to Para-i (3) read with Annexure-A wherein, the estimated amount of contracts remaining to be executed on capital account and not provided for has been disclosed. However, there is a clerical mistake in the total capital commitments as disclosed in Para-i(3) (₹2,22,827/-) and in Annexure-A(₹22,20,827/-). This needs to be corrected.

Further, the Capital commitments are understated by ₹38.68 lakh due to non-inclusion of the followings: -

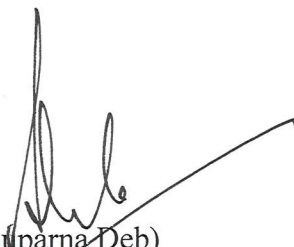
<b>Sl.No</b>	<b>Name of the work</b>	<b>Unexecuted balance of Capital works (₹ in lakh)</b>
1	Supply, installation, testing and Commissioning of VRV/VRF HVAC system at workshop building	11.99
2	Works for procurement of Bio Toilet for housekeeping and other staffs	2.68
3	Toilet Renovation work behind Academic	2.39
4	Diesel Tank platform, fencing with Brick Trench and roof sheet over DG sets work in ESS Building	11.26
5	Supply of Mess utensils at Hostel of NID Assam, Jorhat	0.79
6	supply of 3D Printer	9.57
	<b>Total</b>	<b>38.68</b>

Hence, the disclosure is deficient to that extent.

## **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 31<sup>st</sup> March 2022; 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: 21 DEC 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 an external agency during 2020-21. No internal Audit has been conducted for the year 2021-22.

### **2. Internal control:**

#### **(a) Deficiency in Internal Control**

The Institute receives Grants from Central Government under different heads like Grants for non-recurring (Capital), grants for salary and grants for recurring expenditure (General). However, no separate bank accounts was maintained by the Institute for each grant so as to ensure adequate control over receipt and utilisation of grants.

#### **(b) Discrepancy in Fixed assets Register:**

GFR 2017 stipulates for maintenance of separate Fixed Asset Registers in GFR-22 for each class of assets. However, the Fixed Assets Register maintained by the Institute contains only the assets procured by it. Assets supplied by NID, Ahmedabad and NBCC are not recorded in the same.

#### **(c) Discrepancy in stock register of consumables**

Stock registers maintained by the Institute for consumables such as office stationery, chemicals, maintenance spare parts etc., (except Carpentry works) are not in the prescribed Form (GFR-23).

#### **(d) Discrepancy in Accession Register:**

Details of Library books are required to be maintained in Form GFR 18. Accession Register maintained by the Institute does not adhere to the prescribed format and is incomplete.

### **3. System of Physical Verification of Inventories:**

No physical verification of inventories was conducted by the Institute during 2021-22. Moreover, the inventories procured during the year were fully charged to Income & Expenditure Account irrespective of their consumption.



**4. System of Physical Verification of Fixed Assets:**

Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. However, no physical verification of Fixed Assets was carried out during 2021-22.

**5. No Physical verification of Library books:**


According to the Rule 215 of the GFR 2017, complete physical verification of books should be done every year in case of libraries having not more than twenty thousand volumes.

The library of National Institute of Design, Assam contains less than twenty thousand volumes. No physical verification of Library books was, however, carried out during 2021-22.

**6. 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 Institute.

21 DEC 2022

  
(B. C. Behera)  
Dy. Director

**Annexure-1**

**Statement showing the deficiencies in the Actual physical stock of Fixed assets and books stock for the year 2019-20 & 2020-21**

Sl No.	Type of asset	category of asset	Quantity as per final bill	Quantity as per physical verification	Deficiency	Unit Price (₹)	Value in ₹
1	Furniture & Fixtures	stand alone partition for studio	120	109	11	36,151	3,97,661
2	Furniture & Fixtures	studio table	240	239	1	30,008	30,008
3	Furniture & Fixtures	studio chair	240	237	3	10,086	30,258
4	Furniture & Fixtures	classroom chair	390	389	1	12,960	12,960
5	Furniture & Fixtures	magazine stand	3	2	1	23,651	23,651
6	Furniture & Fixtures	Beanbag	10	7	3	3,115	9,345
7	Furniture & Fixtures	corner table	10	7	3	21,285	63,855
<b>Total</b>			1013	990	23		<b>5,67,738</b>