



मोतीलाल नेहरू राष्ट्रीय प्रौद्योगिकी संस्थान इलाहाबाद
प्रयागराज-211004 (भारत)
Motilal Nehru National Institute of Technology Allahabad
Prayagraj-211004 (INDIA)

No. 421 /Registrar Office/MNNITA/2023-24

Dated: 24/09/2023

To,

Deputy Director (CE)
Office of the Director General of Audit (Central)
Lucknow,
Branch Office 15A, Dayanand Marg, Satyanistha Bhawan, Prayagraj-211001

Subject: Draft Separate Audit Report on the Accounts of Motilal Nehru National Institute of Technology Allahabad for the year 2022-23.

Sir,

With reference to the subject cited above please refer to your letter No. Central Expenditure/2023-24/DIS-1103265 dated 12.09.2023. The Draft Separate Audit Report of Motilal Nehru National Institute of Technology Allahabad for the year 2022-23 is submitted for kind consideration.

In respect of queries it brings to information that;

1. The interest earned on Government grant Rs.64,36,000.00 not refunded however it is under process. The liability for Rs. 0.64 Crore has been created, the excess grant is treated as liability "to be refunded to the Government" at schedule 3 page 6 of the financial statement.
2. The CAB is under Treasury Single Account System from 29.06.2022.
3. The date of placement of SAR for the year 2021-22 in Lok Sabha is 20.03.2022 and in Rajya Sabha is 29.03.2022.

Yours


26/9/23
Registrar
(12)

Draft Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Motilal Nehru National Institute of Technology Allahabad, Prayagraj for the year ended 31 March, 2023

Para No.	Observation of Audit	Reply
	<p>We have audited the attached Balance Sheet of Motilal Nehru National Institute of Technology Allahabad, (Institute) Prayagraj as at 31 March 2023, the Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with section 22(2) of the National Institute of Technology act 2007. 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.</p>	No comments needed.
	<p>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.</p>	No comments needed.
	<p>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.</p>	No comments needed.
	<p>4. Based on our audit, we report that:</p>	No comments needed.
	<p>(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;</p>	No comments needed.
	<p>(ii) The Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report have been drawn up in the format of Financial Statement for Central Higher Education Institutions (format) prescribed by MHRD, government of India;</p>	

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Para no.	Observation of Audit	Reply
	<p>(iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Motilal Nehru National Institute of Technology Allahabad, Prayagraj under section 22(1) of the National Institute of Technology act, 2007 in so far as it appears from our examination of such books.</p> <p>(iv) We further report that:</p>	No comments needed.
(A)	<p>Balance Sheet (A.1) Earmarked/Endowment fund (Schedule -2) Rs. 296.83 crore The above included Rs. 36.56 crore pertaining to GPF, CPF and NPS funds whereas as per the MHRD format separate annual accounts for GPF, NPS and CPF are to be prepared and attached with the main annual account. This resulted in overstatement of 'Liability' and 'Assets' by Rs 36.56 crore each.</p> <p>(A.2) Loans, Advances and Deposits (Schedule - 8) Rs. 13.45 crore Above does not include Rs. 1.18 lakh paid for insurance of Vehicles for the year 2023-24. The same has been included as expenditure in the head 'Maintenance of Vehicle' in Transportation Expenses (Schedule-18). This resulted in overstatement of Transportation Expenditure by Rs.1.18 lakh and understatement of Corpus/Capital as well as Loans, Advances and Deposits by the same amount.</p>	<p>According to suggestion of previous SAR Audit schedule-2 has been prepared as per MHRD format and depicts the various funds balances that has been made by the Institute all over the years. The balance sheet income and expenditure and receipt and payments accounts of GPF, CPF and NPS are attached with Annual Accounts. Separate annual account details are also attached from page No. 97 to 105 (for GPF, CPF, NPS) in the Annual Accounts.</p> <p>Moreover GPF, CPFs, NPS are also the part & parcel of the Institute's finance and the inclusion of the same is being done, moreover in the format of MHRD there is no mentioning that GPF, CPF & NPS are not to be included. So the Institute in the view of transparency depicted all such earmarked/endowment funds in Schedule 2.</p> <p>Para may please be dropped.</p> <p>Prepaid Expenses of Rs. 1,17,638/= is related to insurance policy, since the amount is not material and also not refundable. Once the premium is paid, the same is not considered as pre-paid expenses. The Insurance is not a loan, since no loan related aspects are found in Insurance payment. So it can not considered a loan. Since it is not an advance payment & no adjustment/refund is to be done. So it is not an advance. Deposits categorization of Insurance is not appropriate. It will not be returned back to Institute after the expiry of duration. There is neither overstatement nor understatement.</p> <p>Para may please be dropped.</p>

Para No.	Observation of Audit	Reply
	<p>(B) Income & Expenditure Account</p> <p>(B.1) Staff Payment & Benefits (Schedule-15) Rs. 110.57 crore</p> <p>Above included Rs. 1.44 crore of payment made to visiting faculty whereas as per approved Format, it should have been shown under Academic Expenses. This resulted in overstatement of Staff Payment & Benefits by Rs. 1.44 crore and understatement of Academic Expenses by the same amount.</p> <p>(B.2) Staff Payment & Benefits (Schedule-15) Rs. 110.57 crore</p> <p>Above included Rs. 15.45 crore of payment made to contractual staff whereas as per approved format it should have been shown under Administrative and General Expenses (Schedule-17). This resulted in overstatement of Staff Payment & Benefits by Rs. 15.45 crore and understatement of Administrative and General Expenses by the same amount.</p> <p>(B.3) Administrative and General Expenses (Schedule-17) Rs. 18.51 crore</p> <p>Above included Rs. 62.91 lakh as payment made towards medical reimbursement whereas as per Format, it should have been shown in Staff Payments & Benefits (Schedule-15). This resulted in overstatement of Administrative and General Expenses by Rs. 62.91 lakh and understatement of Staff Payments & Benefits by the same amount.</p> <p>General</p> <p>(C.1) The Institute has not made provision for Gratuity and Leave Encashment on actuarial basis as required in AS-15. However, it has made provision for pension on actuarial basis.</p>	<p>Payment made to visiting faculty is related to adhoc staff appointed against the vacancies of faculty and due to this reason it is shown under Staff Payment and Benefits head. Para may please be dropped.</p> <p>Payment made to Contractual Staff are also related to adhoc staff for which fixed remuneration for fixed time period is paid, and due to this reason it is shown under Staff payment and Benefits head. Since the staff are kept against the vacancies/as per under requirement & are paid atleast the minimum wages as per GOI direction, so it is shown under staff payment head. Whereas Schedule 17 format of MHRD does not contain any field dedicated for such contractual staff payment. Para may please be dropped.</p> <p>Since the expenses on the Health Centre of the Institute are not just wages hence it is not in proper justification to show all such expenses in Staff Payments & Benefits. In view of the above the Institute has placed it in Administrative and General Expenses in Schedule 17. Para may please be dropped.</p> <p>From current year provision of Gratuity and Leave Encashment will also be made. Para may please be dropped.</p>

Para No.	Observation of Audit	Reply
	<p>(C.2) The Institute has shown Rs. 605.28 lakh incurred as Security Expenses under the head Other (Specify) in Administrative and General Expenses (Schedule-17) whereas as per Format it should have been shown under the head Infrastructure in the same Schedule.</p>	<p>It should be noted that expenditure is done under OH 31.04 only and since it was the charge of security services and hence does not fall under Infrastructure nature. The booking is done under the head Others under the same schedule as of Infrastructure i.e schedule 17. In the MoE format infrastructure contains only 4 heads i.e. (a) electricity (b) water charges (c) insurance (d) rents, rates. So we have included it under the same schedule under "Others" head. Para may please be dropped.</p>
	<p>(C.3) The Institute has not depicted bifurcation of land as Freehold Land and Leasehold land (Schedule-4) as required under format of MHRD.</p>	<p>The all land of Institute is freehold land. Para may please be dropped.</p>
	<p>(C.4) The Institute has shown Rs. 50.00 lakh as House Building Advance given to employees under the head 'Advances to employees (non-interest bearing)' instead of showing it under the head 'Long-Term Advances to employees (Interest bearing)' in 'Loans, Advances, and Deposits' (Schedule 8).</p>	<p>It will be shown as long term advances to employees (Interest bearing). The Interest is being charged as per rule on these advance. Para may please be dropped.</p>
	<p>(C.5) The Institute has deposited Rs. 6.67 lakh with UPPCL as 'security deposit' but the same has not been accounted for in the annual account.</p>	<p>The same is noted in the concerned bill. It is mentioned in the form of UPPCL under (1005/DUDD dated 25.03.2011) terms & conditions for load extension. It is a security deposit & taken under expenditure. Since the same is not expected to be returned to Institute in near future, so it is not an advance. Hence it is accounted in the balance sheet as expenditure under that particular financial year. Para may please be dropped.</p>

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Para No.	Observation of Audit	Reply
	<p>(A) Grant-in aid</p> <p>The Institute received grant-in-aid of Rs. 160.58 crore during the year 2022-23. After taking opening balance of Rs. 104.08 crore total fund available worked out to Rs. 264.66 crore. The Institute utilized Rs. 155.39 crore and refunded Rs.18.38 crore leaving a balance of Rs. 90.89 crore as on 31st March 2023.</p> <p>(iv) Subject to our observation in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.</p> <p>(vi) In our opinion and to the best of our information and according to the explanation 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 give a true and fair view in conformity with the accounting principles generally accepted in India.</p> <p>(a) In so far as it relates to the Balance Sheet, of the state of affairs of the Motilal Nehru National Institute of Technology Allahabad, Prayagraj as at 31 March 2023, and</p> <p>(b) In so far as it relates to Income & Expenditure Account of the 'surplus' for the yearended on that date.</p>	<p>No comments needed.</p> <p>No comments needed.</p> <p>No comments needed.</p>

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Annexure

Para No.	Observation of Audit	Reply
1.	<p>Adequacy of Internal Audit System Internal audit of the Institute has been conducted for the year 2022-23.</p>	No comments.
2.	<p>Adequacy of Internal Control System Internal control system of the Institute is characterized by following deficiencies: -</p> <p>a. Non-maintenance of liability register and Consumable register as per GFR form-03 and GFR form-23 respectively.</p> <p>b. Erasing and overwriting in Cash Book.</p> <p>c. Non submission of Centralized fixed assets register, expenditure register, Medical Claim expenditure register and register of contracts.</p> <p>d. Non settlement of 13 and 08 paras of Internal Audit and CAG audit respectively.</p> <p>e. Non-fulfillment of vacancies as only 228 are posted against 362 in Teaching staff and 115 are posted against 398 in non-Teaching staff.</p> <p>f. Non receipt of License fee for the period 2013 to 2021 from State Bank of India running in the premises of the Institute.</p>	<p>The maintenance of Liability Register and consumable register is under process. Now it will be maintained in the prescribed form of GFR.</p> <p>The cash books of all main account are printed & not hand written (BOB a/c 48, 64 & TSA). Some small & petty accounts with the number of transactions are only hand written. The cutting is also countersigned.</p> <p>The fixed asset register, expenditure and other relevant record & register were shown to audit and are being maintained in all departments of Institute.</p> <p>For settlement of outstanding paras, correspondences are under process and being made with related departments. The replies of CAG para are being sent to CAG for reconsideration.</p> <p>The Institute is conducting recruitment process on mission mode for faculty and non-faculty position on regular basis. For recruitment of non-teaching staff, exam is being held in September 2023 by National Testing Agency.</p> <p>Institute has raised the demand of license fees to SBI and the demand is not accepted by SBI and is under dispute, once the realization is confirmed, it will be treated as income and will be duly recorded in books of accounts.</p>

Para No.	Observation of Audit	Reply
	<p>g. Non reconciliation of Advances for Fixed Assets and revenue expenses.</p> <p>h. Non reconciliation of cancelled cheques amounting to Rs 143.49.</p>	<p>Reconciliation of advances for Fixed Assets & revenue expenses are done as per the WIP and status of projects, as shown in Schedule 4 & 8.</p> <p>Reconciliation and adjustment of cancelled cheques is being made and will be corrected in subsequent years.</p>
3.	<p>System of Physical verification of fixed assets</p> <p>Physical verification of fixed assets has been conducted for the year 2022-23.</p>	No comments.
4.	<p>System of Physical verification of inventory</p> <p>Physical verification of inventory has been conducted for the year 2022-23.</p>	No comments.

Sunita
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(Registrar)
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