

**INDIAN INSTITUTE OF INFORMATION
TECHNOLOGY DESIGN AND MANUFACTURING
KURNOOL- 518008**

**MINUTES OF THE Eighth MEETING OF THE FINANCE COMMITTEE (FC)
HELD AT 4.00 PM ON 9th December 2022 THROUGH GOOGLE MEET**

MEMBERS PRESENT

S No	Name	Role
1	Prof. H A Ranganath, Chairman, BoG-IIITDM Kurnool	Chairman
2	Shri Anil Kumar, Director (Finance), MoE (Ex-officio)	Member
3	Sri Sumit Gakhar, Dy Director (IITs & IIITs), MoE (Ex-Officio)	Member
4	Sri A Chidambaram, Registrar, IIITDM, Kancheepuram	Member
5	Sri Sachin S Jagdale Joint Registrar(Accounts), VNIT, Nagpur	Member
6	Prof DV L N Somayajulu, Director, IIITDM, Kurnool (Ex-Officio)	Member
7	Mr Surya Praveen, Assistant Registrar (Accounts), IIITDM, Kurnool	Secretary
8	Dr J Krishnaiah, Registrar I/c, IIITDM, Kurnool	Special Invitee

At the outset, Chairman, BoG welcomed all the members and permitted the Director to present the Institute progress of the last six months. Director has welcomed new members of the Finance Committee, a) Sri Sumit Gakhar, b) Sri Sachin S Jagdale, c) Sri A Chidambaram and d) Mr Surya Praveen and placed on record the services rendered by the outgoing members Sri S Goverdhan Rao, Registrar, NIT, Warangal and Prof Y Narasimhulu, ASC, University of Hyderabad and former Vice chancellor of Rayalaseema University, Kurnool. Chairman advised the Institute to write an appreciation letter to the former members of Finance Committee.

Director gave brief presentation on recruitment of teaching and non-teaching staff, grants received towards research projects, Progress of the construction works and placements for academic year 2022-23, Patents published and Granted, in the last six months, and other development works of the Institute.

Members appreciated the progress of the Institute and noted the comments issued by MoE in connection with the agenda items of the meeting.

Later, the Members discussed the agenda items and accordingly passed the following item-wise resolutions.

EIGHTH FC Meeting of IIITDM, Kurnool

9th December 2022 (4.00PM)



Item No.FC-8(2022)-01	To consider and confirm the minutes of the sixth meeting of the Finance Committee of Indian Institute of Information Technology Design and Manufacturing Kurnool, held at 4.00 PM on 6 th June 2022 through Google Meet.
	<u>Resolution</u> Confirmed

Item No.FC-8(2022)-02	<u>Name of the item</u>
	To consider the action taken report on the decisions of the 7 th meeting of the Finance Committee of Indian Institute of Information Technology Design and Manufacturing Kurnool, held at 4.00 PM on 6 th June 2022 through Google meet.
	<u>Resolution</u> Noted

Item No. FC-8(2022)-03	<u>Name of the item</u>
	To discuss and approve the Preliminary Estimates (PEs) for providing fiber optic cable distribution for net connectivity and CCTV outdoor and indoor surveillance along with UPS and Split ACs.
	<u>Resolution</u>
	Approved and members authorized Director to deliberate with CPWD and finalize the following items:
	a) Revise the estimates by reducing plinth area from 20% to 15% as per PAR 6.10.1 of CPWD manual in order to save the expenses.
	b) Tender is to be floated with 5 years warranty on applicable items.

Item No. FC-8(2022)-04	<u>Name of the item</u>
	To consider and to approve the Preliminary Estimates (PEs) for providing SITC of Roof Top solar Power Plant.
	<u>Resolution</u>
	After deliberations, it is recommended to defer this item at this point in time and advised to explore MNRE or other suitable options and propose with recommendations of BWC in subsequent meeting.

Item No.FC-8(2022)-05	To consider and to ratify the decision taken by the Director regarding sanctioning of additional 4% DA for the regular employees of the Institute.
	<u>Resolution</u> Ratified based on the OMs received from the MoE.

Item No.FC-8(2022)-06	To consider and to approve the contingency grant for Ph.D scholars.
	<u>Resolution</u> Members recommended to strictly follow the Ministry OM issued by MoE, F No 12-2/2019-U1 dated 31 st January 2019 and not recommended, at this point in time, to provide contingency grant to the full time Institute scholars appointed under HTRA.

Item No.FC-8(2022)-07	To consider and to approve the guidelines regarding recovery of partial amount of scholarship from research scholars who discontinue the programme.
	<u>Resolution</u> Approved and adopt this decision from the students admitted in future. Also suggested to include this as part of instructions in the Ph.D advertisement from the next academic year.

Item No.FC-8(2022)-08	To consider and to permit the Institute to send the Annual Accounts for the FY 2021-22 approved by FC and BoG, together with the observations of CAG audit team.
	<u>Resolution</u> Members advised to prepare Action taken report for the CAG observations of Annual Accounts for the FY 2021-22 immediately and obtain approval through circulation for placing this for BoG approval. The action report in this regard on SAR observations is enclosed in Annexure-1 . Members suggested to consider immediately: a) Establish internal audit system by hiring experienced retired employee. b) Resolve the observations suggested by CAG in the Annual accounts of FY 2022-23.



Item No.FC-8(2022)-09	To consider and to approve to book the expenses in the savings of Phase II constructions and Hostel Block 7B towards a) Setting up Samsung Research Lab, ii) Drone Lab, and iii) Temporary Health and Wellness Centre.
	RESOLUTION
	Approved to book the expenditure in savings of Administrative Approval and Expenditure Sanction issued to Phase II constructions and Hostel Block 7B works.

Item No.FC-8(2022)-10	Sub: Appraisal Items: i) Regarding Compliance and Thematic audit of IIITDM Kurnool. ii) Regarding optimum utilization of funds by IIITDM Kurnool iii) Funds received up to 3 Quarter of FY 2022-23. iv) Funds deposited to CPWD as on 28 th November 2022 in connection with ongoing construction works of the campus
	RESOLUTION
	i) Noted ii) Noted iii) Noted iv) Noted

Item No.FC-8(2022)-11	Sub: Any other Item with the permission of the Chair.
	<p>a) To report about the progress of civil works and status of expenditure under the directive of MHRD: MHRD vide letter No 23017/20/2013-IF-1, dated 14.11.2013, has directed us to introduce format of reporting for furnishing the latest position of unspent balance progress on ongoing works to FC. Accordingly, the status is prepared and presented.</p> <p>b) To consider and to approve to act as Co-host to organize inter IIIT Sports meet with IIITDM Kancheepuram as Host and book the expenses towards registration fee, Travel for staff and students, sports kits etc in the Institute head and reimburse 40% share to host Institute after deducting sponsorship amount.</p> <p>c) C/o residential and Non-residential buildings sanctioned under phase II works for IIITDM Kurnool – Creation of additional and extra spaces below the ground floor of the buildings – Intimation on areas created utilizing the ground profile – Letter received from Chief engineer dated 7th December 2022, vide item No 23(47)/IIITDM Kurnool / (2022)/1519-21</p>

RESOLUTIONS	
	<p>a) Noted and advised to reconcile and provide specific comments for each item and circulate to all the members.</p> <p>b) Approved and advised to generate and minimize the expenditure to be booked under Institute head.</p> <p>c) Advised the Director to call for BWC meeting immediately and suggested to circulate the resolution of BWC by Email for approval and the same may be placed in the next Finance committee meeting.</p>

With the above, the meeting is concluded with Vote of Thanks to the Chair and members of the committee.



Mr Surya Praveen
Secretary, FC
IIITDM
Kurnool



Prof. H A Ranganath
Chairman, BoG
IIITDM
Kurnool

Annexure 1: Action Taken report on CAG Observations on Annual Accounts for FY 2021-22

Audit Comments	Response
<p>A: Balance Sheet</p> <p>A.1 : Sources of Fund</p> <p>A.1.1 Capital Fund/Corpus Fund: ₹ 83.74 crore/₹ 17.76 crore. As per the Format of Financial Statements for Central Higher Educational Institutions prescribed by MoE, GOI, Schedule 1 under Sources of Funds shall include Corpus/Capital Fund which is akin to Capital, Share Capital or owners' (promoters') Funds. Where an Institute has a separate Corpus Fund as an Earmarked Fund, the heading in the Balance Sheet and in this schedule should be changed as "Capital Fund", to avoid confusion. The name "Corpus Fund" under Earmarked Funds may appropriately be changed to indicate the nature of the Fund. However, in contravention to these stipulations, the Institute has shown a corpus fund under a Schedule 1A which is not as per the format. Further, the nature of this Corpus Fund, and it's operation/accounting details and the accounting policy etc have not been disclosed in the notes on Accounts. In the absence of this disclosure, the Corpus Fund operated remained separate from the Capital Fund and liabilities were shown under Schedule 1 A not prescribed by the format resulting in lack of clarity about these liabilities amounting to ₹ 17.76 crore in the Balance sheet under Sources of Funds.</p>	<p><i>Audit Observation is that the Corpus fund should be shown as Earmarked Fund under Schedule 2, but the Institute has shown under separate Schedule 1A.</i></p> <p><i>The Institute is following since inception. This is observed in this FY. So, we will consider from the current year account onwards.</i></p>

<p>A.1.2 Current Liabilities and Provisions: ₹ 60.68 crore. As per the stipulation of the Format of Financial Statements for Central Higher Educational Institutions, under Schedule 23(Significant Accounting Policies), regarding Revenue Recognition, 'Fees from students (except Tuition Fees), Sale of Admission Forms, Royalty and Interest on Savings Bank account are accounted on cash basis. Tuition Fees collected separately for each semester is accounted for on accrual basis. However, in contravention to this stipulation of the format, IITDM Kurnool spelt out it's accounting policy of Revenue Recognition under item 2 of Schedule 23 appended to financial statements wherein it was disclosed that 'All revenues and Expenses are accounted on accrual basis including interest received on bank deposits and government grants except tuition and other fees received from students which is accounted on cash basis of accounting.' Thus 'Tuition Fees was also accounted for on cash basis of accounting instead of accrual basis of accounting as stipulated by the format. This led to non-accountal of 'Tuition Fees' amounting to ₹ 15,44,400 under Schedule 9 in the Income and Expenditure Account leading to overstatement of 'Deficit' and resultant understatement of Capital Fund by that extent. Consequently, the Current Assets (receivables) were also understated by an extent of ₹ 15.44 lakh.</p>	<p><i>Till the FY 2021-22, the Tuition Fee was shown on cash basis. The Audit Observation on this was noted and the Tuition Fee from FY 2022-23 onwards will be shown on Accrual Basis.</i></p>
<p>A.2 : Application of Fund</p> <p>A.2.1 – Fixed Assets: ₹ 88.86 crore.</p> <p>An amount of ₹ 43.05 crore was shown as Capital Work in Progress (CWIP) under Sechedule4A plan appended to Balance Sheet. However, as per Form 65 furnished by CPWD, the expenditure incurred on works was ₹ 40.20 crore. Thus, excess presentation of CWIP an amount of ₹2.85 crore was made in the Balance Sheet under Assets . This discrepancy needs to be rectified. This resulted overstatement of CWIP and overstatement of Current Liabilities by ₹2.85 cror</p>	<p><i>The information lying with the Institute about CWIP is being reconciled with the information provided by CPWD in form 65. Accordingly we will rectify the figures in the Opening Balance in current year and will furnish accurate CWIP figures in Current Year annual accounts.</i></p>

<p>A.2.2 Current Assets: ₹ 72.46 crore. An amount of ₹ 28.16 crore being the amount advanced and remaining unutilized with CPWD (as per Form 65) was not accounted for under Schedule 8 – Item 2 (a) advances to suppliers/contractors as stipulated by the Format of Financial Statements for Central Higher Educational Institutions. Instead, this was classified under Schedule 7 – Current Assets Item 2 – Sundry Debtors – 2C- CPWD Advance and that too for an amount of ₹ 21,94,02,259. This needs reconciliation and rectification. This resulted understatement of Current assets- advance to suppliers/contractor account and overstatement of sundry debtor CPWD advance by ₹21.94 crore and overstatement of Rs, 6.22 crore in Current Assets and Loan and advance, Deposits. (ii) Value of closing stock of inventory was not accounted for under current assets as stipulated by the format of Financial Statements for Central Higher Educational Institutes. As a result, the entire closing stock of inventory is treated as revenue expense and debited into the Income and expenditure Account.</p>	<p><i>The information is available with the Institute on the Advances given to CPWD, is being reconciled with the information provided by CPWD in form 65. Accordingly, we will rectify the figures in the Opening Balance in current year and will furnish accurate Advance figures in Current Year</i></p>
<p>B. Income and Expenditure Account</p> <p>B.1. Expenditure – ₹ 14.57 crore</p>	
<p>Misclassification of Capital Expenditure as Capital Expenditure.</p> <p>(i) Prior Period expenses charged incorrectly to Current year's Income and Expenditure Account: As per the format of Financial Statements for Central Higher Educational Institutions prescribed by MoE, 'Prior Period Expenses' should be debited in the Income and Expenditure Account under Schedule 22. However, in contravention to these stipulations of the format, the Institute had charged several Prior Period expenses to the respective heads of expenses under Current Year Income and Expenditure Account thereby inflating the current year expenses.</p>	<p><i>Till the FY 2021-22, we have shown expenses on cash basis. Accordingly, all the expenses in previous years were booked as Current year Expense only. But the current year onwards we will show expense on Accrual Basis.</i></p>
<p>C. Receipts and Payments Account</p> <p>C.1 Receipts:</p> <p>(ii) Due to incorrect accountability of Receipt and Payment Account on Accrual basis instead of on Cash Basis, an amount of ₹ 99,80,530 was shown as Interest received on Bank Deposits (vide Item VIII) instead of an amount of ₹ 7,78,750 being the actual interest received. This needs rectification.</p> <p>(iv) Opening balances were not shown in respect of Deposits in the Receipt & Payment</p>	<p><i>Till the FY 2021-22 the institute has prepared Receipts and Payments on Accrual Basis. This year onwards the Institute will show the Receipts and Payments account on Cash basis and exact figures of Interest received will only be shown in the R&P. Further non reporting of opening balance in R&P accounts will be referred to C&AG for obtaining clarity about reporting and action will be taken accordingly.</i></p>

<p>Accounts which is against the stipulation of Format of Accounts prescribed by the Format of Financial Statements for Central Higher Educational Institutions</p>	
<p>D. General</p> <p>(1) Despite being pointed out in the previous Audit Reports, 2019-20 and 2020-21, Retirement Benefits were not accounted for on Actuarial Valuation (2) Capital Commitments against ongoing constructions works like Admn. Block, Kalam Hall of residency, etc were not disclosed in notes of accounts as stipulated in the Format of Financial Statements for Central Higher Educational Institutions. (3) HDFC Bank Account bearing A/c No. 50100257542640 was not exhibited under Annexure A to Schedule 7: Current Assets in the Annual Accounts 2021-22 as well as under Closing Balance of R&P Account. This affected the assertion of completion in Balance Sheet. (4) Format of Financial Statements for Central Higher Educational institutions stipulates for exhibition of fund wise balances of Earmarked/Endowment funds under Schedule 5A. However, this was not done in the Financial Statements of the Institute for the year 2021- 22 which is contravention of the stipulation of the Format prescribed. (5) Review of the Bank Statements/Corpus Fixed deposits disclosed that an amount of ₹ 8,13,116 was actually the amount towards Interest accrued. However, as seen from the Schedule 8: Loans, Advances and Deposits vide Sl.No.6 Income Accrued an amount of ₹37,75,067 (₹29,97,967 + ₹26,984 + ₹7,50,116 pertain to Accrued interest on other FDs, accrued interest on Saving Bank Account and interest accrued on Corpus Fixed Deposits respectively) was included. This needs reconciliation. (6) Sl No. 8 under Significant Accounting Policies stated that the Closing Balances of Capital and Corpus Fund to end of March 2022 was ₹ 40.69 crores and ₹ 17.76 crores respectively. However, Audit noticed that Schedule 1 figures indicated that the Closing balances of Capital Fund and Corpus fund to end of March 2022 was 83.74 crores and ₹ 17.76 crores. The Discrepancy pertaining to Capital Fund amount needs rectification. (7) Three Arbitration Awards were passed under Section 31(5) of the Arbitration and Conciliation Act 1996 and the amounts were payable to the Claimants. However, the fact of the Passing of the Awards/Details of the payments made etc. was also not disclosed to the Notes on Accounts (8) Ministry of Education Format of Accounts provides for compilation of Balance Sheet, Income and Expenditure and Receipt and Payment Account for NPS and GPF Fund. However, Audit observed that the Institute had not compiled separate Balance Sheet, Income and Expenditure and Receipt and Payment Account for NPS and GPF Fund as prescribed under MoE Format of Accounts. (9) The Fact of allotment of land 'Free of Cost' was not indicated in</p>	<p><i>All the points briefly pertain to Misclassification of some Heads, non-presentation of some Schedules, non-disclosure of bank accounts and some other miscellaneous corrections.</i></p> <p><i>The Institute will take stringent actions not to repeat such things in future.</i></p>

the Notes to Accounts. (10) Fact of waiver of statutory fees by Govt. of Andhra Pradesh was not disclosed in the Notes on Accounts.

C. Grants-in-aid:

Out of grant-in-aid of ₹ 116.97 crore (Opening balance as on 01/04/2021: ₹ 42.361 crore + ₹74.612 crore received during the year), the organization could utilise a sum of ₹ 58.743 crore (Revenue ₹10.334 crore + Capital of ₹ 48.415 crore) leaving a balance of ₹58.236 crore as unutilized grant as on 31 March 2022. Observations on grants-in-aid: (i) The following variations were seen in the Grants-in-aid as depicted in the concerned Accounts/Schedules of Annual Financial Statements for the year 2021-22.

Annexure to the SAR

	<p><i>This is purely miscalculation. There is no Error at the Instituteside end and hence, there is no need of rectifying our accounts regarding this item.</i></p>
<p>Inadequate Internal Control System</p>	<p><i>The Institute will try to increase number of checks before finalising the Annual Accounts so that the Clerical Errors and Error of Commission and Omission will be minimized.</i></p> <p><i>Also ,The Institute will plan to hire an Internal Auditor, preferably a retired CAG personnel whose knowledge will be useful for Internal Control system and for preparation of Accounts as per MoE guidelines.</i></p>