



महानिदेशक लेखापरीक्षा (केंद्रीय) का कार्यालय
साँफाबाद, हैदराबाद - 500 004.

OFFICE OF THE
DIRECTOR GENERAL OF AUDIT (CENTRAL)
SAIFABAD, HYDERABAD - 500 004.

No.DGA(C)/CEA/U- II/IIITDM/SAR.2019-20/2021-22/

Date: 11.02.2022

सेवा में
सचिव,
भारत सरकार, शिक्षा मंत्रालय,
नई दिल्ली
महोदय,

विषय: Separate Audit Report (SAR) on the accounts of Indian Institute of Information Technology, Design and Manufacturing, Kurnool, for the year 2019-20.

Separate Audit Report (SAR) on the accounts of Indian Institute of Information Technology, Design and Manufacturing, Kurnool, for the year 2019-20, Annexure to SAR and one copy of the Audited Annual Accounts of the Institute for the year 2019-20, are forwarded herewith for placing before the Parliament.

The dates of presentation of Separate Audit Report in both the Houses of Parliament may please be intimated.

Receipt of this letter along with the enclosures may kindly be acknowledged.

भवदीय,

संल: यथोपरि

sd/-

Director General of Audit (Central)

No.DGA(C)/CEA/U-II /IIITDM/SAR.2019-20/2021-22/ 22 Date: 11.02.2022

Copy to: The Director, Indian Institute of Information Technology, Design and Manufacturing, Kurnool, Andhra Pradesh along with one copy of Annual Accounts for the year 2019-20 (English version), with a request to furnish Hindi version of the approved Annual Accounts 2019 - 20 (2 sets), to this Office.

संल: यथोपरि

Ch. V. Sai Prasad
Director/CEA

*Auditor
for OIA
12/2/2022*

**Separate Audit Report on the Accounts of Indian Institute of Information Technology,
Design and Manufacturing, Kurnool, for the year ended 31 March 2020**

We have audited the attached Balance Sheet of the Indian Institute of Information Technology, Design and Manufacturing, Kurnool, as at 31 March 2020, 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 & Conditions of Service) Act, 1971. 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 & 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 disclosures 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, Income & Expenditure Account and Receipts & Payment Account dealt with by this report have been drawn up in the format approved by Government of India, Ministry of Finance.

iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Institute as required under Finance Bye-Law 31 of the Institute, in so far as it appears from our examination of such books.

iv. We further report that:

A. Receipts and Payments Account

A.1 Receipts:

A.1.1. An amount of ₹ 5,24,975 received from Ministry of Tribal Affairs and Social Justice, GOI towards Scholarships was not accounted as Receipts under Schedule VI of R&P Account. This needs to be rectified.

C.1.2. Due to incorrect accounting of interest amount on Terms Deposit as reinvested, the TDs were incorrectly shown as ₹ 16,73,72,075 instead of ₹ 14,74,80,000. This needs to be reconciled and rectified, if necessary.

B. General

1. An amount of ₹ 1,25,49,814 being the payment made to M/s Space Matrix Bangalore towards preparation of Master Plan, Statutory submission and complete Architectural and Engineering Design -- Phase I Building was incorrectly classified under Site Development instead Buildings. This needs to be reviewed and rectified.

2. Completion and Handing over reports were awaited in respect of four works added to fixed assets during the year viz., A) building Academic and Admn BL-1 ₹ 10,38,89,784 B) Building kalam hall of Residency BL7A ₹ 7,13,83,707 c) Building Kalpana Chawla hall of Residence BL-2 ₹ 6,62,98,423 and d) Roads and Bridges: ₹ 4,66,88,642.

3. Value of the Capital Commitments was not disclosed.

4. Contingent Liabilities as prescribed by the format of accounts were not disclosed.

5. Retirement benefits/Gratuity/Leave encashment were not accounted on actuarial valuation as stipulated by Accounting Standard AS-15.

C. Grants-in-aid:

Out of the grants in aid of ₹ 50.84¹ crore (₹ 23.59² crore received during the year together with unutilized grant of ₹ 27.25³ crore was available in March 2019) the Institute could utilize a sum of ₹ 23.52⁴ crore leaving a balance of ₹ 27.32⁵ crore (₹ 7.42⁶ crore revenue grant + ₹ 16.10⁷ crore Capital Grant) as unutilized grant as on 31 March 2020.

¹ ₹ 50,83,39,710 – Schedule 10

² ₹ 23,59,00,000 – Schedule 10 (₹ 16,50,00,000 Revenue Grant + ₹ 7,09,00,000 Capital Grant)

³ ₹ 27,24,39,710 – Schedule 3(C)

⁴ ₹ 23,52,31,465 (Schedule 3(C) and Schedule 10)

⁵ ₹ 27,31,08,245 – Schedule 3 (C)

⁶ ₹ 7,42,27,244 – Schedule 10

⁷ ₹ 16,10,04,221 – Schedule 10

D. Management Letter

Deficiencies that have not been included in the Separate Audit Report have been brought to the notice of the Director, Indian Institute of Information Technology, Design and Manufacturing (IIITDM), 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, Income & Expenditure Account and Receipts & 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 the 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 Indian Institute of Information Technology, Design and Manufacturing, Kurnool, as at 31 March 2020, and*

b. *In so far as it relates to Income & Expenditure Account of the **Surplus** for the year ended on that date.*

Director General of Audit (Central)

ANNEXURE

1. **Adequacy of Internal Audit System:** There is no separate internal audit wing in the Institution. Internal audit was conducted by a Chartered Accountant Firm.

2. **Adequacy of Internal Control System:** The Internal Control System was not adequate due to the following:

- i. There is no system of surprise check of Stores and Stock.
- ii. Physical verification of fixed assets was not conducted.
- iii. Internal Audit wing is not established.
- iv. There was no recruitment of Registrar, Internal Audit and Accounts officer.

3. **System of Physical verification of fixed assets:**

Physical verification of fixed assets was conducted for the year 2019-20.

1. The Institute did not maintain records/registers/ledgers. These included records related to procurement availability of asset/updation of registers, records of physical verification, surprise check and verification etc.

2. Fixed Assets register was not maintained.

3. The Institute is not maintaining the stores/spares, Inventories, Loose Tools, Publications, Laboratory chemicals, consumables etc., under Inventories and not accounted for in the Annual Accounts. This needs to be rectified.

4. **System of Physical verification of Inventory:** Physical verification of Inventory was completed for the year 2019-20.

5. **Regularity in payment of statutory dues:** Statutory dues were paid regularly.

Chy. J. P.
 Director/CEA

जितेंद्र एस. करपे,
Jitendra S. Karape, IA&AS



महानिदेशक लेखापरीक्षा (केंद्रीय)
सैफाबाद, हैदराबाद - ५०० ००४
Director General of Audit (Central)
Saifabad, Hyderabad - 500 004.

No.DGA(C)/CEA/U-II /HITDM/SAR.2019-20/2021-22/२३ Date: 11.02.2022

Dear Prof Somayajulu,

Audit of Annual Accounts of Indian Institute of Information Technology, Design and Manufacturing, Kurnool, for the year 2019-20, was conducted during February-March 2020. Significant comments on accounts are included in the Separate Audit Report issued separately to the Government of India, Ministry of Education, New Delhi and a copy marked to you. Some observations, which were not included in the Separate Audit Report, meriting the attention of management are detailed below to enable your office to take necessary corrective action.

1. An amount of ₹ 11,21,405 being the interest accrued but not due was not accounted for in the Income and Expenditure account under Sl.No.3 of Schedule 11- 'Income accrued but not due on Term Deposits/interest bearing advances of employees. However, this was incorrectly accounted for under Sl.No.2 of Schedule 'Interest of Term Deposits (Corpus).
2. The difference of ₹10,90,00,000 in between Schedule 7 and Annexure A to Schedule 7 needs to be reconciled and rectified
3. It was noticed that an amount of ₹ 12,32,75,486 was retained in Savings Bank account instead of investing the same as stipulated by the format of accounts
4. Schedules as prescribed by the format of accounts were not prepared and appended to the Annual Accounts. These included. Schedule 3 (a) Schedule 3(b) and (3) Schedule 15 A(4) Schedule 4A: Plan (5) Schedule 4B: Non plan (6) Schedule 4C: Intangible Assets (7) Schedule 4(C): Copyrights and (5) Schedule 4D.
5. Schedule 11 was incorrectly titled as other investments, instead of Income from Investments.
6. An amount of ₹ 4.48 lakh paid towards site development in connection with landscaping was incorrectly shown under 'Land scaping & Horticulture'. This

resulted in incorrect depiction of this expenditure as 'Land scaping & Horticulture' instead of 'Site Development' under Fixed Assets in the Balance Sheet (Schedule-4). This also resulted in incorrect charging of depreciation at 10 percent amounting to ₹45,699 (instead of no depreciation on 'Site Development') leading to understatement of Surplus in I&E account, understatement of Capital Fund and Fixed Assets in the Balance Sheet by an extent of ₹ 45,699.

7. The Interest on TDRs comprised of three components viz a) Interest due and paid by the Bank (but not received by the Institute) b) Interest accrued but not due (but not received by the Institute) and c) Interest credited on the TDRs encashed : totaling to ₹ 34.50 lakh . However, it was noticed that as against this amount, an amount of ₹ 33.60 lakh was only accounted for under Schedule 11 resulting in understatement of Income by ₹ 90 thousand.

With Regards,

Yours sincerely,



Prof. D V L N Somayajulu,

Director,

Indian Institute of Information Technology, Design and Manufacturing,
Kurnool