

जितेंद्र एस्. करपे,
Jitendra S. Karape, IAS&AS



महानिदेशक लेखापरीक्षा (केंद्रीय)
बैंगलूर, हैदराबाद - ५०० ००४
Director General of Audit (Central)
Bangalore, Hyderabad - 500 004

No.DGA(C)/CEA/Unit-VI/IIITDM/SAR-2020-21/2021-22/44

Date: 17.12.2021

Dear Shri Somayajulu,

Please find enclosed Draft Separate Audit Report on the Accounts of Indian Institute of Information Technology, Design and Manufacturing (IIITDM), Kurnool, Andhra Pradesh for the year 2020-21.

I request you to communicate para-wise replies to the Audit comments (including grants-in-aid) contained therein along with supporting documents, wherever necessary, within ten (10) days from the date of receipt of this letter, to enable us to consider your views before finalizing the Report.

With Regards,

Yours Sincerely,

Sri D.V.L.N. Somayajulu,
Director
IIITDM, Kurnool.

Draft Separate Audit Report of Comptroller and Auditor General of India on the accounts of the Indian Institute of Information Technology Design and Manufacturing Kurnool for the year ended 31 March 2021.

Dates of Audit: 13.09.2021 to 28/09/2021

Indian Institute of Information Technology, Design and Manufacturing, Kurnool (IIITDMK) was announced in 2014 after receiving the assent of President of India to the Institutes of Information Technology Act, 2014, and its subsequent publication in the Gazette of India, Extraordinary, Part- II, Section I, on December 08, 2014. The Institute was announced by Government of India to give effect to its obligation under the Andhra Pradesh Reorganization Act 2014. IIITDM Kurnool is fully funded by the Ministry of Education (MoE). IIITDM Kurnool launched its academic program with the support of its mentor Institute, IIITDM Kancheepuram in Tamil Nadu, on August 2015 from the Kancheepuram campus. Consequent upon the approval of parliament, IIITDM Kurnool was accorded the status of Institute of National Importance by making an amendment in the IIIT Act, 2014 on August 03, 2017. In 2015, the Andhra Pradesh government allocated an area of 151 acres for the establishment of a permanent campus in Kurnool. The Institute started functioning at its permanent campus at Kurnool from July 2018. The Institute offers admissions to B. Tech program in the branches of Computer Science, Electronics and Communication Engineering, and Mechanical Engineering.

1.2 Audit Mandate:

Audit of IIITDMK is conducted under Section 19(2) of the Comptroller and Auditors General's (Duties, Powers and Conditions of Service) Act, 1971.

1.3 Grants-in-aid.

Out of grant-in-aid of ₹ 60.30 crore (Unutilized balance as on 01.04.2020: ₹27.32¹ crore + ₹ 32.98² crore received during the year), the organization could utilise a sum of ₹ 17.93³

¹ ₹27,31,08,244 As per Draft SAR for year ended on 31.03.2020

² ₹ 32,98,22,213/-

³ ₹ 17,93,34,945/- (as per Sch. 3(c) & 10)

crore (Revenue ₹8.62¹ crore + Capital grant of ₹ 9.31² crore) leaving a balance of ₹42.37³ crore as unutilized grant as on 31st March 2021.

1.4 Comments on Accounts:

A Balance Sheet:

A.1. Application of Funds – ₹ 93.93 crore

A.1.1 Current Assets: ₹ 50.73 crore

This included an amount of ₹ 2,00,000 (Schedule 7 3(b)) which was incorrectly included despite its inclusion already at Schedule 2 A under DVLS Gold Medal Fund. This needs to be reconciled and rectified. Further, an amount of ₹ 13,342 being the interest on FDs of this fund were not accounted for under Schedule 2A.

B. Income and Expenditure Account

B.1 Income – ₹ 14.66 crore

B.1.1. An amount of ₹ 5,19,36,194 received during the year were accounted for as Academic Receipts during the year. However, an amount of ₹ 1,07,83,000 being the due and unrealized Academic Receipts were not accounted for. Thus, due to this non-accounting of Academic Receipts income was short accounted by ₹ 1.07 crore resulting in understatement of Surplus, Capital Fund and Current Assets by that extent.

B.2 Income

B.2.1 Accrued interest for the year 2018-19 included as Interest on Term deposits under Income and Expenditure Account and Balance Sheet (Schedule 8) is ₹ 2,06,781 whereas the accrued interest calculated by Audit is ₹ 2,70,318. The difference needs to be reconciled.

B.2.2. The following fixed assets were misclassified under furniture and fixtures instead of lab equipment which resulted in overstatement of surplus and overstatement of Assets by ₹ 4047.

¹ ₹ 8,62,36,632/- (as per Sch. 3(c) & 10)

² ₹ 9,30,98,313/- (as per Sch. 3(c) & 10)

³ ₹ 42,36,55,803/-

S. No.	Vr. No/dt	Asset	Amount ₹	Amount of depreciation provided 7.5 percent ₹	Amount of depreciation to be provided 8 percent ₹	Difference ₹
1	68/8.10.2018	IIP 280G3 PCI micro tower	138060	10354	11044	690
2	67/6.9.2018	Plastic welding gun mechanical lab equipment	87202	6540	6976	436
3	206/8.2.2019	Thermal engineering lab equipment	584244	43818	46739	2921
Total						4047

C Receipts & Payments Account

(i) Amount received on account of closing of Term deposits amounting to ₹ 1,04,19,350 along with interest was not included as Receipts during the year. This resulted in incorrect account of cancellation of term deposits in the Receipts and Payments account.

D General

- (i) The Institute is in receipt of loan towards Project/Buildings from Higher Education Funding Agency (HEFA) – Canara Bank. The Institute is discharging the liability of Principal and Interest towards this loan. However, the accounting policy relating to this loan was not disclosed in the Annual Accounts.
- (ii) The Institute had accounted interests on TDRs to the extent of interest due and paid by the Bank interest accrued but not due without accounting for interest actually received during the year. This needs reconciliation and rectification.
- (iii) Interest on fixed deposits have been included under Schedule 12 – Interest Earned instead of inclusion under Schedule 11- Income from Investments
- (iv) The Receipts and Payments Account for the year 2020-21 was incorrectly titled as Receipts and Payments Account for the year 2019-20. This needs rectification.
- (v) An amount of ₹ 5,22,94,506 being the advances to CPWD was incorrectly accounted for on both Receipts and Payments side of the R&P account despite its accounting under VII(b) of R&P account on Payments side. This needs rectification.

- (vi) Opening Balances of Fixed Deposits were not included in the Receipts and Payments Account.
- (vii) Interests on Fixed Deposits (Corpus) Interest on Bank Fixed were incorrectly accounted for under Schedule 12 instead of Schedule 11. This needs to be rectified.
- (viii) The fact of payments of ₹ 88,29,758 towards consultancy services of preparation of Master Plan, Statutory submission plans and complete Architectural Designs of Phase I Buildings (permanent campus) made to M/s. Space Matrix Bangalore was not disclosed in the notes of accounts.
- (ix) The discrepancy of ₹ 53,10,09,2000 as per Form 65 and ₹ 40,52,47,332 as per Annual accounts towards Capital-Works-in-Progress needs to be reconciled.
- (x) Similarly, the difference of Capital works completed in between Form 65 (₹ 25,94,94,250) and ₹ 31,09,72,463 as per Annual accounts needs to be reconciled.
- (xi) Value of inventory ie., Stock/Spares/Loose Tools were not included in the Current Assets.
- (xii) Huge Balances were retained in Savings Bank accounts instead of investments.
- (xiii) Claims receivable ₹ 45600 from M/s NSR Holding company were not included in the Current Assets. This needs to be rectified.
- (xiv) Important records like Indication of the Procurement/Availability of the Asset/Updation of the Registers/Authentication of the competent Officer/conducting of physical verification/Surprise check and verification/Tallying the same with the Annual Accounts were not properly maintained.
- (xv) An amount of ₹ 11,33,503 was incorrectly included in I&E accounts instead of accounting under Schedule 3 (A) on the Liabilities side of Balance Sheet.
- (xvi) Discrepancy TDRs: Audit observed the following discrepancies in the 'Investments with scheduled Banks encashed' and 'Investments and Deposits Made' with reference to the Bankers Certificates. This needs to be reconciled.

Sl No.	Description	Amount as per R&P ₹	Amount as per Bankers Certificates (SBI)	Difference ₹
1.	Investments with Scheduled Banks Encashed : Excess Accountal in R&P	7,24,10,912 (Item X)	7,39,45,752	15,34,840
2.	Investments and Deposits Made: Excess Accountal in R&P	11,31,06,750 (Item VI)	10,91,76,972	39,29,778

- (xvii) The following are the Details of the Interest Repayments made by the Institute as seen from the HEFA Statement of Accounts: Term Loan Account

Sl.No.	Date of Repayment of Interest	Amount of Payment (₹)
1.	29.4.2020	17,24,825
2.	30.7.2020	54,62,105
3.	28.10.2020	44,92,990
4.	30.01.2020	29,42,293
5.	31.3.2021	18,80,000
		1,65,02,213

However, as against the actual repayment of ₹ 1,65,02,213, Audit observed that the Receipts and Payment I&E Account, an amount of ₹ 1,50,90,707 was short, booked resulting in Understatement of Schedule 20/Understatement of Payment side of R&P Account. The Discrepancy needs reconciliation.

- (xviii) Fixed Assets Register/Ledgers/Working Sheets etc, in support of Additions to Fixed Assets were not maintained.
- (xix) The Ministry of Education, Department of Higher Education, Technical Section-I vide reference dated 20.2.2019 accorded the sanction for appointment of the Director for a Contract period of 5 years. As per Statute 16, Schedule III, A Contract/Agreement was entered duly including the conditions thereto. According to the provisions contained under Rule 194 I of the Income Tax Act 1961, TDS at 10% of the Payment shall be deducted from the release of amounts from the FY 2020-21. However, audit noticed that the TDS at the prescribed rates was not deducted resulting in Excess payment to the House Owner which worked out to ₹ 3000 per month x 12 months: ₹ 36,000 (10% of ₹ 30,000 per month). Specific reply was not furnished to Audit. The amount of ₹36,000 may be accounted for under Claims Receivable under Schedule 8 of the Annual account
- (xx) Retirement benefits/Gratuity/Leave Encashment etc were not accounted for on Actuarial valuation as stipulated by AS -15
- (xxi) According to the prescribed formats of financial statements/uniform of accounts, the Institutions shall disclose under Schedule 24: Contingent Liabilities and Notes to Accounts the Capital Commitments/Value of Contracts remaining to be executed on Capital Account

and not provided for (Net of Advances). However, Audit noticed that the factual position was not disclosed in the Notes on Accounts.

- (xxii) The Formats of Financial Statements as prescribed for Central Higher Educational Institutions inter alia apart from Schedule 4 included (i) Schedule 4 A: Plan (ii) Schedule B : Non Plan (iii) Schedule 4 C : Intangible Assets (iv) Schedule 4 (C) : Copyrights (v) Schedule 4 D : Others. Audit observed that the Institute only compiled Schedule 4 Fixed Assets without Preparing/Annexing the Details/Information in abovementioned Schedules. Further, the Institute did not also compile Schedules 5 A/Annexure A for the Schedule 7 and Schedule 15 A in contravention to the Prescribed Guidelines by Government of India.
- (xxiii) Contingent liabilities were not disclosed.
- (xxiv) Utilisation Certificates were not compiled and furnished as prescribed.
- (xxv) The Grant in Aid received from the Ministry of Education accounted for in the Receipts and Payment Account was for an amount of ₹ 32,99,60,788. However, as seen from the Bank Account No. 37809637878 the actual Grant in Aid worked out to ₹32,98,22,213. Thus, there was a difference of ₹ 1,38,575 under Grant in Aid which needs to be reconciled and rectified.
- (xxvi) Current Liabilities and Provisions included an amount of ₹ 24,39,719 was included under Sl.No. 5 Statutory Liabilities for the Year 2019-20. On a review of the figures for the subsequent year 2020-21 the amount was indicated as 0. It follows that the earlier liabilities which were overdue was cleared by making payments to the concerned during the 2020-21. On a review of the R&P Account, it was seen that an amount of ₹ 14,08,070 was only included. Hence, the differential amount of ₹ 10,31,649 was still to be paid whereas the amount still overdue was Nil. This needs to be reconciled and rectified.
- (xxvii) An amount of ₹3,09,650 was received towards Scholarship amounts from Ministry of Tribal Affairs and Social Justice, Government of India. However, this amount was not accounted under VI of the R& P Account.

Director General of Audit (Central)