

**SEPARATE AUDIT REPORT OF THE 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 2023**

We have audited the attached Balance Sheet of the Indian Institute of Information Technology Design and Manufacturing, Kurnool as at 31 March 2023, 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, 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.

**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 & Payments Account dealt with by this report have been drawn up in the format approved by Ministry of Education, Government of India.

**iii.** In our opinion, proper books of accounts and other relevant records have been maintained by the Institute.

**iv.** We further report that:

## **A. Balance Sheet**

### **A.1 Sources of Funds – ₹217.61 crore**

#### **A.1.1 Current Liabilities & Provisions – ₹26.50 crore**

##### **A.1.1.1 Schedule -3 Unutilised Grants – ₹21.95 crore**

This did not include an amount of ₹30,91,168 being an interest earned on the unspent MoE grant. The amount was mixed up alongwith interest earned on other Saving Accounts totaling to ₹30,97,839 and exhibited under Schedule 12 “Interest Earned” treating as income of the Institute instead of liability.

This resulted in Understatement of Current Liabilities & Provisions and Overstatement of Income to an extent of ₹30,91,168.

##### **A.1.1.2 Schedule 3(a) - Sponsored Research Projects – ₹49.32 lakh**

This includes an amount of ₹2.48 lakh being an expenditure incurred towards 'CSR - KV Eeswaramoorthy'. An amount of ₹6,63,000 was sanctioned towards the Project titled 'Solar Workstation with Electric Bicycles under CSR activity. Out of which an amount of ₹2.48 lakh was utilized for purchase of Electric Scooters leaving a balance of ₹3,96,176 with the Institute. The expenditure incurred (₹2.48 lakh) was not reflected in the Schedule 3(a)-(2) Sponsored Research Projects. This amount was taken to Fixed Assets and was capitalized under Schedule 4A meant for the assets purchased from MoE grants instead of exhibiting under Schedule 4D meant for Others. This resulted in Overstatement of Current Liabilities & Provisions to an extent of ₹2.48 lakh and Understatement of Unutilised MoE grant to the same extent.

##### **A.1.1.3 Other Outstanding Liabilities – ₹1.28 crore**

This includes a debit balance of ₹1,10,920 being an amount incurred towards renewal of 'software license fee'. The expenditure towards the renewal of the software license fee was incorrectly booked under Other Outstanding Liabilities as “Minus entry” instead booking as Revenue expenditure.

This resulted in understatement of Outstanding Liabilities and understatement of Revenue Expenditure to an extent of ₹1,10,920.

### **A.2 Application of funds – ₹217.61 crore**

#### **A.2.1 Schedule 5 – Investment from Earmarked/Endowment Funds – ₹0.02 crore**

This does not include an amount of ₹21,59,33,761 being Investment made from the Corpus fund. The amount of ₹21,59,33,761 was not exhibited under Schedule 5 - Investment made from

Earmarked/Endowment Fund. This resulted in Understatement of Schedule 5 and Overstatement of Current Assets to an extent of ₹21.59 crore.

## **B. Income and Expenditure Account**

### **B.1 Income – ₹22.23 crore**

#### **B.1.1 Schedule 12 - Interest Earned -₹2.18 crore**

This includes an amount of ₹1,87,14,292 being an interest earned on Term Deposits which should be shown under Schedule 11 Income from Investments. This resulted in Overstatement of Schedule 12 – Interest Earned and Understatement of Schedule -11 Income from Investments.

## **C. General**

### **C.1 Double capitalization of fixed asset - ₹20,90,551**

An amount of ₹1,65,23,14,836 was shown as closing balance of capital fund to the end of 31-3-2023.

It was observed that the following entries were added to the capital fund twice. Details of such duplicate entries were detailed in the table below:

Vr.No./date	Amount in ₹	Head of account	Details of previous credit to capital fund
2335/31-3-2023	1,65,200	Lab Equipment ECE-35.09.02	Already added to capital fund via Schedule -4 Fixed Assets (included in ₹86,29,05,981)
2337/31-3-2023	26,700	Computers & Pheripherals Academic Sec	Already added to capital fund via Schedule -4 Fixed Assets (included in ₹86,29,05,981)
2341/31-3-2023	1,68,090	DST INSPIRE PROJECT GRANT (Dr. Amarnath Reddy)	Already added to capital fund in previous years
2342/31-3-2023	17,30,561	SERB Capital Grant (Dr. Basiri)	Already added to capital fund in previous years (2020-21 & 2021-22)
<b>TOTAL</b>	<b>20,90,551</b>		

The same needs rectification/reconciliation.

## C.2 General observations on Annual Accounts of the Institute

A) It was disclosed by the Institute in Schedule - 23 Significant Accounting policies, that Receipts and Payments Account was prepared considering total credits and debits in the accounts instead of on Cash Receipts and Payments in contrary to the Accounting Standards (AS-1).

B) Despite being pointed out in the previous Audit Reports, Retirement benefits were not accounted for on Actuarial valuation.

C) Ministry of Education format of Accounts provides for compilation of separate Balance Sheet, Income and Expenditure Account and Receipt and Payment Account in respect of NPS fund. However, the Institute has not compiled separate accounts in respect of NPS fund.

## C.3 Schedule 2 – Designated/Earmarked/Endowment Funds – ₹25.88 crore

An amount of ₹25,85,69,198 was shown as Closing Balance of Corpus Fund to the end of 2022-23. However, the breakup of the same was represented by an amount of ₹25,18,15,493 resulting in a variation of ₹67,53,705 which needs reconciliation.

## C.4 SERB capital expenditure - depreciation not provided.

An amount of ₹18,98,651 was shown as Opening balance under a fixed asset head 'SERB Capital expenses' as of 1 April 2022. The same amount was carried forward as closing balance to the end of 31 March 2023 for which asset classification was not made. Depreciation was also not provided on this asset.

## C.5 Difference in TDR closing Balance depicted in Balance Sheet and Bank Confirmation

There was a difference of ₹53,06,153 between the TDR ledger and Bank confirmation Certificate in respect of the following TDRs:

(Amount in ₹)

Type of Fund	TDR No	TDR Amount as per Balance Sheet	TDR Amount as per Bank Confirmation	Difference
Corpus Fund	SBI Fixed Deposit-39216320803	11967584	11468412	499172
Corpus Fund	SBI Fixed Deposit-39217139348	11967584	11468412	499172
Corpus Fund	SBI Fixed Deposit 39217140773	14480777	13876779	603998
Corpus Fund	SBI Fixed Deposit-40106282613	46075200	44508304	1566896
Corpus Fund	SBI FIXED DEPOSIT 40885154251	10903956	10451978	451978
Corpus Fund	SBI FIXED DEPOSIT 40885154353	4852260	4651130	201130
Corpus Fund	SBI FIXED DEPOSITS 40866327309	25062617	24210308	852309
Corpus Fund	SBI FIXED DEPOSITS 40885149070	13410996	12779498	631498
		<b>138720974</b>	<b>133414821</b>	<b>5306153</b>

This needs reconciliation.

### **C.6 Grant Position - Observations on Grants - in - Aid - preparation of utilization certificate in deviation to GFRs.**

The following differences are noticed in grant position as per the Annual Accounts 2022-23 and as per the Utilization certificate forwarded to Ministry

Head of Account	Opening Balance	Interest earned	Grant received	Total	Expenditure Incurred	Closing Balance
TOTAL AS PER Utilization Certificate	35,38,37,531	30,91,168	56,99,00,000	92,68,28,699	91,34,12,142	1,34,16,557
total as per Annual Accounts 2022-23	58,23,98,441	0	56,99,00,000	1,15,22,98,441	93,28,05,981	21,94,92,460
difference (Annual accounts - UC)	22,85,60,910	-30,91,168	0	22,54,69,742	1,93,93,839	20,60,75,903

This needs reconciliation.

### **C.7 Difference between Unspent MoE Grants and corresponding current Assets. - ₹6.09 crore**

As per Schedule - 3c of Annual Accounts of IIITDMK, an amount of ₹ 21,94,92,460 has been shown as unutilized/unspent MoE grants as of 31 March 2023.

Correspondingly, Under "Schedule - 8 - Loans, Advances & Deposits" an amount of ₹ 15,85,81,895 only has been shown as CPWD Advance. Thus, there is a difference of ₹6,09,10,565 which needs reconciliation.

**D. Grant-in-aid:** Out of total grants-in-aid of ₹56.99 crore<sup>1</sup> received during the year together with previous year certified unutilized balance of ₹58.23 crore<sup>2</sup>, totaling ₹115.22 crore, the Institute utilized a sum of ₹93.28 crore<sup>3</sup> leaving a balance of ₹21.94 crore unutilized as on 31<sup>st</sup> March 2023.

**E. Management Letter:** Deficiencies which 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, Kurnool through a Management letter issued separately for remedial / corrective action.

<sup>1</sup> Recurring Grant: ₹3,64,00,000, Salary Grant ₹3,35,00,000 and Capital Grant ₹50,00,00,000 totaling to ₹56,99,00,000 (Schedule 10)

<sup>2</sup> ₹ 58,22,59,866

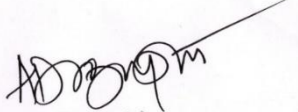
<sup>3</sup>Expenditure: Capital:Rs.86,29,05,981; Revenue: 6,99,00,000 = 93,28,05,981

Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this Report are in agreement with the books of accounts.

v. 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 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 2023; and

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



(Anindya Dasgupta)  
Principal Director of Audit (Central), Hyderabad

**ANNEXURE TO SAR**

- 1. Adequacy of Internal Audit System:** The Internal Audit of the Institute was conducted by a Chartered Accountant.
- 2. Adequacy of Internal Control System:** Internal control system is not adequate due to the following:
  - a) Internal Audit Manual does not exist and the Internal Audit wing also was not formed till date.
  - b) Relevant records were not maintained by the Academic section due to which reconciliation accounts section and academic section could not be counterchecked by audit.
  - c) Journal vouchers as authorized by any responsible official were not furnished to audit.
  - d) Payment vouchers were not cancelled / defaced.
- 3. System of Physical verification of fixed assets:** Physical verification of Fixed Assets was not conducted for the year 2022-23.
- 4. System of Physical verification of inventory:** Physical verification of inventory was not conducted for the year 2022-23.
- 5. Regularity in payment of statutory dues:** Statutory dues were paid regularly.



(Ch.V. Sai Prasad)

Director/ Central Expenditure Audit  
O/o Principal Director of Audit (Central)