

**NATIONAL INSTITUTE OF TECHNOLOGY
KURUKSHETRA -136119**

**AGENDA
OF
FINANCE COMMITTEE MEETING**



**32nd MEETING
HELD ON 15.12.2015**

**NATIONAL INSTITUTE OF TECHNOLOGY
KURUKSHETRA-136119**

Agenda : **32nd Finance Committee Meeting**

Place : **Committee Room (New Building)**
Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha,
Qutub Institutional Area, New Delhi-110016.

Date & Time : **Tuesday, 15th Dec. 2015 at 10:30 AM**

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Item 32.1: To confirm the minutes of 31st Meeting of the Finance Committee, National Institute of Technology, Kurukshetra held on 08.05.2015.

The minutes of the 31st Meeting of the Finance Committee held on 08.05.2015 were circulated to the members vide our letter No. Acs./31st FC/1040/1944-1945 dated 28.05.2015. No comment has been received from any of the member.

A copy of the minutes of 31st meeting of the Finance Committee held on 08.05.2015 is placed at **Appendix – I** on pages **2** to **4**.

The Finance Committee may confirm the minutes of the 31st meeting of the Finance Committee held on 08.05.2015.

NIT Kurukshetra

**NATIONAL INSTITUTE OF TECHNOLOGY
KURUKSHETRA - 136119**

Minutes of the 31st Meeting of the Finance Committee, NIT, Kurukshetra held on Friday, 8th May 2015 at 10:00 a.m. at Committee Room (New Building), Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha, Qutub Institutional Area, New Delhi-110016.

Following were present:

- | | | |
|----|--|------------------|
| 1. | Dr. A. Sivathanu Pillai
Former Distinguished Scientist & C.C. (R&D), DRDO &
Former CEO & MD, BrahMos Aerospace, &
Hon'ble Chairperson, BOG, NIT Kurukshetra
Block-II, Room No.258, Department of Mechanical Engg.
Indian Institute of Technology Delhi
New Delhi-110 016 | Chairperson |
| 2. | Prof. Anand Mohan
Director
National Institute of Technology
Kurukshetra-136 119 | Member |
| 3. | Shri Rajesh Singh
Director (Fin.)
Nominee of Joint Secretary & Financial Adviser
Department of Higher Education
Ministry of Human Resource Development
Govt. of India, Shastri Bhawan
New Delhi-110 115 | Member |
| 4. | Shri Sanjeev Kumar Sharma
Director (NITs)
Nominee of Joint Secretary (Tech. Education)
Department of Higher Education
Ministry of Human Resource Development
Govt. of India, Shastri Bhawan
New Delhi-110 115 | Member |
| 5. | Prof. M. K. Surappa
Director
Indian Institute of Technology Ropar
Ropar-140 001 | Member |
| 6. | Dr. Shyam Narayan
Registrar
National Institute of Technology
Kurukshetra-136 119 | Member-Secretary |

Shyam Narayan

18/5

Dr. Sneh Anand could not attend the meeting. Shri Rajesh Singh, Director (Fin.), attended the meeting as nominee of Joint Secretary & Financial Adviser, Department of Higher Education, Ministry of Human Resource Development, Govt. of India, New Delhi and Shri Sanjeev Kumar Sharma, Director (NITs) attended the meeting as the nominee of Joint Secretary (Technical Education), Department of Higher Education, Ministry of Human Resource Development, Govt. of India, New Delhi.

At the outset, the Hon'ble Chairperson welcomed the members to the 31st meeting of the Finance Committee.

The agenda was taken up. The Finance Committee made recommendations/took decisions as under:

Item 31.1: To confirm the minutes of 30th Meeting of the Finance Committee, National Institute of Technology, Kurukshetra held on 19.09.2014.

The Finance Committee confirmed the minutes of the 30th Meeting of the Finance Committee held on 19.09.2014.

Item 31.2: To note follow up action taken on the 30th meeting of the Finance Committee held on 19.09.2014.

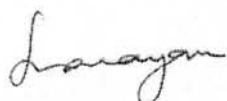
The Finance Committee noted the follow up action taken by the Institute on the 30th meeting of the Finance Committee held on 19.09.2014. For the Agenda no. 30.11 on Cashless Medical Insurance Scheme, the Finance Committee desired to have cost benefit analysis.

Item 31.3: To approve the minutes of 20th meeting of Building & Works Committee of National Institute of Technology, Kurukshetra held on 06.01.2015.

The Finance Committee confirmed the minutes of the 20th Meeting of the Building & Works Committee held on 06.01.2014. The Finance Committee directed to put up separate agenda for major construction Works.

Item 31.4 To consider and approve the Cost Estimate for provision of 9 Nos. Permanent and 6 Nos. Temporary Huts for Security Guards at various locations in the institute at NIT, Kurukshetra.

The Finance Committee recommended to the Board for approval for cost estimates of 9 Permanent and 06 Temporary Huts with cost estimate of Rs. 28.22 lacs.



Item 31.5: To consider and approve the Annual Accounts of the National Institute of Technology, Kurukshetra for the year 2014-15.

The Finance Committee recommended for approval of the Annual Accounts for the financial year 2014-15 to the Board. The Director (Fin.) and Director (NITs) suggested to provide the clarification on the requisition for grants sent to the MHRD for sufficient fund allocation under Plan and Non-Plan Grants.

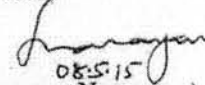
Item 31.6: To consider creation of more scholarships for each department for Ph.D. students.


The Finance Committee recommended to the Board the increased number of Ph. D. Scholarships in each Department of the Institute as per agenda item.

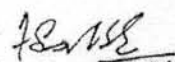
Item 31.7: To place quarterly Internal Audit Report for 3rd and 4th quarter ending 31.03.2015.

The Finance Committee discussed the major observation of Internal Audit Report regarding perquisite as per Income Tax Act. The Finance Committee suggested to convince the officials of Income Tax that all the assets (including residences) have actually been created out of the funds from Govt. of India through MHRD and thus employees of NIT Kurukshetra be exempted as the employees of Govt. of India. For maintenance of books of Accounts, the Finance Committee emphasized that the records be maintained as per the relevant provisions.

The meeting ended with a vote of thanks to the Chair.


08.5.15
(Shyam Narayan)
Registrar & Member Secretary
NIT Kurukshetra


(Anand Mohan) 08/5/15
Director
NIT Kurukshetra


(A. Sivathanu Pillai) 8/5/15
Hon'ble Chairperson
FC & BOG, NIT Kurukshetra



Item 32.2: To note follow up action taken on the 31st meeting of the Finance Committee held on 08.05.2015.

The recommendations of the Finance Committee made in 31st meeting held on 08.05.2015 were approved by the Board of Governors in its 36th meeting held on 08.05.2015. The action taken on the recommendations are reported at **Appendix - II** from page **6 to 7**, **Appendix - III** on page **8** and **Appendix - IV** on page **9**.

Item	Subject	Action Taken
31.1	<p>To confirm the minutes of 30th Meeting of the Finance Committee, National Institute of Technology, Kurukshetra held on 04.06.2014.</p> <p>The Finance Committee confirmed the minutes of the 30th Meeting of the Finance Committee held on 19.09.2014.</p>	No further action is required.
31.2	<p>To note follow up action taken on the 29th meeting of the Finance Committee held on 04.06.2014.</p> <p>The Finance Committee noted the follow up action taken by the Institute on the 30th meeting of the Finance Committee held on 19.09.2014. For the agenda no. 30.11 on Cashless Medical Insurance Scheme, the Finance Committee desired to have cost benefit analysis.</p>	Action has been taken accordingly.
31.3	<p>To approve the Minutes of the 20th meeting of the Building & Works Committee of National Institute of Technology, Kurukshetra held on 06.01.2015.</p> <p>The Finance Committee confirmed the minutes of the 20th Meeting of the Building & Works Committee held on 06.01.2014. The Finance Committee directed to put up separate agenda for major construction works.</p>	Noted for future compliance.
31.4	<p>To consider and approve the Cost Estimate for provision of 9 Nos. Permanent and 6 Nos. Temporary Huts for Security Guards at various locations in the institute at NIT, Kurukshetra.</p> <p>The Finance Committee recommended top the Board for approval for cost estimates of 9 permanent and 06 temporary Huts with cost estimate of Rs. 28.22 lacs.</p>	Action has been taken for conveying of Administrative approval and Estimate sanction to CPWD, Karnal.
31.5	<p>To consider and approve the Annual Accounts of the National Institute of Technology, Kurukshetra for the year 2014-15.</p> <p>The Finance Committee recommended for approval of the Annual Accounts for</p>	Annual Accounts for the financial year 2014-15 has been submitted for transaction and certification before Director General of Audit (Central), Chandigarh.

	the financial year 2014-15 to the Board. The Director (Fin.) and Director (NITs) suggested to provide the clarification on the requisition for grants sent to the MHRD for sufficient fund allocation under Plan and Non Plan grants.	
Tabled Agenda no. 31.6	<p>To consider creation of more scholarships for each department for Ph.D students.</p> <p>The Finance Committee recommended to the Board the increased number of Ph.D scholarships in each department of the Institute as per agenda item.</p>	The Senate in its 26 th meeting held on 29.09.2015 (copy enclosed at Appendix-III) noted the approval of Finance Committee & Board of Governors for increase of Ph.D scholarships as approved by Senate in its 25 th meeting held on 26.02.2015 (copy enclosed at Appendix- IV). The increased no. of Ph.D scholarships will be offered to old admitted students as well as newly admitted students in academic session 2015-16 commences from January 2016.
Tabled Agenda no. 31.7	<p>To place quarterly Internal Audit Report for 3rd and 4th quarter ending 31.03.2015.</p> <p>The Finance Committee discussed the major observation of Internal Audit Report regarding perquisite as per Income Tax Act. The Finance Committee suggested to convince the officials of Income Tax that all the assets (including residences) have actually been created out of the funds from Govt. of India through MHRD and thus employees of NIT Kurukshetra be exempted as the employees of Govt. of India. For maintenance of books of accounts, the Finance Committee emphasized that the records be maintained as per relevant provisions.</p>	Action has been taken.

- (i) The Senate noted the approval of Chairman, Senate to start M. Tech. program in 'Molecular Engineering and Advanced Chemical Analysis' in the Chemistry Department.
- (ii) The Senate noted the revision of scheme and syllabi of Ph. D. of Chemistry Department. An observation was made regarding the course code allotted to the course on Research Methodology which was being run by different departments under different course codes. A committee consisting of following was constituted to look into this aspect:
 - 1. HODs of Chemistry & Business Administration
 - 2. Prof. Lillie Dewan, Prof. Elect. Engg. Deptt.
 - 3. Prof. Ashwani Jain, Prof. Civil Engg. Deptt.
- (iii) The Senate noted the revision of course codes for B. Tech. courses offered by Chemistry Department.

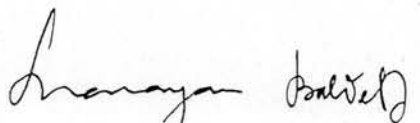
Item 25.12 To note the approval of the Chairman, Senate for creation of more scholarships for each Department for Ph. D. students.

The Senate noted the proposal for creation of more scholarships for Ph. D. students. The total number of scholarships for Engineering Department was revised to 40 per year. The external Senate member suggested that those Ph. D (Full Time) students, who are not getting scholarships, should be given some stipend by the Institute.

The Chairman, Senate further informed that this proposal of the Senate will be put before the Finance Committee and Board of Governors for its consideration.

Item 25.13 To consider and approve

- (i) **Start of Pre-Ph. D. course in the Department of Business Administration**
- (ii) **Revision in syllabi for MBA programme from 2015-16 session onwards**
- (iii) **Change in Admission Criterion for admission in MBA programme from 2015-16**
- (iv) **To introduce one additional specialization of Operation Management**



Item 26.2 To note the action taken on the minutes of the 25th meeting of the Senate held on 24.02.2015

The Senate noted the action taken on the minutes of the 25th meeting of the Senate held on 24.02.2015. However, the Senate expressed its concern over the items where required action had either not been initiated or not completed.

Senate resolved that Registrar Incharge and Member Secretary of the Senate will issue notifications / reminders regarding the committees constituted for different items of 25th meeting of the Senate. The Chairmen of the Committees were also requested to submit their reports within two weeks of the notifications.

Item 26.3 To confirm the minutes of 47th meeting of SCSA held on 17.07.2015.

The Senate noted the minutes of 47th meeting of SCSA held on 17.07.2015.

Some members made an observation that the term 'to confirm' in the agenda item should be replaced by 'to note'. Another suggestion given by one of the Senate members was that the important and urgent issues be approved by the Director and Chairman, Senate in anticipation of approval by the Senate.

Item 26.4 To note the admission status of various UG/PG programmes of the Institute for the academic session 2015-16.

The Senate noted the admission status of various UG / PG programmes of the Institute for the academic session 2015-16. However, the Senate expressed its concern over the admission status of Master of Business Administration. It was felt to emphasize on optimization of man-power and other resources in accordance with admitted students.

The Senate decided to constitute the following committee to review the admission status of MBA and make suitable recommendations to improve the admission status of the programme:

1. Prof. V. K. Sehgal, Dean (P&D)

RSN

Item 32.3 To consider Revised Budget Estimates for the year 2015-16 and Budget Estimates for the year 2016-17.

The Revised Budget Estimates for the year 2015-16 and Budget Estimates for the year 2016-17 have been prepared & enclosed as **Annexure- A** in the following parts:

- Statement at a glance on page 1
- Revenue Budget of Income & Expenditure (Non-Plan) from page 2-5
- Summary of Plan & Non- Plan Budget at Page 6
- Explanatory Notes on Budget on page 7 to 15
- Plan Budget (Non-Recurring) Expenditure on page 16-19
- List of sanctioned posts on page 20-36

The projected figures in Revised Budget Estimate are based upon 4077 Under Graduate students, 2460 PG students and 205 Full- time Ph.D students out of which 25 Ph.D scholars are getting scholarship in the Institute and as well as the strength of staff members **185** (Faculty) **201** (Non-Faculty) and **394** pensioners. The breakup of the Non-Plan (Recurring) & Plan (Non Recurring) Budget Part-I is given below in the table of the Budget:-

<i>Head of Account</i>	<i>Actual Expenditure for the year 2014-15</i>	<i>Budget Estimates for the year 2015-16</i>	<i>Revised Budget Estimates for the year 2015-16</i>	<i>Variation in Percentage between RBE & BE 2015-16</i>	<i>Budget Estimated for the year 2016-17</i>
<i>Establishment Expenses</i>	4610.43	5452.80	5593.35	2.58	7040.48
<i>Other Administrative Expenses</i>	1878.96	2327.15	2495.55	7.24	2722.45
<i>Plan for creation for Assets.</i>	4429.30	5857.74	9816.26	67.58	6654.00
Total	10918.69	13637.69	17905.16	23.83	16416.93
<i>Less Income</i>	3031.08	3588.00	3530.15	-1.64	3670.70
<i>Less Plan Grant</i>	3800.00	5000.00	4500.00	-11.11	0.00
<i>Less Non Plan Grant</i>	2400.00	5000.00	4500.00	-11.11	0.00
Balance Liability of Govt. of India	1687.61	49.69	5375.01	99.08	12746.23

The reasons for variations in the Revised Budget Estimates for the year 2015-16 and Budget Estimates for the year 2016-17 over and above last year expenses have been explained in the explanatory notes of the Budget on pages from 7-15.

The Finance Committee may consider and make recommendations to the Board of Governors on the proposed Revised Budget Estimates for the year 2015-16 and Budget Estimates for the year 2016-17.

Item 32.4 To consider for Implementation of Accounting Standards in Educational Institutions of Department of Higher Education under MHRD.

Institute is following cash- based accounting for the disbursement of salary to the employees since inception. Ministry of Human Resource Development, Department of Higher Education issued the notification to adopt the accrual based accounting for all central funding Institutions vide letter no. 21-16/2012- TS.II dated 21.02.2012 (copy enclosed at **Appendix- V** at page **14**). While preparing the annual accounts of the Institute, other components of the annual accounts are booked on accrual basis in compliance of the notification issued and salary component could not booked on accrual pattern of accounting. An audit observation has been raised by Senior Audit Officer from the O/o Director General of Audit (Central), Chandigarh during the certification of Annual Accounts of the Institute for the financial year 2014-15 that provision for salary and its corresponding components should be made in the books of accounts of the Institute.

"A reference is invited to Significant Accounting Policy (Schedule 22) at Sr. No. 1 wherein it is stated that the financial statement are prepared on the basis of accrual method of accounting except salary. The policy adopted by the Institute in respect of salary is not consistent with the policy adopted in the past. Deviation in the policy has resulted in non- provision for pay & allowances ₹ 246.09 Lacs in respect of its faculty and non- faculty staff for the month of March 2015. Thus expenditure as well as current liabilities is understated by ₹ 246.09 Lacs. The Institute has not disclosed the impact of the deviation in the policy."

Presently, the disbursement pattern of salary in Institute is based upon month of March to February since inception. However, the Accounting Standards defines the financial year for preparing annual accounts w.e.f. 1st April to 31st March for every year. A clarification in this regard has been sought from Ministry of Human Resource Development, Department of Higher Education vide letter no. Acs./2015/920/1146 dated 26.03.2015 (copy enclosed at **Appendix VI** at page **15**), but no directions/ clarification has been received so far.

To switch over from cash to accrual based accounting, the salary for the month of March either to be booked/ provisioned in the books of accounts of the Institute as one time measure. Finance Committee may consider the observation of Indian Audit & Accounts Department and make suitable recommendations to the Board of Governors of the Institute.

MR-164
28.3.12MOST URGENT
BY SPEED POSTNo. 21-16/2012-TS.II
Government of India
Ministry of Human Resource Development
Department of Higher EducationShastri Bhawan, New Delhi - 110115.
Dated: 21.2.2012The Director of
All Centrally funded Technical Institutions
(As per list attached)MEETING NOTICESubject:- Implementation of accounting standards in educational institutions of
Deptt of HE and Deptt of SE&L under MHRD.

Sir,

I am directed to inform you that the Ministry has constituted a Working Group consisting of representatives of the Institute of Chartered Accountants of India (ICAI) and officers of the Ministry, UGC and Kendriya Vidyalaya Sangathan to formulate a uniform accounting standard for educational institutions. The report of the working Group was submitted on 18.1.2012 to the Hon'ble HRM. The main recommendations of the Working Group are:-

- i) All educational institutions should be mandated to apply accrual basis of accounting.
- ii) Accounting standards issued by the ICAI should be made mandatory for educational institutions.
- iii) Fund based accounting be introduced for Earmarked/Designated Funds.
- iv) All educational institutions should follow a common format for presentation of its general purposed financial statements to ensure proper accountability, financial discipline, and use of funds and to meet the needs of stakeholders.
- v) MHRD in coordination with ICAI should organize capacity building programme to train the staff of educational institutions.

2 It has been decided with the approval of HRM to implement the new system for accounting and financial reporting from the financial year 2013-14. While accepting the recommendations of the committee on Accounting Standards for Educational institutions, it has also been decided to organize national consultations separately for the higher education sector and school sector.

27/3/12

NATIONAL INSTITUTE OF TECHNOLOGY
KURUKSHETRA- 136119

No./ Acs./2015/ 920/1146

Dated: March 26, 2015

The Under Secretary to the Govt. of India,
Ministry of Human Resource Development,
Department of Higher Education, Technical Section - II,
C- wing, Shastri Bhawan,
New Delhi- 110115

Subject: Clarification regarding disbursement of salary on accrual based accounting procedure.

Ref : MHRD letter no. 21-16/2012-TS.II Dated 21.02.2012

Sir,

The National Institute of Technology, Kurukshetra is following "Accrual Based Accounting" for booking income and expenditure in the books of accounts while preparing Annual Accounts as per instruction of Ministry vide letter no. 21-16/2012-TS.II dated 21.02.2012. The disbursement salary is paid from February to March for every financial year instead of April to March for every financial year. The Accounts section has observed that for full implementation of Accrual Based Accounting, the salary for the month of March 2015 has to be paid on 31.03.2015 which leads to payment of salary for 13 months in the financial year 2014-2015 instead of 12 months.

In view of the above, it is requested to clarify the method of accounting treatment of shifting of salary component from cash to accrual basis because there is 1 month additional liability of disbursement of salary in a particular financial year.

An early response will guide in resolving the above matter.

Thanking you

Yours faithfully,

26/3/15
Registrar

O/L

Item 32.5 To place quarterly Internal Audit Report for 1st and 2nd quarter ending 30.09.2015.

The Institute has assigned the Internal Audit to M/s Gurdyal Jony & Associates, Kurukshetra, Chartered Accountant for the financial year 2015-16. The Finance Committee in its 29th meeting held on 04.06.2014 resolved regarding placement of Internal Audit Report vide agenda Item No. 29.9 as under:

"The Finance Committee recommended for approval of Annual Accounts for the financial year 2013-14 to Board. The Committee recommends that the quarterly report of Internal Auditor along with action taken report there on be placed before Finance Committee".

The Internal Auditors have raised some minor observations regarding booking of income / expenditure amount in wrong head of accounts which have been rectified and the same has been reported to the Internal Auditors and implemented for future compliance.

The Finance Committee may note the Internal Audit report for 1st and 2nd quarter ending 30.09.2015 for financial year 2015-16 in respect of the Institute at **Appendix – VII** from page **17 to 26** and **Appendix - VIII** from pages **27 to 34**.

**NATIONAL INSTITUTE OF TECHNOLOGY
KURUKSHETRA**

**INTERNAL AUDIT REPORT
FINANCIAL YEAR: 2015-16
QUARTER - FIRST**

A U D I T O R NAME

**M/S GURDYAL JONY & ASSOCIATES
CHARTERED ACCOUNTANTS
KURUKSHETRA**

NATIONAL INSTITUTE OF TECHNOLOGY, KURUKSHETRA
INTERNAL AUDITOR'S REPORT

To The Members of Board of Governor of the National Institute of Technology, Kurukshetra.

INTRODUCTION:-

We have done the internal audit of financial statement of main account for National Institute of Technology, Kurukshetra. These financial statements are the responsibility of Institute Management. Our responsibility is to express an opinion on these financial statements on our audit.

THE OBJECTIVES OF INTERNAL AUDIT:-

- To determine the reliability and integrity of information: (i.e. evaluating the internal control systems and the integrity of financial and operating information produced by those systems).
- To determine whether compliance exists with policies, procedures, laws and regulations.
- To determine if assets are safeguarded and verify the existence of those assets.
- To appraise the economy and efficiency of recourse utility (i.e. physical, monetary and most important staff).
- To review operations of programs for consistency with established management goals.
- To assist members of our organization in the effective and successful performance of their responsibility by providing them with analyses, appraisals, recommendations, and other pertinent information concerning the activities being reviewed.



SCOPE OF INTERNAL AUDIT:-

We conduct the audit in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

OVERVIEW OF NATIONAL INSTITUTE OF TECHNOLOGY KURUKSHETRA:-

The Central Government in consultation with the Planning Commission had sanctioned a scheme of establishment of Regional Engineering Colleges under the Third Five Year Plan in order to expand the facilities for technical education in the country during the plan period. The Regional Engineering College, Kurukshetra was one of the seventeen colleges in the country.

National Institute of Technology Kurukshetra, Haryana is a premier Technical Institute of the region. The institute started working as Regional Engineering College, Kurukshetra in 1963. Likes other Regional Engineering Colleges of India this institution too, had been a joint enterprises of the state and central Governments. This Institute was conferred upon status of Deemed University on June 26, 2002. Since then it has been renamed as National Institute of Technology, Kurukshetra.

National Institute of Technology, Kurukshetra is providing the various disciplines of Engineering and Technology at the Undergraduate and Postgraduate level, the institute offers excellent facilities for advanced research in the emerging areas of Science and Technology. The syllabus and the curricula are constantly being updated to meet the growing demands and need of the country in different areas of technology. The infrastructure is geared to enable the institute to turn out technical personal of a high quality.



TECHNICAL EDUCATION: - The history of imparting formal technical education in India can be traced back to mid 19th century, although it got momentum in 20th century with the set up Constitution of Technical Education Committee of the Central University Board of Education (CABE) in 1943 preparation of sergeant Report in 1944 and formation of All India Council of Technical Education (AICTE) in 1945. The setting up of India Institute of Science was a major step in the development of technical education in India. The All India Council for Technical Education (AICTE) was set up. AICTE is responsible for planning. Formation and maintenance of norms and standards, quality assurance through accreditation, funding in priority areas, monitoring and evaluation, maintaining parity of certification and awards and ensuring coordinated and integrated development and management of technical education in the country.

The courses, which are known as "Technical in India and, therefore come under the preview of AICTE, are:-

- (a) Degree and Diploma courses in Engineering
- (b) Master Degree courses in Engineering
- (c) Master of Business Administration
- (d) PhDs

CANTEEN / SHOPS: - The National Institute of technology, Kurukshetra normally allows the shop to operate on its premises to sell stationery, refreshments, etc., for its students. The shops are given on contract/lease to an outside party. The Institute had given the premises to SBI on lease to operate the banking facilities in the institute for itself as well as students.

HOSTEL FACILITIES: - The Institute charge fee from the students for providing them residential accommodation in the premises of the institute. This fee charged is, normally, not demarcated separately in the fee structure and the coaching, boarding and hostel fee is charged as a consolidated amount. The residential facilities provided in the premises of the institute. For running of hostel appointment of staff such as, hostel in charge, housekeepers and



clearing staff is required. Infrastructure such as beds, study tables, bedding, lines, etc will have to be procured. The residential facility may take shape of a dormitory, twin, sharing room, etc.

LIBRARY: - library is an integral part of National Institute of Technology, Kurukshetra. A Qualified Librarian, who might be assisted by helper staff, runs the library. Library books are systemized on two type of classification Dewey Decimal Classification (DDC) and Universal Decimal Classification (UDC). DDC is a proprietary system of library classification. This system organizes books on library shelves in a specific and repeatable order that makes it easy to find and book and return it to its proper place. UDC is a system of library classification, based on the DDC, but which uses auxiliary signs to indicate various special aspects of a subject and relationship between subjects.

Library security deposit charged separately from the students apart from the caution money deposit. The institute may follow a policy of making this security deposit a part of the fees structure and as such make it compulsory for the students. Fine are also recovered from the students for returning the books after the expiry of the loaning period or damage to books.

APPLICABILITY OF ACCOUNTING STANDARDS ISSUED BY ICAI:-

The Standards on Internal Audit shall apply whenever an internal audit is carried out. Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvement thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control system. Internal audit, thereof, provides assurance that there is transparency in reporting, as part good governance". Presently, the standards on Internal Audit issued by the ICAI are recommendatory in nature.



MANAGEMENT CONTROL IN NATIONAL INSTITUTE OF TECHNOLOGY:-

In the administration of the institute, the Director is the Principle Academic and Executive officer of the Institute and is responsible for the proper administration of the Institute and for imparting instruction and maintenance of discipline therein. He is assisted in his day to day work by Deans, Chairmen of the Departments, Professor-in-Charges, Registrar and other officers and various committees of the Institute”.

REVENUE:-

Cash & bank Receipts for the quarter ended 30th June, 2015 was not duly found in order or duly entered in the books of account.

EXPENDITURE:-

- A) Expenditure incurred by the institute are duly authorized and sanctioned by the competent authority.
- B) The Transaction was properly recorded in cash book & day book.
- C) The payment which was made by the institute is duly supported by the vouchers.

BANK RECONCILIATION STATEMENT:-

- Bank Reconciliation Statement is prepared for all banks on monthly basis.
- Balance shown in Bank Reconciliation Statement is tallied with the balance as per books.
- Cheques issued/ cheques issued but not yet presented for payment against which 3 months has been passed has been reversed/ transferred to Stale cheques account.



REPORTING OF ERRORS, IRREGULARITIES:-

REPORTING OF ERRORS: -

- a) We hereby point out that are such expenditure/ income are recorded in the wrong voucher/receipt no. in the books of accounts.

Date	Particulars	Amount (₹)	Wrong Voucher/ Receipts No.	Correct Voucher/ Receipts No.	Remarks
April					
13/04/2015	Consultancy	26,405	437/95-99	437/95-98	Rectified
16/04/2015	Electricity charges	1,51,422	433/22-25	438/23-25	Rectified
24/04/2015	Misc. income	900	439/10	439/09	Rectified
25/04/2015	Misc. income	1,550	-----	439/19-23	Rectified
25/04/2015	Consultancy	6,741	439/24	439/24-26	Rectified
27/04/2015	Misc. income	200	439/24	439/34	Rectified
28/04/2015	Degree verification	500	439/35-40	439/35	Rectified
29/04/2015	Misc. income	80	439/42-46	439/42-43	Rectified
30/04/2015	License fees	845	439/454-46	439/45-46	Rectified
May					
07/05/2015	Consultancy	89,888	436/82-85	436/82-83	Rectified
13/05/2015	Electricity charges	1,487	441/76-81	441/76-79	Rectified
13/05/2015	Earnest Money	1,14,000	4441/80-85	441/80-85	Rectified
14/05/2015	Misc. income	200	442/8-10	442/8	Rectified
20/05/2015	consultancy	58,427	442/6*-71	442/69-71	Rectified
June					
02/06/2015	Misc. income	20	445/2	445/3	Rectified
17/06/2015	Electricity charges	1,435	4446/14-15	446/14-15	Rectified
18/06/2015	Electricity charges	1,83,191	44/54-55	444/54-55	Rectified



b) We hereby point out that are such expenditure/ income are recorded in the wrong heads in the books of accounts

Date	V. No.	Amount (₹)	Recorded in Wrong Head	Correct Head as per voucher	Remark
April					
15/04/2015	130	1,141,46	CPDA Revenue	Outstand Liability	Rectified
15/04/2015	131	1,43,092	CPDA Revenue	Outstand Liability	Rectified
15/04/2015	132	75,258	CPDA Revenue	Outstand Liability	Rectified
15/04/2015	133	1,00,167	CPDA Revenue	Outstand Liability	Rectified
17/04/2015	178-180	2,244	Outstanding Liability	Misc. contingencies	Rectified
20/04/2015	187	2,44,799	CPDA Revenue	Outstand Liability	Rectified
20/04/2015	188	1,35,369	CPDA Revenue	Outstand Liability	Rectified
20/04/2015	189	1,25,472	CPDA Revenue	Outstand Liability	Rectified
20/04/2015	190	1,99,881	CPDA Revenue	Outstand Liability	Rectified
20/04/2015	191	1,28,424	CPDA Revenue	Outstand Liability	Rectified
20/04/2015	193	1,08,330	CPDA Computer	Outstanding Liability	Rectified
20/04/2015	194	97,012	Electric Equipment	Outstanding Liability	Rectified
20/04/2015	195	59,000	CPDA Computer	Outstand Liability	Rectified
20/04/2015	196	1,43,900	CPDA Computer	Outstand Liability	Rectified
20/04/2015	197	1,10,454	CPDA Computer	Outstand Liability	Rectified
20/04/2015	198	1,60,250	CPDA Computer	Outstand Liability	Rectified
20/04/2015	199	25,475	Guest house charges	Outstanding Liability	Rectified
20/04/2015	200	1,00,766	Periodical & books	Outstanding Liability	Rectified
20/04/2015	201	62,509	Periodical & books	Outstanding Liability	Rectified
20/04/2015	202	900	Guest house charges	Outstanding Liability	Rectified
20/04/2015	203	2,678	Periodical & books	Outstanding Liability	Rectified



c) We hereby point out that are such expenditure/ income are recorded by the wrong amount in the books of accounts.

Date	Particulars	Receipt / V. No.	Wrong Amount (₹)	Correct Amount (₹)	Remarks
October					
16-10-2014	CPDA Revenue Exp (Mrs. Jyoti Ohri)	282	10,041	10,014	Need to be Recovered of ₹ 27/-
January					
12.01.2015	CPDA Revenue Exp (Ashwani Kumar EED)	176	9,329	9,229	Need to be Recovered of ₹ 100/-
March					
31.03.2015	CPDA Revenue Exp (Rajesh Kumar MED)	852	14,304	14,034	Need to be Recovered of ₹ 270/-
April					
20/04/2015	Books	311	1,10,768	1,00,766	Rectified
20/04/2015	Student activity	340	19,736	19,391	Rectified
June					
11/06/2015	PHD Contingency	141	7,500	3,000	Rectified
26/06/2015	Mtc. Of Vehicle	389	16,336	63,336	Rectified

d) We observe that the following payments are made during the Current Year 2015-16 but Relates Previous Financial Year 2014-15. As per Accrual basis of Accounting these Expenditures are not allowed during the current year. NIT must follow accrual basis of accounting as per instruction of the MHRD.

Date	Particulars	V. No.	Amount (A)	Date as per Proof	Remarks
03/04/2015	Salary of faculty	01	1,68,58,494	March	
06/04/2015	Pension	02	78,68,577	March	
06/04/2015	Pension	03	1,19,186	March	



Last Audit Report Observation:-

REPORTING OF IRREGULARITIES:-

- (a) The Manual Cash book of Main Account has not been properly prepared, updated and reconciled after July, 2014. The same has been pointed out at various level (such as Cashier, Head Cashier and Accountant SG-II) but has not provided by them till date. Hence the audited reports prepared on the basis Voucher passed by the data of Tally Software.

AUDIT OPINION:-

In our opinion the financial statement give a true and fair view of the sources and application of funds for the period ended 30th June, 2015 in accordance with accounting principles generally accepted in India subject to observations given above.

Place: Kurukshetra

Dated: 27/07/2015

For Gurdyal Jony & Associates
Chartered Accountants



CA. Jony Arora

Partner

M. No. 515210



**NATIONAL INSTITUTE OF TECHNOLOGY
KURUKSHETRA**

**INTERNAL AUDIT REPORT
FINANCIAL YEAR: 2015-16
QUARTER - SECOND**

A U D I T O R N A M E

**M/S GURDYAL JONY & ASSOCIATES
CHARTERED ACCOUNTANTS
KURUKSHETRA**

NATIONAL INSTITUTE OF TECHNOLOGY, KURUKSHETRA
INTERNAL AUDITOR'S REPORT

To The Members of Board of Governor of the National Institute of Technology,
Kurukshetra.

INTRODUCTION:-

We have done the internal audit of financial statement of main account for National Institute of Technology, Kurukshetra. These financial statements are the responsibility of Institute Management. Our responsibility is to express an opinion on these financial statements on our audit.

THE OBJECTIVES OF INTERNAL AUDIT:-

- To determine the reliability and integrity of information: (i.e. evaluating the internal control systems and the integrity of financial and operating information produced by those systems).
- To determine whether compliance exists with policies, procedures, laws and regulations.
- To determine if assets are safeguarded and verify the existence of those assets.
- To appraise the economy and efficiency of recourse utility (i.e. physical, monetary and most important staff).
- To review operations of programs for consistency with established management goals.
- To assist members of our organization in the effective and successful performance of their responsibility by providing them with analyses, appraisals, recommendations, and other pertinent information concerning the activities being reviewed.



SCOPE OF INTERNAL AUDIT:-

We conduct the audit in accordance with the Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

OVERVIEW OF NATIONAL INSTITUTE OF TECHNOOGY KURUKSHETRA:-

The Central Government in consultation with the Planning Commission had sanctioned a scheme of establishment of Regional Engineering Colleges under the Third Five Year Plain in order to expand the facilities for technical education in the country during the plan period. The Regional Engineering College, Kurukshetra was one of the seventeen colleges in the country.

National Institute of Technology Kurukshetra, Haryana is a premier Technical Institute of the region. The institute started working as Regional Engineering College, Kurukshetra in 1963. Likes other Regional Engineering Colleges of India this institution too, had been a joint enterprises of the state and central Governments. This Institute was conferred upon status of Deemed University on June 26, 2002. Since then it has been renamed as National Institute of Technology, Kurukshetra.

National Institute of Technology, Kurukshetra is providing the various disciplines of Engineering and Technology at the Undergraduate and Postgraduate level, the institute offers excellent facilities for advanced research in the emerging areas of Science and Technology. The syllabus and the curricula are constantly being updated to meet the growing demands and need of the country in different areas of technology. The infrastructure is geared to enable the institute to turn out technical personal of a high quality.



TECHNICAL EDUCATION: - The history of imparting formal technical education in India can be traced back to mid 19th century, although it got momentum in 20th century with the set up Constitution of Technical Education Committee of the Central University Board of Education (CABE) in 1943 preparation of sergeant Report in 1944 and formation of All India Council of Technical Education (AICTE) in 1945. The setting up of India Institute of Science was a major step in the development of technical education in India. The All India Council for Technical Education (AICET) was set up. AICET is responsible for planning. Formation and maintenance of norms and standards, quality assurance through accreditation, funding in priority areas, monitoring and evaluation, maintaining parity of certification and awards and ensuring coordinated and integrated development and management of technical education in the country.

The courses, which are known as "Technical in India and, therefore come under the preview of AICTE, are:-

- (a) Degree and Diploma courses in Engineering
- (b) Master Degree courses in Engineering
- (c) Master of Business Administration
- (d) PhDs

CANTEEN / SHOPS: - The National Institute of technology, Kurukshetra normally allows the shop to operate on its premises to sell stationery, refreshments, etc., for its students. The shops are given on contract/lease to an outside party. The Institute had given the premises to SBI on lease to operate the banking facilities in the institute for itself as well as students.

HOSTEL FACILITIES: - The Institute charge fee from the students for providing them residential accommodation in the premises of the institute. This fee charged is, normally, not demarcated separately in the fee structure and the coaching, boarding and hostel fee is charged as a consolidated amount. The residential facilities provided in the premises of the institute. For running of hostel appointment of staff such as, hostel in charge, housekeepers and



clearing staff is required. Infrastructure such as beds, study tables, bedding, lines, etc will have to be procured. The residential facility may take shape of a dormitory, twin, sharing room, etc.

LIBRARY: - library is an integral part of National Institute of Technology, Kurukshetra. A Qualified Librarian, who might be assisted by helper staff, runs the library. Library books are systemized on two type of classification Dewey Decimal Classification (DDC) and Universal Decimal Classification (UDC). DDC is a proprietary system of library classification. This system organizes books on library shelves in a specific and repeatable order that makes it easy to find and book and return it to its proper place. UDC is a system of library classification, based on the DDC, but which uses auxiliary signs to indicate various special aspects of a subject and relationship between subjects.

Library security deposit charged separately from the students apart from the caution money deposit. The institute may follow a policy of making this security deposit a part of the fees structure and as such make it compulsory for the students. Fine are also recovered from the students for returning the books after the expiry of the loaning period or damage to books.

APPLICABILITY OF ACCOUNTING STANDARDS ISSUED BY ICAI:-

The Standards on Internal Audit shall apply whenever an internal audit is carried out. Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvement thereto and add value to and strengthen the overall governance mechanism of the entity, including the entity's strategic risk management and internal control system. Internal audit, thereof, provides assurance that there is transparency in reporting, as part good governance". Presently, the standards on Internal Audit issued by the ICAI are recommendatory in nature.



MANAGEMENT CONTROL IN NATIONAL INSTITUTE OF TECHNOLOGY:-

In the administration of the institute, the Director is the Principle Academic and Executive officer of the Institute and is responsible for the proper administration of the Institute and for imparting instruction and maintenance of discipline therein. He is assisted in his day to day work by Deans, Chairmen of the Departments, Professor-in-Charges, Registrar and other officers and various committees of the Institute”.

REVENUE:-

Cash & bank Receipts for the quarter ended 30th September, 2015 was duly found in order or duly entered in the books of account.

EXPENDITURE:-

- A) Expenditure incurred by the institute are duly authorized and sanctioned by the competent authority.
- B) The Transaction was properly recorded in cash book & day book.
- C) The payment which was made by the institute is duly supported by the vouchers.

BANK RECONCILIATION STATEMENT:-

- Bank Reconciliation Statement is prepared for all banks on monthly basis.
- Balance shown in Bank Reconciliation Statement is tallied with the balance as per books.
- Cheques issued/ cheques issued but not yet presented for payment against which 3 months has been passed has been reversed/ transferred to Stale cheques account.



REPORTING OF ERRORS, IRREGULARITIES:-

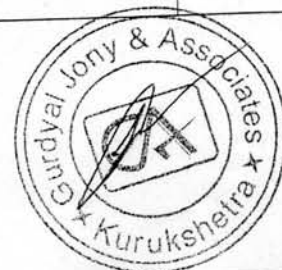
REPORTING OF ERRORS: -

- a) We hereby point out that are such expenditure/ income are recorded in the wrong voucher/receipt no. in the books of accounts.

Date	Particulars	Amount (₹)	Wrong Voucher/ Receipts No.	Correct Voucher/ Receipts No.	Remarks
July					
10.07.2015	Krishan Kumar	1,500	450/443	450/44	Rectified
16.07.2015	Electrical Charges	1,84,696	449/26-29	449/26-28	Rectified
17.07.2015	Tuition Fees	87,000	111/85-100	111/85-86	Rectified
20.07.2015	Provision for Gratuity	12,36,888	242-243	241-243	Rectified
22.07.2015	Insurance Premium	82,900	113/84 & 114/12	113/84-100 & 114/1-12	Rectified

- b) We hereby point out that are such expenditure/ income are recorded by the wrong amount in the books of accounts.

Date	Particulars	Receipt / V. No.	Wrong Amount (₹)	Correct Amount (₹)	Remarks
October					
16-10-2014	CPDA Revenue Exp (Mrs. Jyoti Ohri)	282	10,041	10,014	Need to be Recovered of ₹ 27/-
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March					
31.03.2015	CPDA Revenue Exp (Rajesh Kumar MED)	852	14,304	14,034	Need to be Recovered of ₹ 270/-



Last Audit Report Observation:-

REPORTING OF IRREGULARITIES:-

- (a) We observe that the following payments are made during the Current Year 2015-16 but Relates Previous Financial Year 2014-15. As per Accrual basis of Accounting these Expenditures are not allowed during the current year. NIT must follow accrual basis of accounting as per instruction of the MHRD.

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03/04/2015	Salary of faculty	01	1,68,58,494	March	
06/04/2015	Pension	02	78,68,577	March	
06/04/2015	Pension	03	1,19,186	March	

AUDIT OPINION:-

In our opinion the financial statement give a true and fair view of the sources and application of funds for the period ended 30th September, 2015 in accordance with accounting principles generally accepted in India subject to observations given above.

For Gurdyal Jony & Associates
Chartered Accountants

Place: Kurukshetra
Dated: 28/10/2015



CA. Jony Arora
Partner
M. No. 515210



Item 32.6 To consider for Investment of Employee Provident Fund as per Ministry of Finance notification.

The Institute is having its own constituted Fund with Corpus accumulated of ₹ 50.00 crore at the end of 2014-15. The surplus amount of GPF is being invested in Term Deposit Scheme with Nationalized Scheduled banks through quotations at higher rates of interest. The interest generated by investing the amount of GPF in term deposits with various nationalized banks of last three years are as follows:

Year	Interest Earned (₹)- in Lacs
2012-13	324.48
2013-14	551.67
2014-15	379.34

As per comments in Separate Audit Report of Indian Audit and Accounts Department, Office of the Director General of Audit (Central), Chandigarh during certification of Annual Accounts of the Institute for the year ended 2014-15, suggested the pattern of Investment as under:

"Ministry of Finance, GoIs, notification F.No. 5(88)/2006-PR dated 14 August 2008 prescribes the pattern of investment to be followed by Non- government Provident Funds, as per which percentage of amount to be invested in Term Deposit Receipts issued by Scheduled Commercial Banks can't exceed 40. However, the Institute, out of total funds of ₹ 55.55 (₹ 72.72 crore in schedule 3 minus ₹ 17.17 crore in schedule 10) in Employee Provident Fund has invested the funds of ₹ 54.98 crore (₹ 49.78 crore in Term Deposit Receipts included in ₹ 9108.23 lakh plus accrued interest ₹ 5.20 crore included in ₹ 7.27 crore as shown in schedule 10) issued by the banks and the remaining funds of ₹ 0.57 crore in saving bank accounts, thus, have invested 99 percent of its funds in Bank TDRs. This is in contravention of the guidelines issued by the Ministry of Finance, Government of India. Similar point was also raised in previous Separate Audit Report but no compliance has been made in this regard."

The copy of gazette notification of Ministry of Finance, Govt. of India, F.No. 5(88)/2006-PR dated 14 August 2008 is enclosed as **Appendix -IX** at Page no. **36 & 37**.

The Finance Committee may consider and give the suitable recommendations to the Board.

To be published in the Gazette of India
Extraordinary Part I -Section 1

Government of India
Ministry of Finance
Department of Economic Affairs

New Delhi, the 14th August, 2008

F. No. 5 (88)/2006 –PR.—

1. In partial modification of this Ministry's Notification No. 5(53)/2002-ECB & PR dated 24th January, 2005, the pattern of investment to be followed by Non-Government Provident Funds, Superannuation Funds and Gratuity Funds shall be as follows, effective from 1st April, 2009:-

	INVESTMENT PATTERN	Percentage amount to be invested
(i)	(a) Government securities. ¹ (b) Other securities ² the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government except those covered under (ii) (a) below. (c) units of mutual funds set up as dedicated funds for investment in Government securities and regulated by the Securities and Exchange Board of India; Provided that the exposure to a mutual fund shall not be more than 5% of the total portfolio at any point of time.	upto 55
(ii)	(a) Debt securities with maturity of not less than three years tenure issued by Bodies Corporate including banks and public financial institutions ³ ; Provided that at least 75% of the investment in this category is made in instruments having an investment grade rating from at least one credit rating agency. (b) Term Deposit Receipts of not less than one year duration issued by scheduled commercial banks. Provided that the scheduled commercial banks must meet conditions of (i) continuous profitability for immediately preceding three years; (ii) maintaining a minimum Capital to Risk Weighted Assets Ratio of 9%; (iii) having net non-performing assets of not more than 2% of the net advances; (iv) having a minimum net worth of not less than Rs. 200 crores. (c) Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and the Asian Development Bank.	upto 40
(iii)	Money market instruments including units of money market mutual funds.	upto 5
(iv)	Shares of companies on which derivatives are available in Bombay Stock Exchange or National Stock Exchange or equity linked schemes of mutual funds regulated by the Securities and Exchange Board of India.	upto 15

2. Any moneys received on the maturity of earlier investments reduced by obligatory outgoing shall be invested in accordance with this investment pattern.

¹ 'Government Securities' as defined in Section 2(b) of the Securities Contracts (Regulation) Act, 1956.

² 'Securities' as defined in Section 2(h) of the Securities Contracts (Regulation) Act, 1956.

³ 'Public Financial Institutions' as specified under Section 4A of the Companies Act, 1956.

3. Turnover Ratio (the value of securities traded in the year / average value of the portfolio at the beginning of the year and the end of the year) should not exceed 2.
4. If any of the instruments mentioned above are rated and their rating falls below investment grade as confirmed by one credit rating agency then the option of exit can be exercised.
5. The investment pattern may be achieved by the end of the financial year. It is expected that throughout the year the investments are in conformity with the above pattern; however, at no time investments in any category should exceed by more than 10% of the limit prescribed.
6. It may be noted, however, that the investment of the Funds of a Trust is the fiduciary responsibility of the Trustees and needs to be exercised with appropriate due diligence. Therefore, as such, the trustees are solely responsible for the investment decisions taken in accordance with the pattern of investment specified above.

(Dr. K.P. Krishnan)

Joint Secretary to the Government of India