Action Taken Note on Separate Audit Report of the Comptroller & Auditor General of India on the accounts of National Institute of Design, Assam (NIDJ) for the year ended 31st March 2021

DSAR No.	Observation	Action Taken Note
A.1.1	**Fixed Assets** Fixed Assets (At cost) Rs.87.24 lakh Machinery, Equipment & Tools (Depreciation rate 10%) under fixed assets includes various insignificant items viz. claw hammer with wooden handle, hand saw blade, measuring strip, safety goggles, Spit Magnet Level, Wood Chiseal, etc. value ranging from Rs.118 to Rs.505.40. NID management may formulate a policy for charging of such insignificant items in the year in which it is purchased considering the number and value of such insignificant items.	Suggestion of Audit has been noted. Policy for fixing the value of insignificant items that to be shown in balance sheet is yet to be formulated.
A.1.2	**Fixed Assets** **Computer and Peripherals** **Rs.12.88 lakh** Computer and Peripherals under fixed assets includes payment of Rs.3.49 lakh on annual subscription of creative cloud for Enterprise Educational student plus faculty for the period from 31st August 2020 to 30th August 2021. The said expenditure which is recurring in nature and does not bring any future	Suggestion of Audit has been complied and reflected in the books of accounts for the FY 2021-22. (Annexure-1)

	benefit after its validity period should be proportionately expensed in 2020-21 and the balance be carried forward as pre-paid expenses as on 31.03.2021. This has resulted in overstatement of Fixed Assets and Capital Fund to the tune of Rs.3.49 lakh with corresponding understatement of Current Assets (prepaid expenses) and Grants & Contribution to the extent of Rs.1.46 lakh (Rs.3.5 lakh X 5/12).	
A.2.1	**Current Liabilities Rs.102.50 lakh** **Liability for expenses Rs.46.93 lakh** The liability for the month of March 2021 towards security services received from the service provider amounting to Rs.5.32 lakh has been provided for in the accounts. However, the GST liability payable thereon for the month of March 2021 on reverse charge mechanism (RCM) has not been provided by the Institute in the books of accounts for the year 2020-21. Thus, non-provision of the same has resulted in understatement of Current Liabilities (Liability for expenses) and overstatement of Grants and Contribution to the extent of Rs.0.96 lakh.	Suggestion of Audit has been complied and such expenditures are provided for in the books of accounts from the FY 2021-22.
A.3.1	**Capital Fund Rs.80.99 lakh** **Depreciation Fund Rs.6.24 lakh**	Suggestion of Audit has been complied and reflected in the books of accounts for the FY 2021-22. (Annexure-2)

	(a) Depreciation Fund does not include depreciation on boundary walls of NID Assam campus constructed by CPWD. This has resulted into overstatement of Capital Fund to the extent of Rs.4.92 lakh (Rs.196.78 lakh X 2.5%) with corresponding understatement of Depreciation Fund by the same amount. (b) Depreciation Fund does not include depreciation on Computers & Peripheral- IT related work valuing Rs.257.67 lakh executed by M/s. NBCC. This has resulted into overstatement of Capital Fund to the extent of Rs.51.53 lakh (Rs.257.67 lakh X 20%) with corresponding understatement of Depreciation Fund by the same amount. (c) Depreciation Fund does not include depreciation on interior works including tables, etc. valuing Rs.652.35 lakh executed by M/s. NBCC. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the	)

		extent of Rs.65.24 lakh (Rs.652.35 lakh X 10%) for the year 2020-21. (d) Depreciation Fund does not include depreciation on 11 KV line from Cinnamora to National Institute of Design, Jorhat and 11/0.4 KV, 2 X 750 KVA sub-station valuing Rs.125.04 lakh (Rs.94.72 lakh + contingency charges of Rs.30.32 lakh) executed by M/s. NBCC. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of Rs. 12.5 lakh (Rs.125.04 lakh X 10%) for the year 2020-21. (e) Depreciation Fund does not include depreciation on Campus Building amounting to Rs.7674.64 lakh executed by M/s. NBCC. This has resulted in overstatement of Capital Fund & understatement of Depreciation Fund to the extent of Rs.191.87 lakh (Rs.7674.64 lakh X 2.5%) for the year 2020-21. (f) Depreciation Fund does not include depreciation on assets	

	created by Assam Urban Water Supply & Sewerage Board amounting to Rs.232.42 lakh executed by M/s. NBCC. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of Rs.5.81 lakh (Rs.232.42 lakh X 2.5%) for the year 2020-21. (g) Depreciation Fund does not include depreciation on Library Books purchased by NID, Ahmedabad on behalf of NID, Assam amounting to Rs.89.74 lakh. This has resulted in overstatement of Capital Fund and understatement of Depreciation Fund to the extent of Rs.8.97 lakh (Rs.89.74 lakh X 10%) for the year 2020-21 (h) Depreciation Fund does not include depreciation on Computer and Peripherals towards the assets procured by NID, Ahmedabad on behalf of NID, Assam valuing Rs.10.27 lakh. This has resulted in overstatement of Capital Fund and understatement of	

	Depreciation Fund to the extent of Rs.2.05 lakh (Rs.10.27 lakh X 20%) for the year 2020-21.	
A.3.2	**Depreciation Fund** **Notes forming part of accounts** National Institute of Design, Assam has adopted policy for rate of depreciation on Machinery, Equipment & Tools at the rate of 5 per cent and Furniture & Fixture at the rate of 7.5 per cent which is in contrary to the policy adopted by National Institute of Design, Ahmedabad, the pioneer institute who has considered the rate of depreciation on Machinery, Equipment & Tools and Furniture & Fixture at the rate 10 per cent.	The rate of depreciation is maintained at par with that of NID, Ahmedabad in the Annual Accounts for FY 2021-22 of the Institute.
A.4.1	**Grants and Contribution Rs.1160.73 lakh** As per item 1h. Schedule 17 of the format of accounts as specified in National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020 vide Gazette Notification dated 30th December 2020, gratuity is to be charged to Income & Expenditure Account based on actuarial valuation and the same is contributed to the NID Employee's Gratuity Fund. However, no such gratuity fund has been contributed by	The process of Actuarial valuation for Employee's Gratuity Fund is under consideration with the Competent Authority of NID Assam.

	NID due to not conducting actuarial valuation to determine gratuity liability for the year 2020-21. This has resulted in understatement of Gratuity Fund with corresponding overstatement of Grants and Contribution.	
A.4.2	**Grants and Contribution Rs. 1160.73 lakh** During the year 2020-21, NID, Assam received (23rd March 2021) capital grant amounting to Rs.273 lakh from Government of India for construction of boundary wall (height extension) and new entrance gate including watch towers at the campus premises. The said grant was, however, accounted for as revenue grant – salary and general instead of earmarked capital grant. This has resulted in understatement of grants for non-recurring exp. (capital) to the extent of Rs.273 lakh with corresponding overstatement of grants for recurring exp. (salary) and grants for recurring exp. (general) of Rs.198 lakh and Rs.75 lakh respectively.	Necessary rectification entry for the same is passed in the FY 2021-22.(Annexure-3)
A.5.1	**Current Liabilities Rs.102.50 lakh** **Income & Expenditure Account Surplus carried over to Balance Sheet Rs.292.52 lakh** As per Rule 230 (7) of GFR 2017, when recurring Grants in aid are	Provision for liability for interest with retrospective effect has been shown in the Annual Accounts for the year 2021-22.

	sanctioned to the same Institution or organization for same purpose, unspent balance of the previous grant should be considered in sanctioning of the subsequent grant. Further, Para XXII of the sanction letter states that if the grantee fails to utilize the grant for the purpose for which the same has been sanctioned, the grantee institution shall be required to refund the grant with interest at the rate of 10 percent per annum. Out of an unspent grant of Rs.1258.11 lakh as on 01-04-2020, NID, Assam had an unspent grant of Rs.867.58 lakh as on 31.03.2021. Hence, a liability for interest on unspent grant of 2019-20 amounting to Rs.86.76 lakh {(Rs.129.19 lakh + Rs.134.79 lakh* + Rs.453.60 lakh + Rs.150 lakh) X 10%} should be provided for in the accounts for the year 2020-21. This has resulted in overstatement of Surplus for the year with corresponding understatement of Current Liabilities to the extent of Rs.86.76 lakh. *445.90-311.11=134.79 (considering FIFO Method for utilisation of Grant)	
B.1.1	**Income & Expenditure Account** **Other Administrative Expenses Rs.315.43 lakh**	Proportionate amount of such type of expenditures are booked as prepaid expenditure from the FY 2021-22.

	Other Administrative Expenses includes an amount of Rs.1.98 lakh paid towards Bloomsbury Design Library for the period of October 2020 to September 2021. As part of the expenditure is related to the year 2021-22, proportionate amount should be booked as prepaid expenditure for the year 2020-21. This has resulted in understatement of Current Assets (Prepaid expense for design library) and Grants & Contribution to the extent of Rs.0.99 lakh (Rs.1.98 lakh X 6/12).	
B.1.2	**Income & Expenditure Account** **Other Administrative Expenses Rs.315.43 lakh** Other Administrative Expenses includes an amount of Rs. 7.64 lakh paid towards subscriptions for books and journals for the period of January 2021 to December 2021. As part of the expenditure is related to the year 2021-22, proportionate amount should be booked as prepaid expenditure for the year 2020-21. This has resulted in understatement of Current Assets (Prepaid expense for subscription of books and journals) and Grants & Contribution to the extent of Rs.5.73 lakh (Rs.7.64 lakh X 9/12).	Proportionate amount of such type of expenditures are booked as prepaid expenditure from the FY 2021-22.

B.1.3	**Income & Expenditure Account** **Other Administrative Expenses** **Welfare, Campus Events & Other Expenses Rs.72.14 lakh** Welfare, Campus Events & Other Expenses includes payment of Rs.5.38 lakh towards Group Mediclaim Insurance Premium for NID, Assam of the students and staffs for the period of 1st April 2021 to 31st March 2022. As the entire expenditure is relating to 2021-22, the same should have been booked as prepaid expenditure for the year 2020-21 instead of current year's expense. This has resulted in understatement of both Current Assets (prepaid expense) and Grants & Contribution to the extent of Rs.5.38 lakh.	Proportionate amount of such type of expenditures are booked as prepaid expenditure from the FY 2021-22.
B.1.4	**Other Administrative Expenses Rs.315.43 lakh** **Significant Accounting Policies** Other Administrative Expenses includes Rs.0.83 lakh towards purchase of workshop materials for education service. As the entire workshop material is not consumed at the first instance, above items may be treated as inventory of workshop materials and accordingly based on actual consumption, the same may be charged off to the Income and	Suggestion of Audit has been noted. Policy will be formulated for fixing the value of workshop material consumed during the year to be shown in Income & Expenditure account.

	Expenditure account as consumption. The management may formulate suitable policy in this regard.	
B.2.1	**Income & Expenditure Account** **Interest Earned Rs.52.76 lakh** During 2020-21, NID, Assam has earned accrued interest on STDR amounting to Rs.10.05 lakh (Rs.62.81 lakh – Rs.52.76 lakh) but the same has not been accounted for as interest income for the year 2020-21. This has resulted in understatement of Surplus carried over to Balance Sheet and understatement of Current Assets to the tune of Rs.10.05 lakh. NID, Assam may, however, suitably modify the accounting policy (item 1.a of Notes forming part of Accounts) in this regard.	Interest accrued on STDR is considered and accounted for as interest income for the FY 2021-22. (Annexure-4)
C.1	C&AG is the sole authority for certification of accounts of NID and there is no provision in the NID Act for authentication/ certification of the accounts by Chartered Accountants. The authentication of the annual accounts of the institute for the year 2020-21 by Chartered Accountants apart from the Director of NID for submission of the same to the Comptroller & Auditor General of India is not in order.	In the succeeding Financial Years this observation is complied with.
C.2	In exercise of the powers conferred by clause (b) of sub-section (2) of section	Suggestion for incorporation of Schedule 4, Re-arranging of Schedule numbers and

	38 read with sub-section (1) of section 25 of the National Institute of Design Act, 2014 (18 of 2014) and National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020 notified vide Gazette Notification dated 30th December 2020, NID shall prepare its annual statement of accounts and balance sheet showing the financial results as specified in Form 'A' and Form 'B' and the Schedules annexed to these rules. However, the same has not been adhered to for the year 2020-21 in the following instances: a) Non-inclusion of Schedule 4 information even if the same is NIL for NID, Assam. b) Re-arranging of Schedule numbers. c) Item wise details in the Schedules relating to Current Liabilities, Loans, Advances, etc., Income from Project receipts/ Grants (Non plan) & expenses from projects.	Item-wise details in specific schedules has been followed in the Annual Accounts of the Institute for the FY 2021-22.
C.3	In pursuant to National Institute of Design, Assam (Form of Annual Statement of Accounts) Rules, 2020, the institute shall prepare its annual statement of accounts and balance	Suggestion for incorporation of the same has been taken care of while preparing notes on accounts for the Annual Accounts of the Institute for the year 2021-22.

	sheet showing the financial results as specified in Form 'A' and Form 'B' and the Schedules annexed to these rules. However, the same has not been adhered to for the year 2020-21 in the following instances: <u>Notes forming part of accounts</u>: 1. Significant Accounting Policy a) The actual position of long-term investment for the year has been mentioned instead of valuation of same. b) Policy on Current Assets, Loans and Advances has not been included. c) Non-disclosure of exemption for income of the institute under Income Tax Act 1961 with consequential non-requirement of provision for income tax in the accounts. d) Policy on Retirement/ Terminal benefit. 2. Details of Contingent Liabilities. 3. Details of Capital Commitment. 4. Regrouping/ rearranging of corresponding figures for the	

	previous year wherever necessary. d) Rounding off for the figures in the final accounts.	

30/9/22.

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30/09/22.

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