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भारतीय लेखा तथा लेखा परीक्षा विभाग

कार्यालय प्रधान निदेशक लेखापरीक्षा (केंद्रीय) लखनऊ



INDIAN AUDIT & ACCOUNTS DEPARTMENT

Office of the Principal Director of Audit (Central) Lucknow

पत्र सं०: स्वा.नि. (के)/एस.ए.आर.-34/2016-17/ दिनांक: 11.2016

सेवामें,

सचिव, भारत सरकार,
मानव संसाधन विकास मंत्रालय,
माध्यमिक उच्च शिक्षा विभाग,
शास्त्री भवन, नई दिल्ली- 110001

विषय: भारतीय प्रौद्योगिकी संस्थान, कानपुर के वर्ष 2015-16 के लेखों पर आधारित पृथक लेखापरीक्षा प्रतिवेदन।

महोदय,

मैं, भारतीय प्रौद्योगिकी संस्थान, कानपुर के वर्ष 2015-16 के लेखों पर आधारित पृथक लेखापरीक्षा प्रतिवेदन प्रेषित कर रहा हूँ।

2. कृपया सुनिश्चित करें कि पृथक लेखापरीक्षा प्रतिवेदन एवं सम्बन्धित लेखे संसद के दोनो सदनों के सम्मुख प्रस्तुत हुए

3. कृपया पृथक लेखापरीक्षा प्रतिवेदन एवं लेखों को संसद के दोनों सदनों के समक्ष अन्तिम रूप से प्रस्तुत करने की तिथि भारत के नियंत्रक एवं महालेखापरीक्षक के साथ-साथ इस कार्यालय को भी सूचित करने का कष्ट करें।

कृपया पत्र की प्राप्ति सूचना दें।

भवदीय,

संलग्नक: उपरोक्तानुसार

प्रधान निदेशक लेखापरीक्षा (केंद्रीय)

पत्र सं०: स्वा.नि. (के)/एस.ए.आर.-34/2016-17/156 दिनांक: 03.11.2016

वर्ष 2015-16 के लेखों पर पृथक लेखापरीक्षा प्रतिवेदन (अंग्रेजी) की प्रति निदेशक, भारतीय प्रौद्योगिकी संस्थान, कानपुर 208016 को आवश्यक कार्यवाही हेतु प्रेषित है। संस्थान यदि आवश्यकता अनुभव करे तो इस प्रतिवेदन का हिन्दी अनुवाद करवा सकता है परन्तु इस प्रतिवेदन के हिन्दी अनुवाद में निम्नलिखित अस्वीकरण (disclaimer) अंकित होना चाहिए :

“प्रस्तुत प्रतिवेदन मूलरूप से अंग्रेजी में लिखित पृथक लेखापरीक्षा प्रतिवेदन का हिन्दी अनुवाद है। यदि इसमें कोई विसंगति परिलक्षित होती है तो अंग्रेजी में लिखित प्रतिवेदन मान्य होगा

हिन्दी अनुवाद की एक प्रति इस कार्यालय को भी प्रेषित करने का कष्ट करें।

संलग्न : उपरोक्तानुसार

उप निदेशक लेखापरीक्षा (केंद्रीय) व्यय

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Separate Audit Report of the Comptroller and Auditor General of India on the accounts of Indian Institute of Technology, Kanpur for the year ended 31 March, 2016

We have audited the attached Balance Sheet of the Indian Institute of Technology, Kanpur (Institute) as at 31 March, 2016 and Income and Expenditure Account and Receipts and Payments Account for the year ended on that date under section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, read with section 23(2) of the Institute of Technology Act 1961 (Act). These financial statements are 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 Comptroller and Auditor General of India (CAG) on the accounting treatment only with regards to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. Audit observations on financial transaction 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 the reasonable assurance about whether the statements, are free from material misstatements. An audit includes examining, on a test basis, evidence 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's and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

(ii) The Balance Sheet, Income and Expenditure Account and Receipts and Payments Accounts dealt with by this report have been drawn up in the format of financial statement for Central higher educational Institutions (format) prescribed by MHRD,

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Government of India.

(iii) In our opinion proper book of accounts and other relevant records have been maintained by the Institute as required under section 23(1) of the Institute of Technology Act, 1961. In so far as it appears from our examination of such books.

(iv) We further report that:

(A) Balance sheet

(A.1) Reserve & Surplus (Hall Management A/c)

(A.1.1) In the Balance sheet of Fund Hall Management Account, Opening balance of Reserve & Surplus was shown as ₹ 253.63 lakh instead of ₹ 281.70 lakh (Closing balance of financial year 2014-15). Thus, the Reserve & Surplus was reflected less by ₹ 28.07 lakh. No disclosure had given in the Note on accounts.

(A.1.2) The institute charged depreciation at different rates than the rates prescribed by MHRD in its format of financial statement which resulted in excess charging of depreciation with consequent understatement of Fixed Assets by ₹ 19246.82 lakh and overstatement of expenditure by the like amount as detailed in Annexure – A.

(A.2) Investments (Fund Hall Management)

In the Balance sheet of Fund Hall Management Account, Opening balance of Investment was shown as ₹ 236.47 lakh instead of ₹ 267.16 lakh (Closing balance as indicated in the Balance Sheet of financial year 2014-15). Thus, the Investment was reflected less by ₹ 30.69 lakh. However, no disclosure was given in the Note on accounts.

(A.3) Current Assets

The institute had given ₹ 32.29 crore as advance on capital account which included ₹ 44 lakh as mobilisation advance to a contractor during the financial year 2015-16. The interest accrued on mobilisation advance @ 10 per cent amounting to ₹ 4.77 lakh had not been reflected in the Income and Expenditure Account which resulted in understatement of Current Assets and as well as other income by ₹ 4.77 lakh each.

(B) General

(B.1) An amount of ₹ 469.00 lakh deposited in a Bank Account (no. 35235615974) which was reflected in the balance under the Bank Account no. 10426002126 in the Annual Accounts. The fact was not disclosed in Notes to Accounts.

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(B.2) Balances of seven Bank accounts of ₹ 585.39 lakh was reflected under one Bank account in Schedule-7. The fact was not disclosed in Notes to Accounts.

(B.3) The lease land should be amortised over the period of lease. As per lease deed, two plots of 16000 and 2337.50 square meter (sq.m) were given to the Institute by NOIDA on lease basis in October, 2008 with a lease term of 90 years having the lease premium of ₹ 8.16 crore and ₹ 1.19 crore respectively. The total lease amount of ₹ 9.35 crore should be amortised on the lease period but the Institute amortised one time lease rent of ₹ 2.57 crore (Annual rent ₹ 2.86 lakh) instead of lease premium of ₹ 9.35 crore in contravention of the aforesaid provisions.

(C) Grants-in-Aid

(C.1) The Institute received grants-in-aid of ₹ 397.35 crore (Plan ₹ 197.50 crore and Non Plan ₹ 199.85 crore) from Ministry of Human Resource Development, Government of India during the year 2015-16. Further, the Institute generated internal income of ₹ 177.91 crore during the year. After taking into account an opening balance of ₹ (12.11) crore, the total funds available worked out to ₹ 563.15 crore. Out of which the Institute utilised a sum of ₹ 599.59 crore leaving a balance of ₹ (36.44) crore {Plan ₹ (8.51) crore and non-plan ₹ (27.93) crore}.

(C.2) The Institute received projects grant of ₹ 144.58 crore (Govt. of India ₹ 73.48 crore, State Govt. ₹ 2.02 crore and others ₹ 69.08 crore) during the financial year 2015-16. After taking opening balance of ₹ 109.61 crore the total funds available worked out to ₹ 254.19 crore, out of which the Institute utilised ₹ 57.52 crore leaving a balance of ₹ 196.67 crore at the end of year.

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

(vi) In our opinion and to the best of our information and according to the explanations given to us the said financial statements read together with the Accounting Policies and Notes to Accounts, and subject to the significant matters, stated above and other matters mentioned in Annexure-1 to this Audit Report gives a true and fair view in conformity with accounting principles generally accepted in India.

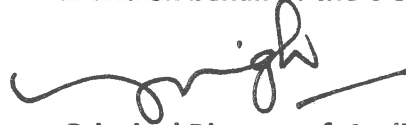
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- a. In so far as it relates to the Balance Sheet, of the state of affairs of the Indian Institute of Technology, Kanpur as at 31 March, 2016, and
- b. In so far as it relates to Income and Expenditure of the 'surplus' for the year ended on that date.

For and on behalf of the C & AG of India

Place: Lucknow

Date: 3.11.16



Principal Director of Audit (Central)

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Annexure

1. Adequacy of Internal Audit System

The Internal Audit System reflected following deficiencies:

- Conducting of Internal Audit in the Institute is not in practice.
- Only Vouchers are pre-audited by Internal Audit.
- No Internal Audit Manual was prepared by the Institute to conduct the Internal Audit.

2. Adequacy of Internal Control System

The Internal Control System reflected following deficiencies:

- Day to day transactions were not entered in the cash books relating to Axis Bank Account (No 91301005385634) and ICICI Bank account (No 104601000838). The cash books were neither closed nor verified at the end of the months.
- The Institute incurred excess expenditure of ₹ 8.51 crore under Plan Grant and ₹ 42.71 crore under Non Plan Grant during financial year 2015-2016. Similarly in 2014-2015 excess expenditure of ₹ 8.03 crore and ₹ 4.08 crore were incurred under Plan and Non-Plan which reflects lack of control over financial management in the Institute.

3. System of Physical Verification of Fixed Assets

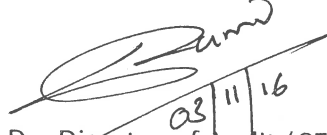
Physical verification of fixed assets was carried out by the Institute except land & building and books & journal during the year 2015-16.

4. System of Physical Verification of Inventory

Physical verification of inventory was carried out by the Institute for the year 2015-16.

5. Regularity in Payment of statutory dues

The recovered statutory dues are remitted to the Government Account through various challans as per the schedule.


Dy. Director of Audit (CE)
03/11/16

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Annexure- A

(₹ in lakh)

Sl. No.	Assets	Gross Block as on 31.03.16	Depreciation As per MHRD Guideline	Depreciation Charged by the Institute	Difference
1	Plant Machinery	2079.04	103.95	153.61	-49.66
2	Computer/Peripherals Equipment	11802.70	2360.54	4370.55	-2010.01
3	Lab. & Science Equipment	76081.18	6086.49	22117.43	-16030.94
4	General Equipment	11948.95	896.17	2733.05	-1836.88
5	Furniture & Fixture	2458.09	184.36	479.04	-294.68
6	Vehicles	94.28	9.43	0.91	8.52
7	Donated Equipment	83.46	6.26	5.00	1.26
8	Periodical & Journal	13375.18	1337.52	827.83	509.69
9	Library Book	2664.77	266.48	197.53	68.95
10	e-journal	1342.65	537.06	148.33	388.73
11	Patents	40.98	4.55	6.35	-1.80
				Total	-19246.82

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Separate Audit Report of the Comptroller and Auditor General of India on the accounts of Indian Institute of Technology, Kanpur for the year ended 31 March 2016 and Institute's replies thereto

1. We have audited the attached Balance Sheet of the Indian Institute of Technology, Kanpur (Institute) as at 31st March 2016 and Income & Expenditure Account and Receipt & Payment Account for the year ended on that date under section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, read with section 23(2) of the Institutes of Technology Act 1961 (Act). These financial statements are responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Statement of facts. No comments.

2. This Separate Audit Report contains the comments of Comptroller and Auditor General of India (CAG) on the accounting treatment only with regards to classification, conformity with the best accounting practices, accounting standards and disclosure norms etc. Audit observations on financial transaction 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.

Statement of facts. No comments.

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 the reasonable assurance about whether the statements, are free from material misstatements. An Audit includes examining, on a

Statement of facts. No comments.

test basis, evidence 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's and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

Statement of facts. No comments.

(ii) The Balance Sheet, Income and Expenditure Account and Receipt and Payment Account dealt with by this report have been drawn up in the format of the financial statement for central higher educational Institutions (format) prescribed by the MHRD, Government of India.

Statement of facts. No comments.

(iii) In our opinion proper book of accounts and other relevant records have been maintained by the Institute as required under section 23(1) of the Institutes of Technology Act 1961. Insofar as it appears from our examination of such books.

Statement of facts. No comments.

(iv) We further report that:

(A) Balance Sheet

(A.1) Reserve & Surplus (Hall Management A/c)

(A.1.1) In the Balance sheet of Fund Hall Management Account, Opening balance of Reserve & Surplus was shown as Rs. 253.63 lakh instead of 281.30 lakh (Closing balance of financial year 2015-16). Thus, the Reserve & Surplus was reflected

Enclosed as Annexure '1'.

less by Rs. 28.07 lakh. No disclosure had given in the Note on accounts.

(A.1.2) The Institute charged depreciation at different rates than the rates prescribed by MHRD in its format of financial statement which resulted in excess charging of depreciation with consequent understatement of Fixed Assets by Rs. 19246.82 lakh and overstatement of expenditure by the like amount as detailed in Annexure-A.

(A.2) Investments (Fund Hall Management)
In the balance sheet of fund hall management accounts, opening balance of investment was shown as Rs. 236.47 lakh instead of Rs. 267.16 lakh (closing balance as indicated in the balance sheet of financial year 2015-16) thus the investment was reflected less by 30.69 lakh. However, no disclosure was given in the note on accounts.

(A.3) Current Assets
The Institute had given Rs. 32.29 crore as advance on capital account which included Rs. 2.18 crore as mobilization advance to contractors during the financial year 2015-16 the interest accrued on mobilization advance @ 10 percent amounting to Rs. 21.80 lakh had not been provided which resulted in understatement of Current Assets and as well as other income by Rs 21.80 lakh each.

(B)General

(B.1) An amount of Rs 469.00 lakh deposited in a Bank Account (No. 35235615974) which was not part of the Annual Accounts. But the amount was reflected in the balance under the Bank Account No. 10426002126 in the Annual Accounts.

Enclosed as Annexure '2'.

Enclosed as Annexure '3'

Enclosed as Annexure '4'

Due to system error (No New Bank Account could be opened in software), an entry in books of accounts was passed in Account No. 10426002126 reflecting that amount of Rs. 469.00 Lacs was deposited in this account. Whereas the same was deposited in Account No. 35235615974. To disclose the same correctly, only 1 account has been used by the system. Since there is no overall effect of the same, the Para may kindly be dropped.

(B.2) Balances of seven Bank accounts of Rs.585.39 lakh was reflected under one Bank account in Schedule-7.

The Balance of Rs. 585.39 Lacs represents amount held by Endowment in 7 different accounts. Due to human error, the same has been disclosed in 1 account. Since there is no overall effect of the same in the Balance Sheet, the Para may kindly be dropped. It is assured that the same will be taken care of in next financial year statement.

(B.3) The lease land should be amortised over the period of lease. As per lease deed, two plots of 16000 and 2337.50 square meter (sq.m) were given to the Institute by NOIDA on lease basis in October, 2008 with a lease term of 90 years having the lease premium of Rs. 8.16 crore and Rs. 1.19 crore respectively. The total lease amount of Rs. 9.35 crore should be amortised on the lease period but the Institute amortized one time lease rent of Rs. 2.57 crore (Annual rent Rs. 2.86 lakh) instead of lease premium of Rs. 9.35 crore in contravention of the aforesaid provisions.

Your kind attention is drawn to Para A.2. of Audit Report on accounts of the Institute for the year 2011-12. As per this observation the value of land allotted to the Institute was capitalized in the year 2012-13 (Refer to Schedule - '5' Page No. 54 of Audited Balance Sheet as at 31.03.2013). The value of land of IET NOIDA was Rs. 11.72 Crore instead of 9.35 Crore observed by the then auditors.

Thus the observation that Rs. 9.35 Crore was the lease rent is not correct. The total lease rent paid in advance to IET NOIDA was Rs. 2,85,76,352 which is being amortize over 90 years of lease period which works out to Rs. 285760.00 per year.

The observation made by auditors is not correct. Hence, the Para may kindly be dropped.

(C) Grants -in -Aid

(C.1) The Institute received grants-in-aid of Rs. 397.35 crore (Plan Rs. 197.50 crore and Non Plan Rs. 199.85 crore) from Ministry of Human Resource Development, Government of India during the year 2015-16. Further, the Institute generated Internal income of Rs. 177.91 crore during the year. After taking into account an opening balance of Rs (12.11) crore, the total funds available worked out to Rs. 563.15 crore. Out of which

Statement of facts. No comments.

the Institute utilized a sum of Rs. 599.59 crore leaving a balance of Rs. (36.44) crore {(Plan Rs. (8.51) crore and non -plan (27.93) crore}.

(C.2) The Institute received projects grant of Rs. 144.58 crore (Govt. of India Rs. 73.48 crore, State Govt. Rs. 2.02 crore and others Rs. 69.08 crore) during the financial year 2015-16. After taking opening balance of Rs. 109.61 crore the total funds available worked out to Rs. 254.19 crore, out of which the Institute utilized Rs. 57.52 crore leaving a balance of Rs. 196.67 crore at the end of year.

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

(vi) In our opinion and to the best of our information and according to the explanations given to us the said financial statements read together with the Accounting Policies and Notes to Accounts, and subject to the significant matters, stated above and other matters mentioned in Annexure-1 to this Audit Report gives 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 the Indian Institute of Technology, Kanpur as at 31 March, 2016, and
- b. In so far as it relates to Income and Expenditure of the 'surplus' for the year ended on that date.

For and on behalf the C & AG of India
Place: Lucknow.
Date: Principal Director of Audit (Central)

Statement of facts. No comments.

Statement of facts. No comments.

Statement of facts. No comments.

Statement of facts. No comments.

Statement of facts. No comments.

Annexure

1. Adequacy of Internal Audit System

The Internal Audit System reflected following deficiencies:

- Conducting of Internal Audit in the Institute is not in practice.
- Only Vouchers are pre-audited by Internal Audit,
- No Internal Audit Manual was prepared by the Institute to conduct the Internal Audit.

The internal audit unit pre-audits all expenditure proposals above Rs. 5,000 and payments to contractors and vendors. The unit also pre-audits all pay and pension fixation cases and calculation of terminal benefits. The unit also acts as an interface between the Institute and CAG. The unit reports directly to the Deputy Director to ensure its internal independence. The Institute will have an internal audit manual prepared and also employ the same for comprehensive internal audit of randomly selected one academic department and one section in the current financial year (FY 2016-17).

2. Adequacy of Internal Control System

The Internal Control System reflected following deficiencies:

- Day to day transactions were not entered in the cash books relating to Axis Bank Account (No 91301005385634) and ICICI Bank account (No 104G01000838). The cash books were neither closed nor verified at the end of the months.
- The Institute incurred excess expenditure of Rs. 8.51 crore under Plan grant and Rs. 42.71 crore under Non-Plan Grant during financial year 2015.-2016. Similarly in 2014-2015 excess expenditure of Rs. 8.03 crore and Rs. 4.08 crore were incurred under Plan and Non-Plan which reflects lack of control over financial management in the Institute.

The two bank accounts referred to by audit are dedicated bank accounts for receiving students' fee and witness high activity at selected times of the year only. However, audit's comment is well taken and their observation is dully noted for full compliance from the current financial year (FY 2016-17).

The excess expenditure reported by audit was a result of Institute's unavoidable liabilities of scholarships (Plan), salary and pension (Non-Plan) which have to be paid on definite dates each month. This is, therefore, not a case of lack of control over financial management in the Institute but an unavoidable

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<p>3. System of Physical Verification of Fixed Assets Physical verification of fixed assets was carried out by the Institute except land & building and books & journals- the year 2015-16.</p> <p>4. System of Physical & Verification of inventory Physical verification of inventory was carried Out by the Institute for the year 2015-16.</p> <p>5. Regularity in Payment of statutory dues The recovered statutory dues are remitted to the Government Account through various challans as per the schedule.</p> <p style="text-align: right;">Director of Audit (CE)</p>	<p>and recurring liability that has to be discharged without fail. The Institute has already requested MHRD to make good this overspending of previous years in the current financial year (FY 2016-17).</p> <p>The Institute will carry out physical verification of all its fixed assets including land and buildings and books and journals in the current financial year (FY 2016-17).</p> <p>Statement of fact. No comments.</p> <p>Statement of fact. No comments.</p>
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Annexure-A

Sl. No	Assets	Gross block as on 31.03.2016	Depreciation per MHRD Guidelines	Depreciation charged by the Institute	Difference
1	Plant & Machinery	2079.04	103.95	153.61	-49.66
2	Computer Peripherals Equipment	11802.70	2360.54	4370.55	-2010.01
3	Lab. & Science Equipment	76081.18	6086.49	22117.43	-16030.94
4	General Equipment	11948.95	896.17	2733.05	-1836.88
5	Furniture & Fixture	2458.09	184.36	479.04	-294.68
6	Vehicles	94.28	9.43	.91	8.52
7	Donated Equipment	83.46	6.26	5.00	1.26
8	Periodicals & Journal	13375.18	1337.52	827.83	509.69
9	Library Books	2664.77	266.48	197.53	68.95
10	E-Journal	1342.65	537.06	142.33	388.73
11	Patents	40.98	4.55	6.35	-1.80
				Total	-19246.82

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ANNEXURE '1'

This is to submit that till Financial Year ended 31.03.2015 a consolidated Balance Sheet of Hall Management was being prepared and disclosed separately (Refer to Page No. 9 of Audited Balance Sheet as at 31st March'2015). This included that of:

- a. Hall Management
- b. Fund Hall Management
- c. Pension Hall Management
- d. Hall Affairs

In Financial Year 2015-16, separate Balance Sheets of all the above units have been prepared and these have been merged with Consolidated Balance Sheet of the Institute **excluding that of Hall Affairs** as Hall Affairs has been identified as an independent and separate unit. Separate Balance Sheet of Hall Affairs has been prepared and is attached with the Consolidated Balance Sheet of the Institute.

While preparing separate Balance Sheet of above units, differences inter unit were identified and have been adjusted accordingly. It can be seen from the chart given below that the total Opening Balance as on 01.04.2015 taken in Balance Sheet of 31.03.2016 tallies with that as per previous year Audited Balance Sheet as at 31.03.2015 :

HEAD OF ACCOUNT	CLOSING BALANCE AS ON 31.03.2015 AS PER AUDITED BALANCE SHEET	OPENING BALANCE AS ON 01.04.2015 AS PER BALANCE SHEET AS AT 31.03.2016
RESERVES & SURPLUS		
Hall Management	268063.00	10043359.00
Pension Hall Management	6967676.00	
Fund Hall Management	28170291.00	25362671.00
Hall Affairs	4022878.00	4022878.00
TOTAL	3,94,28,908.00	3,94,28,908.00

Thus, the total opening balance taken in current year Balance Sheet tallies with that as per closing balance as on 31.03.2015 as contained in previous year Audited Balance Sheet.

Reference is made to **Schedule 24 – “Notes on Accounts” Para – 1** which clearly confirms that Hall Affairs Balance Sheet has been prepared separately.

Since this is the first year of preparation of consolidated balance sheet, several adjustments have been made in previous year figures and proper disclosure has been made in **Schedule 24 – “Notes on Accounts” Para – 15**.

In view of the above, the Audit Para may kindly be dropped.

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ANNEXURE '2'

Depreciation on Fixed Assets has been charged by the Institute at the rates as approved by BOG in their meeting held on 19.08.2011. The same fact has been disclosed in **Schedule 23 – “Significant Accounting Policies - Para – 3”**.

Moreover, attention is drawn to Schedule 23 – “Significant Accounting Policies” prescribed by MHRD in its format of Financial Statements where in it is clearly mentioned that these are “**ILLUSTRATIVE**”. Thus, the rates suggested are not mandatory to be followed by the institute.

However, for your kind information, the rates approved by BOG were fixed after giving due consideration to the life period of the concerned asset. In view of above the Para may kindly be dropped.

R 10

AP-137

ANNEXURE '3'

As replied in Para A.1.1. above, investments have been regrouped in order to separate Hall Affairs from Consolidated Balance Sheet and to merge Hall Management in Consolidated Balance Sheet. The details of Investments are as under:

HEAD OF ACCOUNT	CLOSING BALANCE AS ON 31.03.2015 AS PER AUDITED BALANCE SHEET	OPENING BALANCE AS ON 01.04.2015 AS PER BALANCE SHEET AS AT 31.03.2016
INVESTMENTS		
Hall Management	0.00	3068963.00
Pension Hall Management	0.00	0.00
Fund Hall Management	26716432.00	23647469.00
Hall Affairs	0.00	0.00
TOTAL	2,67,16,432.00	2,67,16,432.00

Since this is the first year of preparation of consolidated balance sheet, several adjustments have been made in previous year figures and proper disclosure has been made in **Schedule 24 – “Notes on Accounts” Para – 15**

In view of the above, the Audit Para may kindly be dropped.

R 11

AP-138

ANNEXURE '4'

The breakup of Mobilization Advances as on 31.3.2016 is as under:

YEAR OF ADVANCE	NAME OF PARTY	AMOUNT
March'2016	Bombay Paints Sales Company	13897446.00
Feb'2015	Gupta Enterprises	4400000.00
March'2016	Multistoried Residential Flat	3500000.00
	TOTAL	2,17,97,446.00

From the above chart, it can be seen that outstanding advances mostly relate to late March'16 and it can't be generalized that interest @ 10% should have been accounted for as income on accrual basis. Further, as per practice followed by the Institute, interest is accounted for at the time of adjustment/refund of mobilization advance. However, from next financial year, this will be properly taken care of on accrual basis.

Keeping in view materiality involved, the Para me kindly be dropped.

R 12

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भारतीय प्रौद्योगिकी संस्थान कानपुर INDIAN INSTITUTE OF TECHNOLOGY, KANPUR

वित्त एवं लेखा विभाग
FINANCE AND ACCOUNTS SECTION

मनोज कुमार दिवाकर
Manoj Kumar Diwakar

उप कुलसचिव (वित्त एवं लेखा)
Deputy Registrar (Finance & Accounts)

MOST IMMEDIATE

No. IITK/FIN/Budget/2016-17/
Date: 10 November, 2016

Ms. Tripti Gurha
Director (IITs)
Ministry of Human Resource Development
Department of Higher Education
Technical Section I
Shastri Bhawan
New Delhi - 110 115

Subject: Method and the rates of depreciation on Fixed Assets for preparation of FY 2015-16 accounts.

Dear Madam,

This has reference to 2016/4th meeting of Institute's Finance Committee held on 4th November, 2016 at IIT Delhi during which the Committee has desired to seek confirmation from MHRD regarding method and rates of depreciation on Fixed Assets to be adopted by IITs while preparing their accounts.

2. MHRD provided revised formats of Accounts of Central Educational Institutions (CEIs) vide their letter no 29-4/2012-IFD dated 17th April 2015. While the Institute has adopted the Straight Line Method of depreciation (as prescribed by MHRD) but the rates adopted are as approved by our Board of Governors at its meeting of 19th August 2011. These rates are slightly different from the rates provided by MHRD. However, Schedule 23-(Significant Accounting Policies) of the MHRD guidelines clearly mentions that these are "ILLUSTRATIVE" and therefore not mandatory to be exactly adopted by the Institute.

3. Table below compares the depreciation rates recommended by MHRD and as employed by the Institute for its FY 2015-16 accounts:

S.No.	Fixed asset type	Annual Depreciation MHRD recommended	Annual Depreciation IITK adopted
1	Land	0%	0%
2.	Site Development	0%	0%
3	Buildings	2%	2%
4	Roads & bridges	2%	0%

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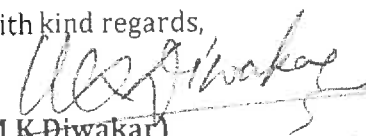
उप कुलसचिव (वित्त एवं लेखा)

Deputy Registrar (Finance & Accounts)

S.No.	Fixed asset type	Annual Depreciation MHRD recommended	Annual Depreciation IITK adopted
5	Tube wells & Water Supply	2%	2%
6	Sewerage & Drainage	2%	2%
7	Electrical Installation and equipment	5%	9.5%
8	Plant & Machinery	5%	9.5%
9.	Scientific & Laboratory Equipment	8%	9.5%
10.	Office equipment	7.5%	9.5%
11	Audio Visual Equipment	7.5%	9.5%
12.	Computers & Peripherals	20%	19.5%
13	Furniture, Fixtures & Fittings	7.5%	9.5%
14	Vehicles	10%	9.5%
15	Lib. Books & Scientific Journals	10%	9.5%
16	E- Journals	40%	19.5%
17	Computer Software	40%	19.5%
18	Patents and Copyrights	9 years useful life	9.5%

4. Kindly confirm that the depreciation rates adopted by the Institute are in order.

With kind regards,


(M.K. Diwakar)

Copy to: 1. Director/Dy. Director/Finance Officer/Registrar, IIT Kanpur- for kind Information please
2. Shri Ashok Maheshwari, Director (Finance), MHRD, Shastri Bhawan, New Delhi