

**MINUTES OF THE 33RD FINANCE & AUDIT COMMITTEE (F&AC) MEETING HELD ON
9TH JUNE, 2015 (TUESDAY) AT 11:00 A.M. AT NIFT, ROOM NO. 35, MINISTRY OF
TEXTILES, UDYOG BHAWAN, NEW DELHI**

The following Members were present:

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| 1. | Sh. B.P Pandey, AS&FA, MOT | Chairperson |
| 2. | Smt. Sunaina Tomar, DG-NIFT & JS, MOT | Member |
| 3. | Sh. Anand Kedia, Director (F&A), NIFT | Member Secretary |

The following were also present:

- i) Mr. Abdul Malik, Deputy Director (F&A-II), NIFT
- ii) Mr. Rajesh Kumar Ojha, Deputy Director (F&A-III), NIFT
- iii) Mr. Ramesh Koul, M/s. Gianender & Associates, Internal Auditor
- iv) Ms. Rajni Shah, Assistant Board Secretary
- v) Ms. Nidhi Gupta, Sr. Asst. Accounts, NIFT

The following were granted leave of absence:

Sh. Sunil Sethi, President FDCI and Sh. William Bissell, Managing Director, Fabindia Overseas Pvt. Ltd.

AGENDA ITEM NO. 3301

**To confirm minutes of the 32nd meeting of Finance & Audit Committee held on 28th
April, 2015 at 11:00 a.m. at room no. 162, Ministry of Textiles, Udyog Bhawan,
New Delhi**

The minutes of the meeting had been circulated to all the members of the Committee. No changes or modifications were proposed. The minutes were therefore confirmed without any modification.

AGENDA ITEM NO. 3302

Action Taken Report on last minutes of the Finance & Audit Committee Meeting

The F&AC was informed that all the agendas having financial implications are placed before the Board along with recommendations of the F&AC.

<u>Agenda item no. 2706 (27th F&AC)</u> Allowing NIFT to follow GFR Rule 145 and GFR 146 for works and services	The F&AC noted that due to paucity of time, this agenda item could not be discussed in the last BOG. It would now be presented in the next BOG Meeting for approval.
<u>Agenda item no. 2806 (28th F&AC)</u> TABLED AGENDA ITEM NO. B Proposal for approval of Revised Estimated Cost of Buildings Works	Director (F&A) informed the F&AC that the Board in its last meeting had approved the proposal to send a draft Cabinet note for

	<p>extension of timeline for implementation of OBC Quota. MoT had communicated that Government shall not be giving any money for cost escalation of Rs. 48 Crores and that shall have to be borne by NIFT. It should be discussed in next BOG meeting.</p>
<p><u>Agenda item no. 2904 (29th F&AC)</u> Consideration of Cost Escalation of Mumbai Campus under OBC Project</p>	<p>The F&AC recalled that it had not approved the agenda regarding cost escalation of Mumbai Campus under OBC Project. The Committee was informed that as per the directions of BOG, an evaluator namely M/s IIT Mumbai has been appointed for verification of the revised estimates. The F&AC desired that technical analysis of cost escalation may be done by the evaluator as to whether the cost escalation was justified or not. The Report of the evaluator may be presented before the F&AC and BOG.</p>
<p><u>Agenda item no. 3002 (30th F&AC)</u> Action Taken Report on last minutes of the Finance & Audit Committee Meeting</p>	<p>Regarding release of pay commission arrears by the MoT, the Director (F&A) informed the Committee that reply of Ministry is awaited. The F&AC directed that the matter may be followed up with the Ministry.</p>
<p><u>Agenda item no. 3106 (31st F&AC)</u> Account of Reimbursement of Mobile Handset to entitled officers</p>	<p>The F&AC noted that mobile reimbursement policy of NID has been annexed without NIFT's managements' comments. It directed that NID's policy without NIFT's managements' comments, as to whether it can be adopted in NIFT or not, is of no use. F&AC recalled that the Board had directed that the policy of reimbursement of mobile handset for NID</p>

	<p>may be studied. Accordingly, the F&AC directed that same along with NIFT's managements' comments may be placed before the Board for consideration.</p>
<p>Agenda item no. 3203 (32nd F&AC) Status of Capital Expenditure and Revenue Income & Expenditure for Nine Months ending December 31st, 2014</p>	<p>The F&AC noted the action taken on the decisions of the F&AC against the respective agenda items.</p>
<p>Agenda item no. 3204 (32nd F&AC) Consolidated Internal Audit Report of NIFT for the Third Quarter Ended on 31stDecember, 2014</p>	
<p>Agenda item no. 3205 (32nd F&AC) Reappointment of Current Internal Auditors or Appointment of New Internal Auditors for the Financial Year 2015-16</p>	<p>Director (F&A) informed the F&AC that a letter was written to the chairperson BOG, asking her to give directions as to whether the agenda on the reappointment of current internal auditor or the appointment of a new internal auditor be approved by the Board through circulation or in the BOG Meeting. In response to this, Chairperson BOG had advised that the current Internal Auditors may be given appointment for the current Financial Year, 2015-16. For the next year, an agenda in this regard may be placed before the Board well in time so that the Board could appreciate, discuss and then take a considered decision on the proposal. Chairperson BOG has also directed that this agenda with the extension for one year, may be brought for ratification before the Board at the next meeting.</p> <p>Regarding Process Audit Report, the F&AC was informed that the final comments on the draft Process Audit report have been submitted to the Internal Auditors. The final Process Audit Reports</p>

	<p>with the recommendation of the Auditors on the Process Audit was placed before the F&AC. The Director (F&A) informed the F&AC that the Internal Auditors in their Process Audit Report have advised for maintenance of lot of Registers for which 2 to 3 additional employees at Accounts Department in each Campus would be required. The Internal Auditor clarified that Registers are not required to be maintained in physical form. Registers can be maintained in e-form. Director (F &A) stated that the ERP division of NIFT also has shortage of manpower. The DG NIFT assured that she would take care of the manpower and other issues. AS&FA desired to know the timelines for implementation of recommendations of the Process Audit Report. DG-NIFT ensured that Process Audit would be implemented within 3 months.</p>
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AGENDA ITEM NO. 3303

Review and Approval of Annual Accounts for the Financial Year 2014-15

Director (F&A) presented the Audited Annual Accounts of NIFT for the Financial Year 2014-15. F&AC was informed that all the three recommendations of the F&AC which were made at the time of approving the last year Accounts have been implemented. The Fee income has been recognized and recorded on accrual basis in the financial year 2014-15 as recommended by the F&AC. Fee received in advance amounting to Rs. 33.50 crores has been recognized as "Advance fee from students" during the year 2014-15 therefore the same has not been reflected in the revenue which earlier used to get reflected. Standardization of accounts heads has been implemented and made uniform across all campuses. Actuarial Valuation for Gratuity and Leave Encashment has been done by LIC.

The AS&FA desired to know the difference between the Actuarial Valuation for Gratuity and Leave Encashment and the valuation for Gratuity and leave Encashment on the basis

of Fundamental Rules and Supplementary Rules (FR&SR) and its impact on the Accounts. Same was explained by Director (F&A) to the Committee.

The Director (F&A) also informed the F&AC that the observations of C&AG auditors made during last year had also been taken care of while preparing the Annual Accounts for the Financial Year 2014-15. Government Grant utilized for purchase of capital assets has been shown separately in Government Grants instead of transferring the same to Capital Fund. Advances released to construction agencies which remained unspent at the end of the year have been shown as Unutilized grant. Rs. 10 Crores arrears on account of additional liability towards pay and allowances due to 6th CPC had been shown as recoverable from Ministry, as NIFT is still hopeful of recovering the same. Transfer of an amount equal to Depreciation on assets purchased out of Govt. grant, as suggested by C&AG, was not done in the Current Year, as in the past. Permission of the Ministry has been sought for following this practice.

With regard to Transfer of an amount equal to Depreciation on assets purchased out of Govt. grant, the Committee directed that the matter was required to be resolved from C&AG Auditors and not from Ministry. As far as arrears on account of additional liability towards pay and allowances due to 6th CPC were concerned, the Committee observed that if the Ministry would not agree to pay the same, it would be required to be written back.

The AS& FA, MoT and Chairman F&AC, desired to know the important issues, if any, to the Annual Accounts. Internal Auditor informed that there are no such issues which were required to be highlighted. Director (F&A) informed the F&AC that Bhopal, Bhubaneswar, Chennai and Shillong Campuses were in deficit for the year 2014-15(after considering fee income on cash basis for 12 months). Director (F & A) explained that most of these campuses are new campuses. Further Shillong and Bhopal campus are incurring losses as they are running only 3 courses from temporary campus. AS&FA pointed out after 5 years of their incorporation Campuses could not be considered as new Campuses. The F&AC advised that if the Campuses cannot become self sufficient in the 5 years from the year of their establishment, they may either be shut down or respective State Governments may be requested to bear the deficit of the NIFT Campuses of their State, till the time they become self sufficient. Campus Directors may be explained in the beginning of the Financial Year about their targets or financial expectations from the concerned Campus.

The F&AC also reviewed the progress of capital expenditure made during the year 2014-15 against RE 2014-15. The F&AC was appraised that an amount of Rs.99.87 crore had been spent against the approved RE 2014-15 of Rs.137.39 Crore by NIFT during the year. The AS&FA directed that the source of funding of the capital expenditure may be provided at the time of preparation of minutes. He further directed that funding out of state government grant and central government grant may be mentioned separately. In this connection, the sources of funding of capital expenditure made during the year 2014-15 against approved RE 2014-15 were as under-

(Rs. in crore)

Sr. No.	Source of Funding	Scheme	Fund Available during the year 2014-15			Actual expenditure incurred
			Opening Balance	Received during year	Total	
1	Central Govt. Grants	OBC	10.12	50.00	60.12	66.15
		NER	5.00	10.00	15.00	
		Raebareli-NIFT*	0.15	0.00	0.15	
2	State Govt. Grants**		41.84	43.31	85.15	28.22
3	NIFT Own funds					5.50
		Total				99.87

* Since the budgeted figures does not include the amount to be released directly to M/s ITI for construction of permanent campus of NIFT Raebareli therefore, the amount released directly by MOT to ITI of Rs. 15 crore has not been shown in the above table.

** State Govt. grant received from the respective State Government for the construction of NIFT Campuses at Bhopal, Bhubaneswar, Jodhpur, Kannur, Kangra, Patna and Srinagar.

The Committee considered of the Audited Annual Accounts for the Financial Year 2014-15 and recommended the same for BOG's approval.

AGENDA ITEM NO. 3304

Any other item with the permission of chair

The meeting concluded with vote of thanks to the Chair.