

राष्ट्रीय फैशन टेक्नालॉजी संस्थान, निफ्ट, मुख्यालय, नई दिल्ली

NATIONAL INSTITUTE OF FASHION TECHNOLOGY
HEAD OFFICE, NEW DELHI



कार्यसूची

AGENDA

निफ्ट की वित्त एवं लेखा परीक्षा समिति (एफ एंड एसी)
की 33वीं बैठक

33rd MEETING OF FINANCE & AUDIT COMMITTEE
(F&AC) OF NIFT

**VENUE : ROOM NO. ³⁵141, MINISTRY OF
TEXTILES, UDYOG BHAWAN,
NEW DELHI**

DATE : 9TH JUNE, 2015 (TUESDAY)

TIME : 11:00 A.M.

राष्ट्रीय फैशन टेक्नालॉजी संस्थान,
निफ्ट, मुख्यालय, नई दिल्ली

निफ्ट/बोर्ड सचिवालय/ 33वीं एफ एंड एसी/ 2015

दिनांक: 04/06/2015

Subject: 33rd Meeting of Finance & Audit Committee (F&AC) of National Institute of Fashion Technology – Agenda Notes

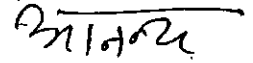
VENUE : ROOM NO. ³⁵141, MINISTRY OF TEXTILES,
UDYOG BHAWAN, NEW DELHI

DATE : 9TH JUNE, 2015 (TUESDAY)

TIME : 11:00 A.M.

In continuation of email dated 29.05.2015 notifying the Finance & Audit Committee Meeting of NIFT, Agenda notes for the Meeting are forwarded herewith.

आप से अनुरोध है कि आप इस बैठक में भाग लेने की कृपा करें।



(आनन्द कुमार केडिया)

निदेशक (वित्त एवं लेखा) एवं सदस्य सचिव वित्त एवं लेखापरीक्षा समिति

To:

- | | |
|--|-------------------------------------|
| 1. Shri B.P Pandey
AS&FA
Ministry of Textiles
Udyog Bhawan, New Delhi | Chairperson F&AC |
| 2. Smt. Sunaina Tomar
DG-NIFT &
Joint Secretary, MoT
New Delhi | Member of F&AC |
| 3. Shri Sunil Sethi
President FDCI
Fashion Design Council of India
209, Okhla Industrial Estate, Phase III
New Delhi – 110020 | Member of F&AC |
| 4. Shri William Bissell
Managing Director
Fabindia Overseas Pvt. Ltd.
C-40, Phase-II, 2 nd Floor,
Dayal Estate, New Delhi – 110020 | Member of F&AC |
| 5. Shri Anand Kedia
Director (F&A)
NIFT, New Delhi | Member Secretary of F&AC |

राष्ट्रीय फैशन टेक्नालॉजी संस्थान,

बिफ्ट, मुख्यालय, नई दिल्ली

**33rd Meeting of Finance & Audit Committee (F&AC) of
National Institute of Fashion Technology**

VENUE : ROOM NO. ³⁵141, MINISTRY OF TEXTILES,
UDYOG BHAWAN, NEW DELHI

DATE : 9TH JUNE, 2015 (TUESDAY)

TIME : 11:00 A.M.

A G E N D A

**AGENDA
ITEM NO.**

PARTICULARS

**PAGE
NO.**

3301	To confirm minutes of the 32 nd meeting of Finance & Audit Committee held on 28 th April, 2015 at 11:00 a.m. at room no. 162, Ministry of Textiles, Udyog Bhawan, New Delhi	1-5
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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 32nd Meeting of F&AC held on 28th April, 2015 at Room no. 162, Ministry of Textiles, Udyog Bhawan at New Delhi were circulated to the members for comments.

No comments have been received from the members. The Finance & Audit Committee may therefore consider confirming the minutes as circulated and placed below at **Annexure-3301/I**.

MINUTES OF THE 32ND FINANCE & AUDIT COMMITTEE (F&AC) MEETING HELD ON 28TH APRIL, 2015 (TUESDAY) AT 11:00 A.M. AT NIFT, ROOM NO. 162, MINISTRY OF TEXTILES, UDYOG BHAWAN, NEW DELHI

The following Members were present:

- | | | |
|----|---------------------------------------|------------------|
| 1. | Sh. B.P Pandey, AS&FA, MOT | Chairperson |
| 2. | Smt. Sunaina Tomar, JS, MOT | Member |
| 3. | Shri Prem Kumar Gera, DG-NIFT | Member |
| 4. | 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) Smt. Manju Aggarwal, M/s. Gianender & Associates, Chartered Accountant
- iii) Ms. Rajni Shah, Assistant Board Secretary
- iv) Ms. Nidhi Gupta, Sr. Asst. Accounts, NIFT

The following were granted leave of absence:

Sh. Sunil Sethi, President Fashion Design Council of India and Sh. William Bissell, Managing Director, Fabindia Overseas Pvt. Ltd.

AGENDA ITEM NO. 3201

To confirm minutes of the 31st meeting of Finance & Audit Committee held on 29th December, 2014 at 11:00 a.m. at Room no. 141, Ministry of Textiles, Udyog Bhawan, New Delhi

The minutes of the meeting was 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. 3202

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

The Action Taken Report on the decisions of the last meetings of the F&AC was noted with the following observations:

Regarding agenda item no. 2904, the Committee was informed that as per the directions of the Board, an Evaluator namely M/s IIT Mumbai had been selected and appointed for verification of the revised estimates. AS&FA desired to know, if the Terms of Reference of appointment of an Evaluator had been agreed to by the Board. It was clarified that the terms of reference were conveyed to M/s IIT Mumbai on the basis of directions of the Board as recorded in the Board meeting minutes. It was also informed that after receiving the report from the Evaluator, the matter would be presented to the F&AC and Board.

That on the issue of Pay Commission arrears (agenda item no. 3002), Director (F&A) informed that the revised calculation of Rs. 27.75 crores was arrived at in pursuance of discussion with the MoT. Ministry vide letter dt. 07.11.2014 followed by reminder dated 28.01.2015 and

21.04.2015 had been requested to release 6th CPC arrears. However, response of the Ministry was awaited. DG requested JS (MoT) to process the same on their file.

Regarding agenda item no. 3003, the Director (F&A) presented a Report on old outstanding advances. The Committee was informed that regular efforts were being made to settle the old outstanding advances and balance outstanding as on 31.03.2015 against Contractor and staff was Rs. 46.77 lakhs and Rs. 21.83 lakhs respectively. AS&FA inquired about the time frame by which all advances would be settled/ written off and accounts would be cleaned in this respect. Time frame of March 2016 was agreed to for settlement/writing off of the old outstanding advances. AS&FA directed that case wise detailed analysis may be made and advances may be divided into recoverable and non-recoverable advances and how much NIFT had to recover from the concerned. Status of the same may be put up once old outstanding advances were settled/ written off.

AGENDA ITEM NO. 3203

Status of Capital Expenditure and Revenue Income & Expenditure for Nine Months ending December 31st, 2014

Director (F&A) presented the status of Capital Expenditure and Revenue Income & Expenditure for nine months ending December 31st, 2014. F&AC was informed that Finance Department has prepared tentative Revenue Income and Expenditure for the year ended 2014-15, and same was also placed before the Committee. The F&AC noted that as per the tentative estimate for the year ended 2014-15, the excess of Income over Expenditure comes to Rs. 390 lakhs after transferring Rs. 360 lakhs to Department Development Fund (DDF). The F&AC expressed its satisfaction on the Revenue Income achieved. AS&FA desired to know, if there was any, drastic variation in any individual head vis-a-vis the revised estimate. The Committee was informed that out of Revenue Income of Rs. 175 Crores, fee component was Rs. 140 Crores. i.e. 80% of the Revenue.

The Committee noted that the Capital Expenditure for the nine month ending December 2014 is of Rs. 137 crores. It was informed that the Capital Expenditure of Rs. 137 Crores was inclusive of Expenditure done by the State Government. AS&FA directed that while presenting the report on Capital expenditure for year 2014-15, NIFT should give breakup of capital expenditure made out of fund given by State Governments and out of Central Govt. grant., shortfall vis-a-vis budget, reasons for shortfall and its implication in term of running courses/ classes, infrastructure and the strategy to tackle the shortfall.

The F&AC considered the status of Capital Expenditure and Revenue Income & Expenditure and recommended the same for Board's approval.

AGENDA ITEM NO. 3204

Consolidated Internal Audit Report of NIFT for the Third Quarter Ended on 31st December, 2014

Smt. Manju Aggrawal CA, Internal Auditor, M/s Gianender & Associates, Chartered Accountants presented the Consolidated Internal Audit Report of NIFT for the Third Quarter ended on 31st December, 2014. The Committee desired to know the systemic faults/ lapses/ major issues, which needed to be highlighted and brought before the Committee. The Auditor brought the following lapses before the Committee:

- (i) Payment was to be made to All India Management Association (AIMA) on the basis of number of candidates who took part in examination and subsequent interview and group discussion. On 05.03.2014, AIMA raised bill for 6269 candidates where Additional students were 4969, whereas AIMA raised bill dated 01.10.2014 for 5171 Additional students. The addition of 202 students after finalization of written test held on 23.02.2014 was not justified and payment should not be released for more than 4969 students. Director (F &A) clarified that no excess payment had been made to AIMA and actual payment had been made for 4969 students only.

The Committee took note of the above.

- (ii) That for the new Building project of Delhi Campus, Rs. 10 Crore had been given to DSIIDC (Construction Agency). However no distinction of Account is being maintained by NIFT i.e how much was for the mobilisation advances & security advances and how much was for the payment towards settlement of Account of DSIIDC. Whole payment of Rs. 10 crore had been accounted in the Books of Accounts of NIFT as Advances. Internal Auditors had suggested that DSIIDC may be requested to provide expenditure statement bill wise so that the same could be verified by NIFT Officials with construction work going at the Delhi Campus. Director (Finance) was requested to take up this with DSIIDC.
- (iii) That at the time of internal audit for the fourth quarter reconciliation of fee was not completed in Delhi Campus. Director (Finance) was requested to present a complete picture in next meeting of F&AC.
- (iv) That as per the Project Cell an FDR in PNB was being showed for Rs. 72,55,273/- but the same was not shown at the time of physical verification. However an FDR of Rs. 79,30,618/- of UBI was shown and same had not appeared in the Book of Project Cell. F&AC was informed that the FDR of PNB had matured and the amount was reinvested in the FDR of UBI Bank. Director Finance assured that recurrence of such instance would be avoided.

The Committee took note of the Consolidated Internal Audit Report of NIFT for the Third Quarter ended on 31st December 2014 and recommended the same to the BOG for consideration.

AGENDA ITEM NO. 3205

Reappointment of Current Internal Auditors or Appointment of New Internal Auditors for the Financial Year 2015-16

Internal Auditor informed the Board that they had carried out the process audit for 13 processes of NIFT and draft report of the process audit had been given to the NIFT for their comments and same were still awaited. The F&AC directed that within 15 days i.e. by 15th May 2015 comments on draft Process Audit Report may be handed over to the Internal Auditor who in turn would finalize the Process Audit Report in next 15 days i.e. by 30th May, 2015. So that the same could be placed before the F&AC and the Board. Smt. Manju Aggarwal, Internal Auditor also gave power point presentation before the Committee on the Process Audit of the Purchase procedure for consumable items.

At the time of discussion on the re-appointment of current Internal Auditors or Appointment of New Internal Auditors for the Financial Year 2015-16, Smt. Manju Aggarwal, CA, Internal Auditor recused herself from the meeting.

Director (F&A) briefed the Committee that as per the terms and conditions of the tender document, the term of appointment of internal auditor was further extendable for a period of two financial years i.e. 2015-16 and 2016-17 with a 5% escalation per annum on 90% of the fee paid in first year. The F&AC was also briefed that as per contract signed with the Auditors their appointment could not be for more than three years in total.

The Committee was also informed that in view of the directions given by the Board in its meeting held in September 2014 and February 2015, the reappointment of the current internal auditor or appointment of new internal auditors for 2015-16 was to be considered by F&AC whose recommendations would be placed before the Board for a final decision.

The Committee was informed that for this purpose, an evaluation of performance of current Internal Auditor was called for in the form of a questionnaire from all NIFT campuses. The mean score for all campuses comes to 7.29. Director (F & A) stated that as a part of NIFT management he was satisfied with the performance of current internal auditors and therefore recommended them for reappointment. The F & AC recommended the current internal auditors for reappointment to the Board for the Financial Year 2015-16.

AGENDA ITEM NO. 3206

Any other item with the permission of chair

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

AGENDA ITEM NO. 3302**ACTION TAKEN REPORT ON LAST MINUTES OF THE
FINANCE & AUDIT COMMITTEE MEETING**

27 th F&AC: 17.04.2014 Agenda item no. 2706 Subject: Allowing NIFT to follow GFR Rule 145 and GFR 146 for works and services		
Summary		Action Taken
<p>The committee was informed that in the previous meeting of F&AC (26th Meeting), the Committee had advised that in case of any deviation from the GFR Rules was required for any large scale procurement and activities where provisions of GFR were affecting the quality / timelines of deliverables, the same could be brought before the F&AC with justification.</p> <p>Referring to the above, Director (F&A) desired for the approval of F&AC to allow NIFT to follow GFR Rule 145 and 146 for works and services upto Rs. 1,00,000/-. After detailed discussion, the committee approved the following:</p> <p>1. For works: The committee took note of rule 132(i) of GFR which reads as under:</p> <p><i>"the detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried out by Central Public Works Department (CPWD)".</i></p> <p>Therefore, it was decided that NIFT may follow CPWD manual for all works.</p>		<p>A detailed agenda note with the recommendations of the Committee as contained in the minutes of the said F&AC Meeting was presented in the 28th BOG Meeting held on 23rd February, 2015.</p> <p>However, due to paucity of time, the agenda item could not be discussed. It would now be presented in the next BOG Meeting for approval.</p>
28 th F&AC: 17.06.2014 Agenda item no. 2806 Subject: Any other item with the permission of Chair		
Summary		Action Taken
<p><u>TABLED AGENDA ITEM NO B</u> <u>Proposal for approval of Revised Estimated Cost of Buildings Works</u></p> <p>Director (F&A) informed the members regarding the extension of time and additional funds required under OBC Quota Plan funds from the Ministry for completing buildings and other infrastructure at NIFT Campuses. He also brought to the notice of the members that while the amount of escalation and increase in funds was nominal at all campuses, NIFT Mumbai was the only case where the cost escalation was substantial. For Mumbai Campus, revised project cost was estimated earlier at</p>		<p>This agenda item was placed before the Board in its last meetings but could not be discussed in detail due to paucity of time and due to lack of clarity on some of the issues. The agenda is therefore pending for the Board's approval.</p> <p>However, it is to be noted that in the</p>

<p>Rs. 119.70 crores which now stands revised at Rs. 147.21 Crores thereby leading to an additional cost of Rs. 27.51 Crores.</p> <p>AS&FA enquired whether such an increase was due to wrong estimation, delay of work or due to change in the scope of work. Chief Engineer, CIDCO clarified that the increase was due to the increase in the cost of steel, concrete and other raw materials. He also added that the increase was also due to the increase in the scope of work. DG also apprised the members that there was a constant delay on the part of CIDCO to complete the project and requested the Chairperson & other members to take some time out to visit the Mumbai campus to overview the project's progress. As regards to the completion of the project, Chief Engineer, CIDCO promised that they would ensure that the new hostel building will be given for occupation by July 2014 and academic block and other buildings should be completed by 31st December, 2014.</p> <p>After detailed discussion, the members of the committee were of the opinion that the issue of cost escalation of Mumbai Campus may be deferred till the figures of escalation with its bifurcation and justifications are finalized.</p> <p>However, the members approved the additional cost for other four campuses i.e. Delhi, Chennai, Gandhinagar & Kolkata amounting to Rs. 18.38 Crores out of the total additional cost of Rs. 63.67 Crores for five campuses (including Mumbai) as brought out in the agenda notes.</p>	<p>last (28th) BOG meeting held on 23rd February, 2015 BOG had approved the proposal to send a draft cabinet note for extension of timeline for implementation of OBC Quota. Accordingly a draft cabinet note for extension of time line for, implementation of OBC scheme, has been sent to MOT.</p>
<p>29th F&AC: 27.08.2014 Agenda item no. 2904 Subject: Consideration of Cost Escalation of Mumbai Campus under OBC Project</p>	
Summary	Action Taken
<p>The Committee was informed that the original estimated cost of project was Rs 216.79 crores, which was approved by the F&AC and BOG in 2008. The estimated cost of the project was further revised to Rs. 119.70 crores, which was also approved by the F&AC and BoG in 2011. The project was started in August, 2010 with the stipulated date of completion as April, 2012 (for work on plot no. 15) and Oct., 2012 (for plot no. 20). The extension of time was also granted upto December, 2013. However, the project had been delayed and the work was still in progress.</p> <p>The Mumbai Campus was managing and closely monitoring the project in close coordination with the PMC M/s CIDCO Ltd. (A company owned by Govt. of Maharashtra) for early completion of the project. The</p>	<p>A detailed agenda note with the recommendations of the Committee as contained in the minutes of the said F&AC Meeting was presented in the 28th BOG Meeting held on 23rd February, 2015.</p> <p>However, due to paucity of time, the agenda item could not be discussed. It would now be presented in the next BOG Meeting for approval.</p> <p>Also, as per the directions of BOG, an evaluator was appointed for verification of the revised estimates provided by CIDCO. Accordingly, IIT</p>

<p>F&AC was informed that Project cost had been escalated due to three reasons i.e. increase in scope of the work, increase in the rates of materials and increase in statutory costs. Further due to cost escalations and deviation/variation in the scope of work additional amount to the tune of Rs. 30.30 crores was required for completion of the project.</p> <p>The Committee directed that due diligence required to be done. The Committee was informed that the Project Engineer NIFT Mumbai Campus had certified the rates and quantity of the project. The F&AC noted the certification given by the Project Engineer Mumbai Campus and approved the re-revised estimated cost of Rs. 150.00 crores involving an additional expenditure of Rs.30.30 crores under OBC Quota Plan funds for completion of buildings and other infrastructure at NIFT Mumbai Campus provided that the rates and quantity of project as per PWD Schedule. In order to be doubly sure that this was a final estimate, it may be rechecked before placing it before the Board of Governors. Further the escalation and extra work should be as per contract and due procedure should have been followed for authorizing the same.</p> <p>In the interest of public investment made, the F&AC recommended to the Board of Governors of NIFT to request Ministry of Textiles to provide additional funds of Rs. 30.30 crores and extension of time period to 31.03.2017 for additional infrastructure being created under the plan scheme for meeting OBC quota obligation at Mumbai Campus.</p>	<p>Mumbai has been appointed for verification of the revised estimates. The report from IIT Mumbai is expected to be received by 15th June, 2015. After receiving the report from the evaluator, the matter would be presented before the F&AC and then before BOG for approval.</p>
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30th F&AC: 20.11.2014

Agenda item no. 3002

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

Summary	Action Taken
<p>The action taken report on the decisions of the last meetings of the F & AC was noted with the following observations:</p> <p>(i) That on the issue of pay commission arrears, Director Finance, NIFT informed the committee that a discussion took place with Under Secretary, MOT in his office on 5-09-2014 where he emphasized that NIFT would be entitled to get pay arrears on account of additional liability towards pay and allowances due to implementation of 6th Central Pay Commission only for the 7 NIFT Campuses which were in existence in 2006 and not for 15 Campuses. Based on this NIFT has calculated that the amount payable to NIFT towards 6th CPC arrears comes to Rs.27.75 crores. NIFT has written a letter to ministry on 7-11-2014 for release of 6th CPC arrears. The committee asked NIFT to follow it up with the ministry, for which DG requested support from the members of the Committee.</p> <p>(ii) Regarding agenda no. 2904, the Committee showed its concern and desired that urgent attention may be given to the Mumbai construction project as it has been delayed considerably. The Committee directed that the matter may be put up before the BOG for consideration and Board members may also be requested to visit NIFT Mumbai campus to have a better understanding of the issues involved.</p>	<p>Till date, we have not received any response from the Ministry to the second reminder letter [no 1551(243)/NIFT/OSD(F&A)/Admissibility of 6th CPC/14-15] sent to the Ministry on 21st April, 2015, as reported in the last F&AC Meeting also. The Ministry has not yet taken any action in this matter.</p> <p>As per the directions of BOG, an evaluator was to be appointed for verification of the revised estimates provided by CIDCO. Accordingly, IIT Bombay has been appointed for verification of the revised estimates. The report from IIT Bombay is expected to be received by 15th June, 2015. After receiving the report from the evaluator, the matter would be presented before the F&AC and then BOG for approval.</p>

31st F&AC: 29.12.2014

Agenda item no. 3106

Subject: **Account of Reimbursement of Mobile Handset to entitled officers**

Summary	Action Taken
<p>Director F&A informed the members about the need for revising the eligibility and defining the financial limit regarding the reimbursement for handset in the existing policy. He also shared the audit objection raised by the NIFT's internal auditors in this regard.</p> <p>After discussion, the members approved the modifications in the existing policy for entitlement of providing mobile handsets as brought out in the agenda notes, regarding return policy the AS & FA suggested</p>	<p>The agenda was put up before the Board members in the 28th BOG Meeting held on 23rd February, 2015.</p> <p>The Board while considering the agenda had directed that the policy of reimbursement of mobile handset for NID may be studied and put up before</p>

<p>that it should be as per Government of India guidelines (As per the existing norms of Prasar Bharti, the codal life of the mobile sets has been fixed for four years and a depreciation @ 25% per year is provided for calculation of the book value of the mobile set for the purpose of calculating its depreciated value.)</p> <p>The agenda was also recommended to BOG for approval.</p>		<p>the Board. The mobile reimbursement policy of NID is at Annexure-3302/I.</p>
<p>32nd F&AC: 28.04.2015 Agenda item no. 3203 Subject: Status of Capital Expenditure and Revenue Income & Expenditure for Nine Months ending December 31st, 2014</p>		
Summary		Action Taken
<p>Director (F&A) presented the status of Capital Expenditure and Revenue Income & Expenditure for nine months ending Decemeber 31st, 2014. F&AC was informed that Finance Department has prepared tentative Revenue Income and Expenditure for the year ended 2014-15, and same was also placed before the Committee. The F&AC noted that as per the tentative estimate for the year ended 2014-15 ,the excess of Income over Expenditure comes to Rs. 390 lakhs after transferring Rs. 360 lakhs to Department Development Fund (DDF). The F&AC expressed its satisfaction on the Revenue Income achieved. AS&FA desired to know, if there was any, drastic variation in any individual head vis-a-vis the revised estimate. The Committee was informed that out of Revenue Income of Rs. 175 Crores, fee component was Rs. 140 Crores. i.e. 80% of the Revenue.</p> <p>The Committee noted that the Capital Expenditure for the nine month ending December 2014 is of Rs. 137 crores. It was informed that the Capital Expenditure of Rs. 137 Crores was inclusive of Expenditure done by the State Government. AS&FA directed that while presenting the report on Capital expenditure for year 2014-15, NIFT should give breakup of capital expenditure made out of fund given by State Governments and out of Central Govt. grant., shortfall vis-a - vis budget , reasons for shortfall and its implication in term of running courses classes, infrasturcture and the strategy to tackle the shortfall.</p> <p>The F&AC considered the status of Capital Expenditure and Revenue Income & Expenditure and recommended the same for Board's approval.</p>		<p>The suggestions given by the committee on the agenda have been noted.</p> <p>Presentation of status of Capital and Revenue Expenditure for Nine month ending December 31st, 2014 before BOG is not needed as the financial result for year 2014-15 is ready for presentation before the F&AC and BOG. Now, the Annual Accounts for year 2014-15 will be presented before BOG after its approval by F&AC.</p>

32nd F&AC: 28.04.2015

Agenda item no. 3204

Subject: **Consolidated Internal Audit Report of NIFT for the Third Quarter Ended on 31st December, 2014**

Summary	Action Taken
<p>Smt. Manju Aggrawal CA, Internal Auditor, M/s Gianender & Associates, Chartered Accountants presented the Consolidated Internal Audit Report of NIFT for the Third Quarter ended on 31st December, 2014. The Committee desired to know the systemic faults/ lapses/ major issues, which needed to be highlighted and brought before the Committee. The Auditor brought the following lapses before the Committee:</p>	
<p>(i) That for the new Building project of Delhi Campus, Rs. 10 Crore had been given to DSIIDC (Construction Agency). However no distinction of Account is being maintained by NIFT i.e how much was for the mobilisation advances & security advances and how much was for the payment towards settlement of Account of DSIIDC. Whole payment of Rs. 10 crore had been accounted in the Books of Accounts of NIFT as Advances. Internal Auditors had suggested that DSIIDC may be requested to provide expenditure statement bill wise so that the same could be verified by NIFT Officials with construction work going at the Delhi Campus. Director (Finance) was requested to take up this with DSIIDC.</p>	<p>A letter was sent to DSIIDC dated 8th May, 2015 (copy enclosed at Annexure-3302/II) regarding submission of bill wise detailed statement of the contractors. Also, a meeting was held with DSIIDC on 12th May, 2015 to discuss the construction work at Delhi and it was requested to DSIIDC that a statement be submitted including</p> <p>(i) Amount, if any, on account of escalations admitted by DSIIDC (ii) Amount actually spent by the contractor and unspent balance lying with contractor against project work at NIFT Delhi (iii) Amount spent/appropriated by DSIIDC and balance position of advances with DSIIDC i.e. mobilization advance and secured advance.</p>
<p>(ii) That at the time of internal audit for the fourth quarter reconciliation of fee was not completed in Delhi Campus. Director (Finance) was requested to present a complete picture in next meeting of F&AC.</p>	<p>The reconciliation of fees was not completed for the third quarter (wrongly written in minutes as 4th quarter) and now the same has been reconciled. The same was forwarded to the internal auditors who have expressed their satisfaction with the reconciliation. (copy of the email is placed at Annexure-3302/III).</p>
<p>The Committee took note of the Consolidated Internal Audit Report of NIFT for the Third Quarter ended on 31st December 2014 and recommended the same to the BOG for consideration.</p>	<p>The Audit Report would be presented before Board in its next Meeting.</p>

32nd F&AC: 28.04.2015

Agenda item no. 3205

Subject: Reappointment of Current Internal Auditors or Appointment of New Internal Auditors for the Financial Year 2015-16

Summary	Action Taken
<p>Internal Auditor informed the Board that they had carried out the process audit for 13 processes of NIFT and draft report of the process audit had been given to the NIFT for their comments and same were still awaited. The F&AC directed that within 15 days i.e. by 15th May 2015 comments on draft Process Audit Report may be handed over to the Internal Auditor who in turn would finalize the Process Audit Report in next 15 days i.e. by 30th May, 2015. So that the same could be placed before the F&AC and the Board. Smt. Manju Aggarwal, Internal Auditor also gave power point presentation before the Committee on the Process Audit of the Purchase procedure for consumable items.</p> <p>At the time of discussion on the re-appointment of current Internal Auditors or Appointment of New Internal Auditors for the Financial Year 2015-16, Smt. Manju Aggarwal, CA, Internal Auditor recused herself from the meeting.</p> <p>Director (F&A) briefed the Committee that as per the terms and conditions of the tender document, the term of appointment of internal auditor was further extendable for a period of two financial years i.e. 2015-16 and 2016-17 with a 5% escalation per annum on 90% of the fee paid in first year. The F&AC was also briefed that as per contract signed with the Auditors their appointment could not be for more than three years in total.</p> <p>The Committee was also informed that in view of the directions given by the Board in its meeting held in September 2014 and February 2015, the reappointment of the current internal auditor or appointment of new internal auditors for 2015-16 was to be considered by F&AC whose recommendations would be placed before the Board for a final decision.</p> <p>The Committee was informed that for this purpose, an evaluation of performance of current Internal Auditor was called for in the form of a questionnaire from all NIFT campuses. The mean score for all campuses comes to 7.29. Director (F & A) stated that as a part of NIFT management he was satisfied with the performance of current internal auditors and therefore recommended them for reappointment. The F & AC recommended the current internal auditors for reappointment to the Board for the Financial Year 2015-16.</p>	<p>As per the directions of the F&AC, the final comments on the draft process audit reports have been submitted to the internal auditors. The final process audit reports with the recommendation of the auditors on the process audit is enclosed at Annexure-3302/IV. The internal auditors would be present during the meeting to answer any query.</p> <p>A letter has been 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. Response of the Chairperson BOG is awaited.</p>

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Mail

COMPOSE

Fwd: Reimbursement of cost of mobile

Inbox x

Inbox
Starred
Sent Mail
Drafts (25)
More



Director Nrc <director.nrc@nift.ac.in>
to AD

12:24 PM (1 hour ago) ☆

----- Forwarded message -----

From: Shreyasi Parikh <shreyasi_p@nid.edu>

Date: Mon, Mar 2, 2015 at 1:04 PM

Subject: Fwd: Reimbursement of cost of mobile

To: Director NRC <director.nrc@nift.ac.in>

Required document : Mobile reimbursement

Dr. Shreyasi K. Parikh
Head, Knowledge Management Center (KMC)
National Institute of Design
Paldi, Opp. Museum
AHMEDABAD - 380007

Tel. No. : 079-26629749 (Direct)
079 .26629 500/600, Extn 749 (O)

<http://www.nid.edu/>

If you want to be successful, it's just this simple.
Know what you are doing;
Love what you are doing;
And believe in what you are doing.

~ Will Rogers



13

Date:-37/04/2008

To
PPC Members/Heads of Departments/Coordinators

Sub:- Reimbursement of Cost of Mobile Instrument.

In the Eighth Policy and Planning Committee meeting held on 27th February, 2008, it has been decided to reimburse the cost of mobile handsets once in three years as under

- a) For PPC members/ HODs/ Activity Chairpersons Rs.7500.00 maximum.
b) For Activity Vice Chairpersons/ Coordinators Rs.5000.00 maximum.

You are requested to submit the bill of purchase of mobile handset to Accounts department for reimbursement. This comes in to effect from 1st April, 2008.

Viral Rajyaguru
Contoller Of Finance & Accounts
National Institute of Design
Ahmedabad.

Dr. Pankh
Scan & mail this page to
Dr. Sanjeev Kr., NIFT-New Delhi

राष्ट्रीय फैशन टेक्नालॉजी संस्थान
(वस्त्र मंत्रालय, भारत सरकार)
डिज़ाइन, मैनेजमेंट और टेक्नालॉजी का महाविद्यालय

National Institute of Fashion Technology
(Ministry of Textiles, Govt. of India)
A College of Design, Management and Technology
No. 1551(152)/NIFT/DR(F&A)/Gen Corres. Delhi

Dated: 08/05/2015

To,

Chief Project Manager (CC-XV)
DSI IDC Building,
Ring Road, Lajpat Nagar-III
New Delhi-24

Sub - Bill-wise detail statement of the contractors -reg-

Dear Sir,

It has been observed by the Internal Auditors of NIFT that amount released/deposited for construction of building for Delhi campus by NIFT to DSI IDC is not verified due to non-receipt of bill-wise details paid to the contractor.

In this connection, you are, therefore requested to furnish bill-wise detailed statement of the Contractors which should also include

- (i) Amount if any on account of escalations admitted by DSI IDC.
- (ii) Amount actually spent by the contractor and balance fund position with the contractor against project work at NIFT Delhi.
- (iii) Amount spent/ appropriated by DSI IDC and balance position of advances with DSI IDC (i.e. Mobilization advance and secured advance)

This will also assist in processing any further demand for releasing funds raised by your office in future smoothly.

It is also requested to provide the above information to NIFT on monthly basis.

Thanking you

Yours faithfully

Project Engineer(Building)

Copy to:

1. DG, NIFT
2. MD, DSI IDC
3. Director (F & A), NIFT - for information.

निएट कैंपस, हाउस खास, निकट गुलमोहर पार्क, नई दिल्ली - 110016 (भारत)
दूरभाष : 26542000-30, 26542100-30 फैक्स : 91-11-26851198
NIFT Campus, Hauz Khas, Near Gulmohar Park, New Delhi - 110 016 (India)
Tel.: 26542000-30, 26542100-30 Fax: 91-11-26851198

National Institute of
Fashion Technology

Khushboo Khandelwal <khushboo.khandelwal@nift.ac.in>

Approved - F&AC

Re: Reconciliation of Fee - IAR Q3 - reg

1 message

29 May 2015 at 13:43

Gianender Agrawal <info.gianender@gmail.com>

To: Khushboo Khandelwal <khushboo.khandelwal@nift.ac.in>

Cc: Abdul Malik <ddfinance2.ho@nift.ac.in>, Anand Kumar Kedia <director.finance@nift.ac.in>, Nidhi Gupta <nidhi.gupta@nift.ac.in>, "Gianender & Associates, CAs" <gka_ma@yahoo.com>

Dear Khushboo,

Fees Reconciliation had been done by Delhi Campus upto 31st March 2015. During the course of our audit the same has been have verified by us.

On Thu, May 28, 2015 at 2:40 AM, Khushboo Khandelwal <khushboo.khandelwal@nift.ac.in> wrote:

Dear Internal Auditors,

In the 32nd F&AC Meeting held on 28th April, 2015 an agenda item on Consolidated Internal Audit Report for the third quarter ended on 31st December, 2014 was discussed. During the discussion, it was brought to the notice of the members that at the time of internal audit for the fourth quarter, reconciliation of fee was not completed in Delhi Campus.

However, the same has now been reconciled and is attached herewith for your reference and necessary action. **You are hereby requested to go through the same and give your confirmation to the same by tomorrow afternoon, so that the same could be reported in the Action taken Report in the upcoming F&AC Meeting.**

----- Forwarded message -----

From: **Mohammad Shahdab** <mohammad.shahdab@nift.ac.in>

Date: 25 May 2015 at 12:15

Subject: Fwd: Reconciliation of Fee - IAR Q3 - reg

To: Khushboo Khandelwal <khushboo.khandelwal@nift.ac.in>

Regards,

Mohd. Shahdab
Junior Assistant
NIFT Delhi Campus

----- Forwarded message -----

From: **Yogendra Singh** <ddfinance.delhi@nift.ac.in>

Date: 22 April 2015 at 10:54

Subject: Reconciliation of Fee - IAR Q3 - reg

To: Abdul Malik <ddfinance2.ho@nift.ac.in>

Cc: Gianender Agrawal <info.gianender@gmail.com>, Dinesh Khosla <accounts officer.delhi@nift.ac.in>

Dear Abdul

16
Pls find herewith the updated excel sheet for Reconciliation of Fee - IAR Q3.
At the time of internal audit for Q3, the reconciliation of fee was not completed.

As of now, the same work is completed. Accordingly the observations may be dropped. This is for information pls.

योगेंद्र सिंह / YOGENDRA SINGH

उप निदेशक (वित्त एवं लेखा) / Dy. Director (F&A)

निफ्ट दिल्ली कैम्पस / NIFT DELHI CENTRE

मोबाइल / Mobile : 9560350257 / 9013855077

With Regards,

CS Khushboo Khandelwal

NIFT Head Office

Hauz Khas

New Delhi - 110016

With Thanks & Regards
Gianender & Associates

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FINAL PROCESS AUDIT REPORTS

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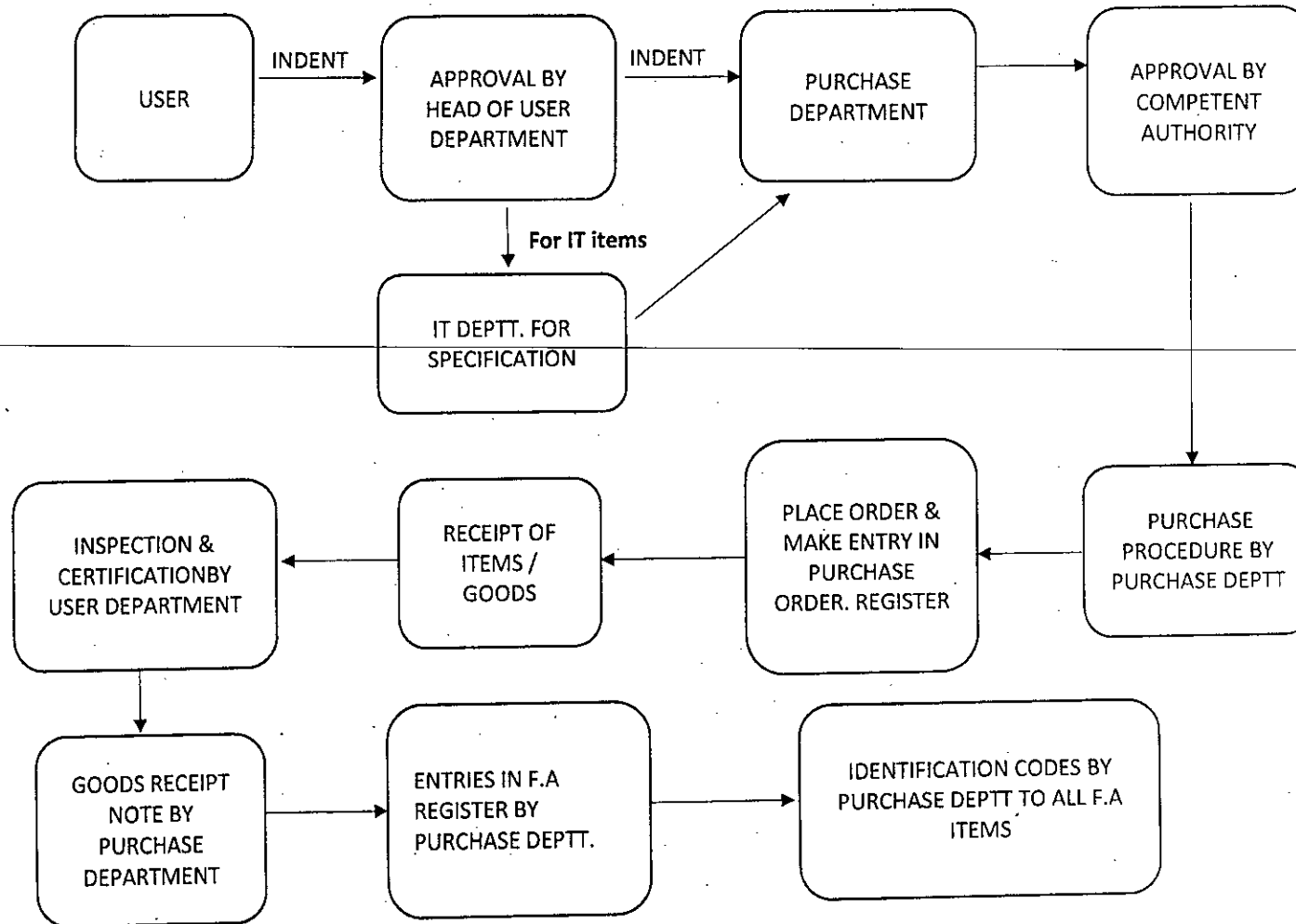
**PROCESS AUDIT REPORT
PURCHASES AND SERVICES
(F.Y. 2014-15)**

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

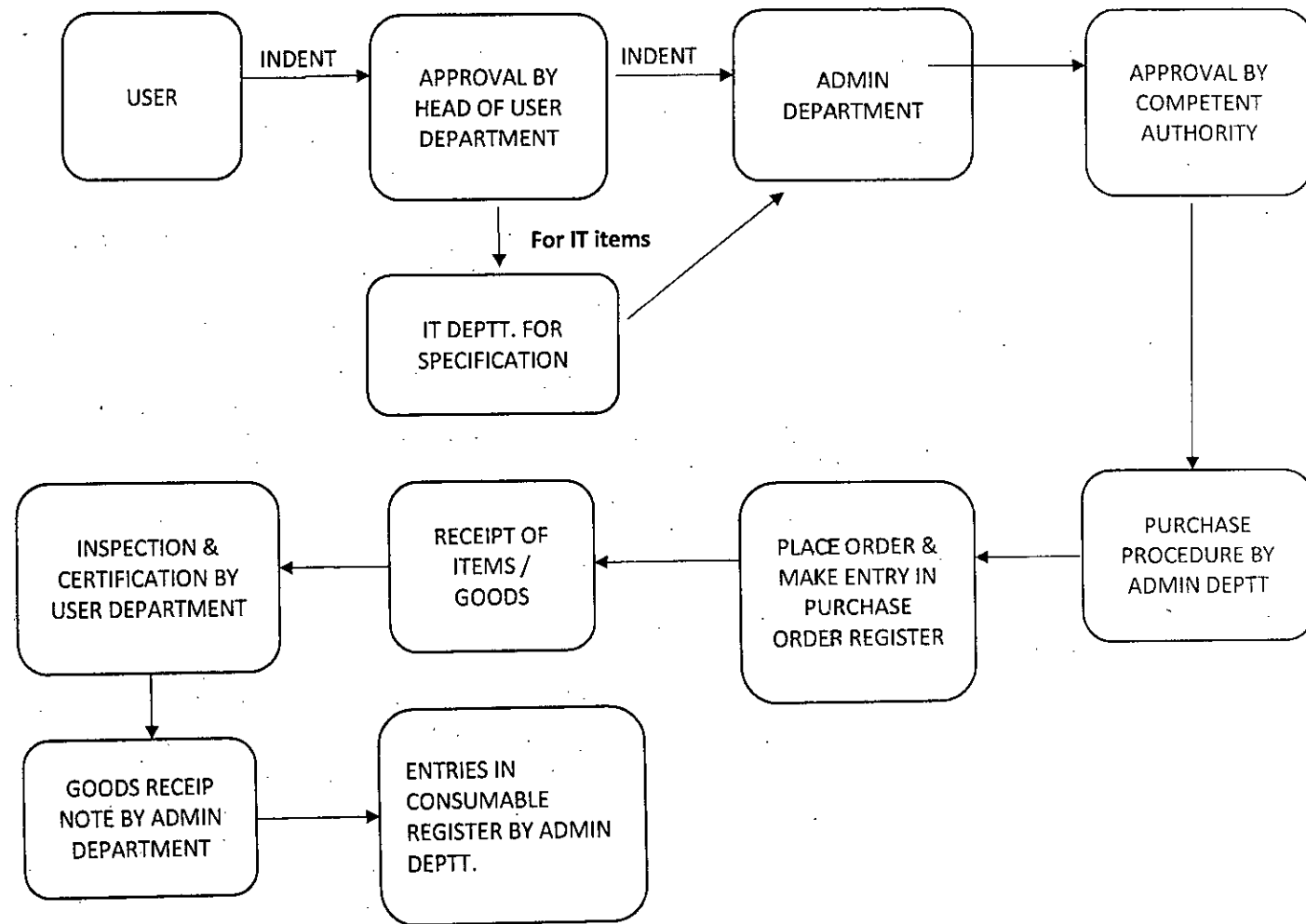
**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 11006**

Process Audit - Purchase (Capital items + consumables + Printing Material etc)

Flowchart- Purchase procedure for fixed asset (FA) items



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Flowchart- Purchase procedure for consumable items

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In-NIFT HO, purchases are done in capital items, consumables and printing material which we have checked as follows:-

Process Areas	Existing Process	Mapping with Existing Process	Process Improvement/Suggestions
Purchase Contracts			
A. Purchase of consumable items	<p><u>Following procedure for purchase of consumable items is prescribed in Accounts Manual- Chapter-4</u></p> <ul style="list-style-type: none"> The Chairpersons/Head of Departments/Coordinators should plan out their requirements well in advance (indent) in order to enable the Administration Department to comply with prescribed procedure. Indents indicating details of specifications, quantities, approximate value as well as the expected time for receipt of the capital items so indented should be submitted to the approving authority. Budget Code numbers should be assigned to all the Budget Operating Chairpersons/Coordinators/Head of Departments, who will indicate these budget codes on all indents. Approving Authority: <ol style="list-style-type: none"> DG has full powers regarding sanction for purchase of stationery and other consumable stores. Director (F and A) has full powers regarding sanction for purchase of stationery and other consumable stores provided no single item in the P.O. is above Rs. 50,000/-. Director (Admin.) has the power to authorize purchase of consumable items including tool kits not exceeding Rs. 5000 in each case. Proper purchase procedure should be followed:- <ol style="list-style-type: none"> Purchase without inviting quotations: On the approval of the competent authority, purchases will be made for value up to Rs. 15000/- without getting quotation. Direct market purchase: purchases without inviting tenders/ quotations by a Purchase Committee consisting of 3 members for small value items costing above Rs.15000 to Rs. 100000/-. Limited tender 	<p>We selected 2 sample vouchers related to purchase of consumables viz.</p> <ol style="list-style-type: none"> Voucher No. 717 dated 13-08-2014 amounting Rs. 7,823; Voucher No. 1029 dated 14-10-2014 amounting Rs. 70,403. <ol style="list-style-type: none"> There was no standard form of indent prescribed for indenting purpose for user department. In both samples, we found that requisition is made on noting sheets only or as a letter by user departments. There was no indent number allotted to requisitions made. In both samples, we found that expected time for receipt of items in the requisition made is not mentioned. Expected cost was not mentioned in the requisition. In both samples, no Budget Code numbers were indicated on the indents/ requisition made. No indent register is being maintained. Approvals were properly taken in both cases. Proper purchase procedures were followed except in case of Limited Tender, there is no list of approved suppliers. Enquiries were issued to suppliers found with the help of internet in each case. No gate pass was issued for receiving the consumable items. Only the verbal communication is made by the user department to the security personnel at 	<ol style="list-style-type: none"> The indent form should be standardized and should have fields as per format in Annexure-1 Expected time for receipt of consumables should be mentioned on the indent. Budget code numbers should invariably be indicated on the indent form. Admin department should maintain serial No. wise indent register till it is made online with the help of CMS. Annexure -2 Purchase order No's to be given serially and separate series to be used for consumables other than consumables till it is made online with the help of CMS. Admin department should maintain purchase order register. (Format attached as per Annexure-3) for keeping track of all the purchase made/follow up with vendor and subsequent verification till it is made online with the help of CMS. There should be a list of approved suppliers for each category of assets for short listing in case of limited tender enquiry. Certification regarding receipt of goods in good condition and as per the specification should be done as per GFR 145 and 146 as applicable.

	<p>a) This system may ordinarily be adopted when estimated value of goods to be procured is between 1 lakhs to Rupees Twenty five lakhs.</p> <p>b) The limited tender enquiries will be issued to those firms which are appearing in the list of approved suppliers. Past performance of successful supplier, should be one of the variables to be considered at the time of short listing firms for limited tender enquiry.</p> <p>c) At least three quotations/offers must be received in normal conditions. In case offers received are less than three after approval by competent authority and looking at the situation, the same may be considered.</p> <p>4) Single tender: The single tender system may be adopted in case of purchase of articles which are specifically certified as of proprietary nature by the indenting department</p> <p>5) Open tenders: The open tender system, that is, invitation to tender by public advertisement should be used as a general rule for procurement of goods of estimated value Rs. 25 Lakhs and above.</p> <ul style="list-style-type: none"> • The Admin Officer will keep a track of the materials ordered and take appropriate follow up action to ensure that the materials are obtained in prescribed time. • While receiving the consumable items, records should be kept in gate passes and the concerned Head of Dept. should certify that the asst has been received in good condition and as per the specification. He shall forward the bills duly certified to the admin officer who in turn will forward the same to the Accounts Section. • The consumable items so received should be entered in the consumable register by the designated Officer and a certificate to this effect should be forwarded to the Accounts branch who will take necessary steps for release of payment. 	<p>the gate.</p> <p>9. In voucher No. 717, certification regarding receipt of goods in good condition was signed by the user and not by the head of user department as required under GFR 145.</p> <p>10. Certification required under GFR 146 was not available for Voucher No. 1029</p>	<p>9. Goods receipt Note (GRN) should be prepared till it is made online. Annexure-4</p> <p>10. Admin department should make entry regarding receipt of consumable items in PO register.</p>
<p>B. Purchase of capital items (IT and Non-IT items)</p>	<p><u>Following procedure for purchase of capital items is prescribed in Accounts Manual- Chapter-4</u></p> <ul style="list-style-type: none"> • The Chairpersons/Head of Departments/Coordinators should plan out their requirements well in advance (indent) in order to enable the Purchase Department to comply with prescribed procedure. 	<p>We selected 5 sample vouchers related to purchase of capital items viz.</p> <p>a) Voucher No. 186 dated 02-05-2014 amounting Rs. 1,58,282;</p> <p>b) Voucher No. 441 dated 18-06-2014</p>	<p>1. The indent form should be standardized and should have fields as per format in Annexure-1</p> <p>2. Expected time for receipt of fixed assets should be mentioned on the</p>

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

	<ul style="list-style-type: none"> Indents indicating details of specifications, quantities, approximate value as well as the expected time for receipt of the capital items so indented should be submitted to the approving authority. Budget Code numbers should be assigned to all the Budget Operating Chairpersons/Coordinators/Head of Departments, who will indicate these budget codes on all indents. Approving Authority: <ol style="list-style-type: none"> DG has the full powers to purchase capital item approved in capital budget. If not mentioned in the budget, he has full powers to purchase capital items value not exceeding Rs. 25 lakhs on any one item on each occasion. Director (F & A) has Full powers to purchase capital item value not exceeding Rs. 500000/- on any one item on each occasion. Campus director has full powers to purchase capital item value not exceeding Rs.500000 on any one item on each occasion. Proper purchase procedure should be followed:- <ol style="list-style-type: none"> Purchase without inviting quotations: On the approval of the competent authority, purchases will be made for value up to Rs. 15000/- without getting quotation. Direct market purchase: purchases without inviting tenders/ quotations by a Purchase Committee consisting of 3 members for small value items costing above Rs.15000 to Rs. 100000/-. Limited tender <ol style="list-style-type: none"> This system may ordinarily be adopted when estimated value of goods to be procured is between 1 lakhs to Rupees Twenty five lakhs. The limited tender enquiries will be issued to those firms which are appearing in the list of approved suppliers. Past performance of successful supplier, should be one of the variables to be considered at the time of short listing firms for limited tender enquiry. At least three quotations/offers must be received in normal conditions. In case offers received are less than three after approval by competent authority and looking 	<p>amounting Rs. 1,14,207</p> <ol style="list-style-type: none"> Voucher No. 451 dated 20-06-2014 amounting Rs. 11,419; Voucher No. 538 dated 08-07-2014 amounting Rs. 58,800. Voucher No. 564 dated 14-07-2014 amounting Rs. 2,20,206; <ol style="list-style-type: none"> There was no standard form of indent prescribed for indenting purpose for user department. In all 5 samples, we found that requisition is made on noting sheets only or as a letter by user departments. There is no indent number allotted to requisitions made. In voucher No. 538, a total of 30 days were taken from the date of requisition made by user department to date of settling of specifications of the asset with the help of IT department. In all 5 samples, we found that expected time for receipt of items in the requisition made is not mentioned. Requisition noting which are used as indent were found to be in order except :- <ol style="list-style-type: none"> In Voucher No. 451, requisition contains only the name of the item and quantities. It did not contain any specification and estimate cost of the item required. In voucher No. 538, requisition contains only the name of the item as "All-in-one computer" and quantity. It does not contain any detailed specification. Only the brand of the item is suggested by I.T. Department along with the cost estimate. In all 5 samples, no Budget Code numbers were indicated on the indents/ requisition made. No indent register is being maintained. Approvals were properly taken in all 5 cases. 	<p>indent.</p> <ol style="list-style-type: none"> Specification of all items indented should invariably be mentioned on the indent form by the user. Budget code numbers should invariably be indicated on the indent form. Purchase department should maintain serial No. wise indent register till it is made online with the help of CMS. Annexure -2 Purchase order No's to be given serially till it is made online with the help of CMS and separate series to be used for Fixed Assets and other than fixed Assets. Purchase department should maintain purchase order register. (Format attached as per Annexure-3) for keeping track of all the purchase made/follow up with vendor and subsequent verification till it is made online with the help of CMS. There should be a list of approved suppliers for each category of assets for short listing in case of limited tender enquiry. For high value purchase orders, purchase/procurement should be done through e-procurement process of the government. Certification regarding receipt of goods in good condition and as per the specification should be done. Goods receipt Note (GRN) should be prepared. Annexure-4 Purchase department should make entry regarding receipt of Fixed Asset items in PO register. Accession number should be
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	<p>at the situation, the same may be considered.</p> <p>4) Single tender: The single tender system may be adopted in case of purchase of articles which are specifically certified as of proprietary nature by the indenting department</p> <p>5) Open tenders: The open tender system, that is, invitation to tender by public advertisement should be used as a general rule for procurement of goods of estimated value Rs. 25 Lakhs and above.</p> <ul style="list-style-type: none"> The Purchase Officer will keep a track of the materials ordered and take appropriate follow up action to ensure that the materials are obtained in prescribed time. While receiving the Fixed Asset items, records should be kept in gate passes and the concerned Head of Dept. should certify that the asst has been received in good condition and as per the specification. He shall forward the bills duly certified to the purchase officer who in turn will forward the same to the Accounts Section. The Fixed Asset items so received should be entered in the Fixed Asset register by the designated Officer and a certificate to this effect should be forwarded to the Accounts branch who will take necessary steps for release of payment. 	<p>7. Proper purchase procedures were followed except in case of Limited Tender, there is no list of approved suppliers. Enquiries were issued to suppliers found with the help of internet in each case.</p> <p>8. No gate pass was issued for receiving the fixed asset items. Only the verbal communication is made by the user department to the security personnel at the gate.</p> <p>9. Certification by user department regarding receipt of goods in good condition and as per the specification is not found in Voucher No. 186, 451,538 and 564.</p> <p>10. In all 5 samples, entries were made in Fixed Asset Register but accession number was not recorded in Fixed Asset Register.</p>	<p>recorded in Fixed Asset Register till it is maintained in CMS.</p>
<p>C. Placement of orders for printing of forms, brochures and magazines etc.</p>	<p><u>Following procedure for printing of forms, brochures etc is prescribed in Accounts Manual- Chapter-4</u></p> <ol style="list-style-type: none"> Printers of printing houses of repute should be pre-qualified after following due process of selection by the standing committee consisting of Director, Senior Faculty member, Registrar, Accounts Officer and any outside expert in the matter. Such a selection process should be based on defined criteria such as existing facilities and equipments, annual turnover and the likes of a printing house The recommended short listed printing houses should be approved by the Director General of NIFT. Short listed or empanelled printing houses should not be more than five and not less than three. Concerned department may float enquiry among the approved shortlisted printing houses. 	<ul style="list-style-type: none"> It is observed that printer/printing houses are not prequalified but for every printing order, normal purchase procedure is followed. We selected voucher No. 500 dated 1st July, 2014 amounting Rs. 65,520 related to printing of CE programme brochures:- <ol style="list-style-type: none"> Since estimated cost was above Rs. 15,000/- and upto Rs. 1,00,000/-, a local purchase committee was formed consisted of three members only i.e. Ms. Amrita Roy(UI-CE & Diploma Prog), Sh. Ankit Kumar (Assistant Account) and Ms. Asha Rani (AD/PO-Convener). Quotations were collected from 4 printers. 	<ul style="list-style-type: none"> Printers of printing houses of repute should be pre-qualified annually after following due process of selection. Recommended short listed printing houses should be approved by the Director General of NIFT. Enquiries shall be floated among the short listed printing houses. Order should be placed on L-1 printer.

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

		3. Recommended short listed printing houses were not approved by the Director General of NIFT.	
		4. Selection process was based on L-1 rate criteria.	

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Annexure -1 (Format for Indent)**NATIONAL INSTITUTE OF FASHION TECHNOLOGY****Indent Form**

TO,
The Purchase Officer,
NIFT _____

Dept. Indent No.: _____

Indent Date: _____

Department: _____

Quotation Attached(Y/N) _____

Type of Material			Purchase Order Type	
Consumable			New Procurement	
Asset			Repeat Order	
			Rate Contract	

Please tick wherever applicable

Details of Required Items:

Sr. No.	Complete Description of Items (Specification Model Catalogue No.)	Stock Held on Date(Whenever Applicable)	Quantity Required	Purpose	Approx. Units Price(Rs.)	Approx. Total Cost (Rs.)
1.						
2.						
Total Cost						

Suggested Suppliers:

Sr. No.	Name	Address

Indenter's Signature _____

Name _____

Signature of HOD _____

To be filled by Finance & Accounts**Budget Details:**

Sr. No.	Budget Head	Overall Budget for the Year	Balance available Budget	Remarks

1. Whether items are available in central store. Yes/No

2. Certified that allocation exists for the above amount.

Dy. Director (F & A)

Approved:

Director

Purchase Officer

Annexure -2**Format for Indent Register**

<u>S. No.</u>	<u>Date</u>	<u>Indent No. by User Dept.</u>	<u>Name of User Dept.</u>	<u>Indent No. by Purchase Dept.</u>	<u>P.O No.</u>

Annexure -3**Format for Purchase Order Register**

<u>S. No.</u>	<u>Date</u>	<u>Item</u>	<u>Indent No.</u>	<u>P.O No.</u>	<u>Budget Code</u>	<u>Budget Allocated</u>	<u>Budget Exhausted</u>	<u>Balance Budget</u>	<u>Party Name</u>	<u>Expected Date of Receipt</u>	<u>Gate Pass No.</u>	<u>Date of Receipt</u>	<u>Goods Receipt Note No.</u>	<u>Bill No.</u>	<u>Remarks</u>

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Annexure-4**Format for Goods Received Note (GRN)****PART- A : To be filled by Security Department****GOODS RECEIVED NOTE**

From:

Supplier Name

Order No.....

Nature of Goods.....

Quantity.....

To:

Receiving Department.....

Date:.....

Serial No	Item Specification	Unit	Qty ordered	Qty Received	Unit Cost	Total Value	Balance

Name:.....Signature.....Designation.....Date.....

PART B : To be filled by User Department

Users Acceptance Certificate:

Name.....Signature.....Designation.....Date.....

Remarks:.....

PART C : To be filled by Purchase Officer (Purchase Department)

Purchase Order Number.....

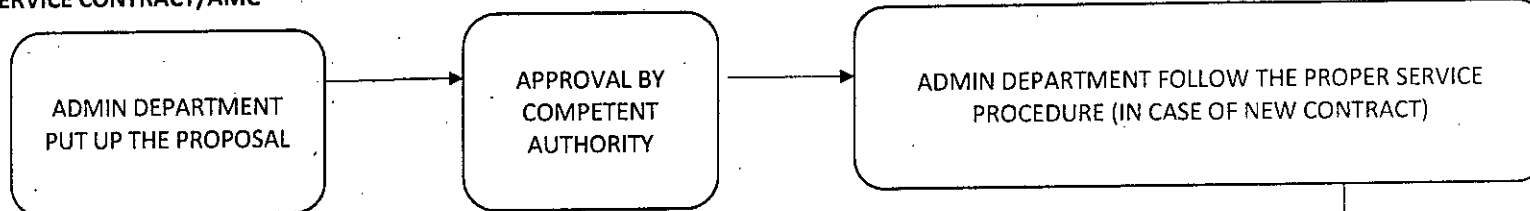
Signature

Distribution: Original (White copy) – Accounts, Duplicate (Green) – User, Triplicate (Pink) – Purchasing

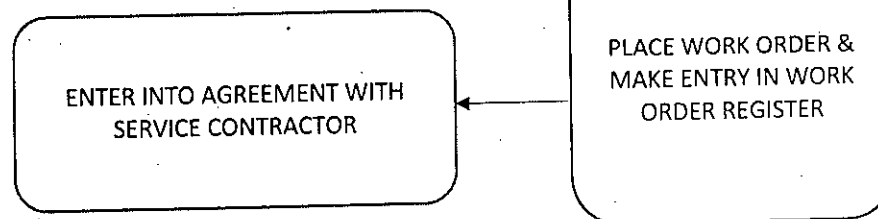
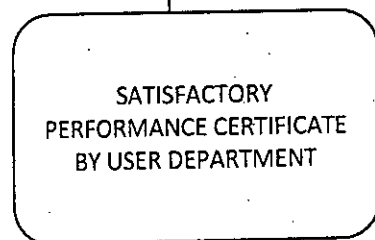
Process Audit - Service Contracts

Flowchart- Service Contracts

NEW SERVICE CONTRACT/AMC



EXTENSION OF EXISTING SERVICE CONTRACT/AMC



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Process Areas	Existing Process	Verification of process	Process Improvement/Suggestions
Service Contracts A. Contracts for availing of services such as Cleaning, Canteen, Horticulture, Security, Travel Agency, Car Hiring Agency, and issue of Work Orders for various works of Annual Recurring Nature, etc.	<p><u>Following procedure is prescribed for service contracts in Accounts Manual- Chapter-4</u></p> <ul style="list-style-type: none"> At least two month prior to the expiry of contract period, the concerned user department will inform the administration department who will float inquiry among local and reputed service contractors. The Local Purchase Committee will give its recommendations in this regard. Approving Authority: <ol style="list-style-type: none"> Director General and Director (F & A) has the power to accept, award and pay, all type of services contracts like Office upkeep, security, Horticulture etc. Such contracts can be made up to a period of 3 years. If the value of the contract is expected to be above Rs.2,00,000/- (Rupees Two lakhs), prior approval by DG is required. The contracts may be awarded following the procedures recommended depending on the value of the contract. If the services for which the contract is entered into has not been outsourced earlier and the monthly value of the contract exceeds Rs.25,000/- then prior approval by DG is required. Proper procedure should be followed:- <ol style="list-style-type: none"> Limited tender (GFR 181) <ol style="list-style-type: none"> This system may ordinarily be adopted when estimated value of service or work is up to 10 lakhs. The limited tender enquiries will be issued to those contractors which are appearing in the list of approved contractors. The number of the contractors so identified for issuing limited tender enquiry should not be less than six. Open tenders: (GFR 181) <ol style="list-style-type: none"> This system may ordinarily be adopted when 	<p>We have selected the following 2 service contracts as sample :-</p> <ol style="list-style-type: none"> Travel Agent for NIFT-HO & 15 Campuses Advertisement Agency <p>We observed that:- In case of Travel Agent for NIFT HO & 15 campuses:-</p> <ol style="list-style-type: none"> Proposal for entering into new contract was put up 2 months before expiry of the contract in 2012. Approvals were properly taken. Proper procedures were followed. Work order/letter of award of contract was issued to contractor but that was not serially numbered. Agreement was duly entered with contractor. The proposal for extending the contract for third year is put up by the administration department 2 month before the expiry of the Service contract. The head of admin department certified the satisfactory performance of the contractor in notings moved for approval. The contract extension request was made by contractor Requisite approval from DG was also obtained. Contract was extended for 1 year and proper extension letter had also been issued to contractors. 	<ol style="list-style-type: none"> The admin department should put up the proposal to extend or enter into new service contract atleast 2 months prior to the expiry of contract. Work order Number should be given serially till it is generated through CMS. Admin department should maintain work order register. (Format attached as per Annexure-5) for keeping track of all the services till it is made available in CMS. Satisfactory performance certificate should be taken from user department before extending the contract.

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

	<p>estimated value of service or work is above 10 lakhs.</p> <p>b) The Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and web site of the Department.</p> <ul style="list-style-type: none"> Before finalization, party's performance, clients' list, performance certificates, company's profile etc., should also be evaluated. On the basis of performance report and company's profile and lowest rates, the contract will be issued for one year. The concerned departmental head will certify and give specific comments on performance of the contractors for the extensions - renewal of the contract with the same Contractors. No contract will be automatically renewed at the expiry of the contract period. No advance to any Contractor without valid Bank Guarantee. If the value of the annual contract for the previous year is below Rs.25,000/- subject to satisfactory performance as certified by the user department, the same may be renewed for one more year on the basis of the recommendations of the Purchase Committee without inviting competitive bids. If the value of the annual contract for the previous year is above Rs.25,000/- an extension of a maximum three months may be given before following the sugam procedures for award of fresh contracts. For further period of renewals if any, the approval of the Head Office is to be obtained. In any of the contract is of short duration, and the value of the contract exceeds Rs.25,000/-, then prior approval of DG is required before approving the contract. 	<p>In case of advertising agency-</p> <ol style="list-style-type: none"> Proposal for entering into new contract was put up 2 months before expiry of the contract in 2013. Approvals were properly taken. Proper procedures were followed. Work order/letter of award of contract was issued to contractor but that was not serially numbered. Agreement was duly entered with contractor. The proposal for extending the contract for second year is put up by the administration department only 23 days before the expiry of the Service contract. The head of admin department certified the satisfactory performance of the contractor in notings moved for approval. The contract extension request was made by contractor. Requisite approval from DG was also obtained. Contract was extended for 1 year and proper extension letter had also been issued to contractors. 	
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B. Annual Maintenance	<p><u>Following procedure is prescribed for AMC in Accounts Manual-Chapter-4</u></p>	<p>We have selected the following 2 AMCs as sample :-</p>	<p>1. The admin department should put up the proposal to renew or enter into</p>

<p>Contracts</p>	<ul style="list-style-type: none"> At least two month prior to the expiry of warranty period, the concerned user department will inform the administration department of the need to renew or enter into AMC. The admin department depending on the estimated value of the AMC, should follow the procedure for awarding the contract. Approving Authority: <ol style="list-style-type: none"> Director General and Director (F & A) has the power to accept, award and pay all type of services contracts like Office upkeep, security, Horticulture etc. Such contracts can be made up to a period of 3 years. If the value of the AMC is expected to be above Rs.2,00,000/- (Rupees Two lakhs), prior approval by DG is required. Proper procedure should be followed:- <ol style="list-style-type: none"> If the value of the AMC is below Rs.10,000/- per year the same may be decided by inviting quotations. Limited tender (GFR 181) <ol style="list-style-type: none"> This system may ordinarily be adopted when estimated value of service or work is upto 10 lakhs. The limited tender enquiries will be issued to those contractors which are appearing in the list of approved contractors. The number of the contractors so identified for issuing limited tender enquiry should not be less than six. Open tenders: (GFR 181) <ol style="list-style-type: none"> This system may ordinarily be adopted when estimated value of service or work is above 10 lakhs. The Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and web site of the Department As far as possible, it has been instructed repeatedly NIFT must deal directly with OEMs and not with vendors unless the OEMs inform us that they do not deal directly and operate only through "authorised vendors". After 23 years of existence, NIFT and technical departments should be well aware of who are OEMs for a particular piece of machinery. 	<ol style="list-style-type: none"> AMC for Franking Machine AMC for EPBAX <p>In case of AMC for Franking Machine:-</p> <ol style="list-style-type: none"> The machine was purchased from M/s OST Electronic Limited, (which is the authorized dealer of the Franking Machine). Since the warranty of the machine expired on 17.01.2012, the admin department proposed to enter into AMC with the above dealer though the proposal was put up 42 days after expiry of the warranty period. The proposal for extending the contract for 3rd year was put up by the administration department only 18 days before the expiry of the contract. No satisfactory performance certificate by user department was found. Director (Finance & Accounts) has approved to renew the contract. <p>In case of AMC for Siemens EPBAX system:-</p> <ol style="list-style-type: none"> The contract with M/s Gurusons Communications Private Limited (which is the authorized distributor and service provider of Siemens EPABX system) is being renewed every year since last 9 years. The proposal for extending the contract is put up by the administration department 5 days after the expiry of the contract. No satisfactory performance certificate by user department was found. Due approval from Director (Finance and Accounts) has been taken. 	<p>AMC atleast 2 months prior to the expiry of warranty period or contract.</p> <ol style="list-style-type: none"> Work order Number should be given serially till it is generated through CMS. Admin department should maintain work order register. (Format attached as per Annexure-5) for keeping track of all the services till it is made available in CMS. Satisfactory performance certificate should be taken from user department before extending the contract.
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	<p>(Fundamental Guidelines pertaining to Purchase D.G's Circular no. NIFT/DG/Circular/01/09 dated 01/4/2009)</p> <ul style="list-style-type: none"> • As far as possible, the Institute will give preference to the manufacturer of the product, if the quoted charges are not higher than 15% compared to others. The Local Purchase Committee will give its recommendations in this regard. • This estimate may be made based on previous experience or 5% to 10% of the value of the item being treated as the value of AMC • No AMC will be automatically renewed at the expiry of the contract period. However, if the value of the annual contract for the previous year is below Rs.25,000/-, subject to satisfactory performance as certified by the user department, the same may be renewed for one more year on the basis of the recommendations of the purchase committee without inviting competitive bids. 		
	<ul style="list-style-type: none"> • If the value of the annual contract for the previous year is above Rs.25,000/- an extension of a maximum three months may be given before following the sugam procedures for award of fresh contracts. For further period of renewals in case of exigencies approval of the head office is to be obtained. 		

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Annexure -5Format for Work Order Register

<u>S. No.</u>	<u>Date</u>	<u>Name of Service</u>	<u>Work Order No.</u>	<u>Party Name</u>	<u>Period of Service: (New)</u>	<u>Period of Service (Extension)</u>	<u>Amount(RS.)</u>	<u>Copy of Agreement/contract maintained with department</u>	<u>Remarks</u>

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EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN:083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

**PROCESS AUDIT REPORT
CONSUMABLES
(F.Y. 2014-15)**

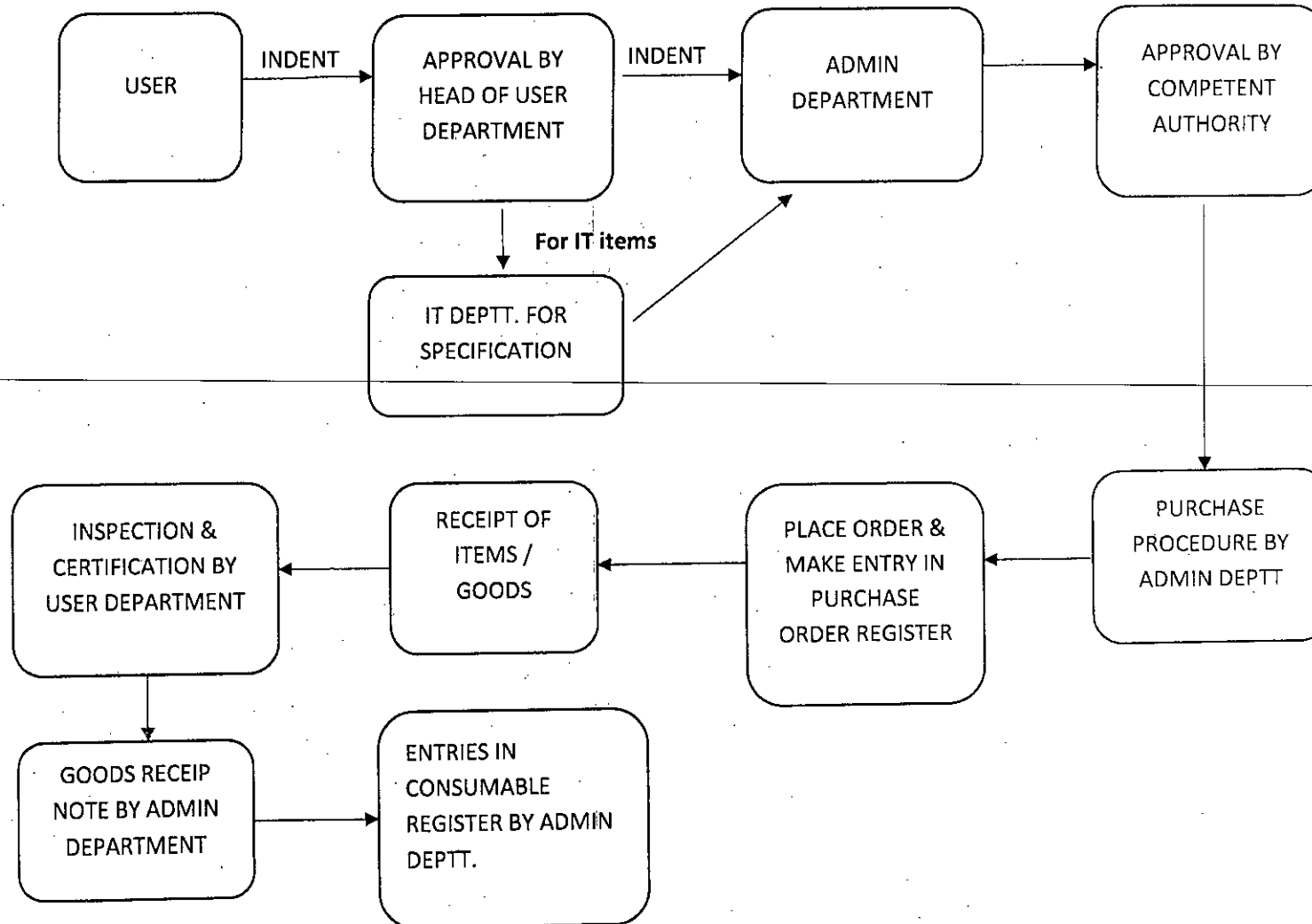
**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

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Process Audit - Consumables

Flowchart- Purchase procedure for consumable items



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Process Areas	Existing Process	Matching with existing process	Process Improvement/Suggestions
Consumables			
A. Purchase of consumable items	<p><u>Following procedure for purchase of consumable items is prescribed in Accounts Manual- Chapter-4</u></p> <ul style="list-style-type: none"> The Chairpersons/Head of Departments/Coordinators should plan out their requirements well in advance (indent) in order to enable the Administration Department to comply with prescribed procedure. Indents indicating details of specifications, quantities, approximate value as well as the expected time for receipt of the capital items so indented should be submitted to the approving authority. Budget Code numbers should be assigned to all the Budget Operating Chairpersons/Coordinators/Head of Departments, who will indicate these budget codes on all indents. Approving Authority: <ol style="list-style-type: none"> DG has full powers regarding sanction for purchase of stationery and other consumable stores. Director (F and A) has full powers regarding sanction for purchase of stationery and other consumable stores provided no single item in the P.O. is above Rs. 50,000/-. Director (Admin.) has the power to authorize purchase of consumable items including tool kits not exceeding Rs. 5000 in each case. Proper purchase procedure should be followed:- <ol style="list-style-type: none"> Purchase without inviting quotations: On the approval of the competent authority, purchases will be made for 	<p>We selected 2 sample vouchers related to purchase of consumables viz.</p> <ol style="list-style-type: none"> Voucher No. 717 dated 13-08-2014 amounting Rs. 7,823; Voucher No. 1029 dated 14-10-2014 amounting Rs. 70,403. <ol style="list-style-type: none"> There was no standard form of indent prescribed for indenting purpose for user department. In both samples, we found that requisition is made on noting sheets only or as a letter by user departments. There was no indent number allotted to requisitions made. In both samples, we found that expected time for receipt of items in the requisition made is not mentioned. Expected cost was not mentioned in the requisition. In both samples, no Budget Code numbers were indicated on the indents/ requisition made. No indent register is being maintained. Approvals were properly taken in both cases. Proper purchase procedures were followed except in case of Limited Tender, there is no list of approved suppliers. Enquiries were issued to suppliers found with the help of internet in each case. No gate pass was issued for receiving the consumable items. Only the verbal communication is made by the user department to the security personnel at the gate. In voucher No. 717, certification regarding receipt of goods in good condition was signed by the user and not by the head of user department as 	<ol style="list-style-type: none"> The indent form should be standardized and should have fields as per format in Annexure-1 Expected time for receipt of consumables should be mentioned on the indent. Budget code numbers should invariably be indicated on the indent form. Admin department should maintain serial No. wise indent register till it is made online with the help of CMS. Annexure -2 Purchase order No's to be given serially and separate series to be used for consumables other than consumables till it is made online with the help of CMS. Admin department should maintain purchase order register. (Format attached as per Annexure-3) for keeping track of all the purchase made/follow up with vendor and subsequent verification till it is made online with the help of CMS. There should be a list of approved suppliers for each category of assets for short listing in case of limited tender enquiry. Certification regarding receipt of goods in good condition and as per the specification should be done as per GFR 145 and 146 as applicable. Goods receipt Note (GRN) should be prepared till it is made

	<p>value up to Rs. 15000/- without getting quotation.</p> <p>2. Direct market purchase: purchases without inviting tenders/ quotations by a Purchase Committee consisting of 3 members for small value items costing above Rs.15000 to Rs. 100000/-.</p> <p>3. Limited tender</p> <p>a) This system may ordinarily be adopted when estimated value of goods to be procured is between 1 lakhs to Rupees Twenty five lakhs.</p> <p>b) The limited tender enquiries will be issued to those firms which are appearing in the list of approved suppliers. Past performance of successful supplier, should be one of the variables to be considered at the time of short listing firms for limited tender enquiry.</p>	<p>required under GFR 146.</p> <p>10. Certification required under GFR 146 was not available for Voucher No. 1029</p>	<p>10. Admin department should make entry regarding receipt of consumable items in PO register.</p>
40	<p>c) At least three quotations/offers must be received in normal conditions. In case offers received are less than three after approval by competent authority and looking at the situation, the same may be considered.</p> <p>4) Single tender: The single tender system may be adopted in case of purchase of articles which are specifically certified as of proprietary nature by the indenting department</p> <p>5) Open tenders: The open tender system, that is, invitation to tender by public advertisement should be used as a general rule for procurement of goods of estimated value Rs. 25 Lakhs and above.</p> <ul style="list-style-type: none"> • The Admin Officer will keep a track of the materials ordered and take appropriate follow up action to ensure that the materials are obtained in prescribed time. • While receiving the consumable items, records should be kept in gate passes and 		

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	<p>the concerned Head of Dept. should certify that the asst has been received in good condition and as per the specification. He shall forward the bills duly certified to the admin officer who in turn will forward the same to the Accounts Section.</p> <ul style="list-style-type: none"> • The consumable items so received should be entered in the consumable register by the designated Officer and a certificate to this effect should be forwarded to the Accounts branch who will take necessary steps for release of payment. 		
B. Maintenance of consumable register	<ul style="list-style-type: none"> • All consumable items procured for the centre should be recorded at a different page allotted in the register (GFR 41) and an Index may be prepared to locate the item in the register. All columns should invariably be completed to assess the store available for use at any stage. 	<p>We selected 2 sample vouchers related to purchase of consumables viz.</p> <p>a) Voucher No. 717 dated 13-08-2014 amounting Rs. 7,823;</p> <p>b) Voucher No. 1029 dated 14-10-2014 amounting Rs. 70,403.</p> <ul style="list-style-type: none"> • Consumable register has been maintained as per GFR-41. • Both the samples have been entered in consumable register. 	

Annexure -1 (Format for Indent)**NATIONAL INSTITUTE OF FASHION TECHNOLOGY****Indent Form**

TO,
The Purchase Officer,
NIFT _____

Dept. Indent No.: _____

Department: _____

Indent Date: _____

Quotation Attached(Y/N) _____

Type of Material	Purchase Order Type
Consumable	New Procurement
Asset	Repeat Order
	Rate Contract

Please tick wherever applicable

Details of Required Items:

Sr. No.	Complete Description of Items (Specification Model Catalogue No.)	Stock Held on Date(Whenever Applicable)	Quantity Required	Purpose	Approx. Units Price(Rs.)	Approx. Total Cost (Rs.)
1.						
2.						
Total Cost						

Suggested Suppliers:

Sr. No.	Name	Address

Indenter's Signature

Name _____

Signature of HOD

To be filled by Finance & Accounts

Budget Details:

Sr. No.	Budget Head	Overall Budget for the Year	Balance available Budget	Remarks

1. Whether items are available in central store. Yes/No

2. Certified that allocation exists for the above amount.

Dy. Director (F & A)

Approved:

Director

Purchase Officer

Annexure -2

Format for Indent Register

<u>S. No.</u>	<u>Date</u>	<u>Indent No. by User Dept.</u>	<u>Name of User Dept.</u>	<u>Indent No. by Purchase Dept.</u>	<u>P.O No.</u>

Annexure -3

Format for Purchase Order Register

<u>S. No.</u>	<u>Date</u>	<u>Item</u>	<u>Indent No.</u>	<u>P.O No.</u>	<u>Budget Code</u>	<u>Budget Allocated</u>	<u>Budget Exhausted</u>	<u>Balance Budget</u>	<u>Party Name</u>	<u>Expected Date of Receipt</u>	<u>Gate Pass No.</u>	<u>Date of Receipt</u>	<u>Goods Receipt Note No.</u>	<u>Bill No.</u>	<u>Remarks</u>

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Annexure-4

Format for Goods Received Note (GRN)

PART - A : To be filled by Security Department

GOODS RECEIVED NOTE

From:
Supplier Name
Order No.....
Nature of Goods.....
Quantity.....
To:
Receiving Department.....
Date:.....

Serial No	Item Specification	Unit	Qty ordered	Qty Received	Unit Cost	Total Value	Balance

Name:.....Signature.....Designation.....Date.....

PART B : To be filled by User Department

Users Acceptance Certificate:

Name.....Signature.....Designation.....Date.....

Remarks:.....

PART C : To be filled by Purchase Officer (Purchase Department)

Purchase Order Number.....

Signature

Distribution: Original (White copy) – Accounts, Duplicate (Green) – User, Triplicate (Pink) – Purchasing

EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN:083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

**PROCESS AUDIT REPORT
EXPENSES**

(F.Y. 2014-15)

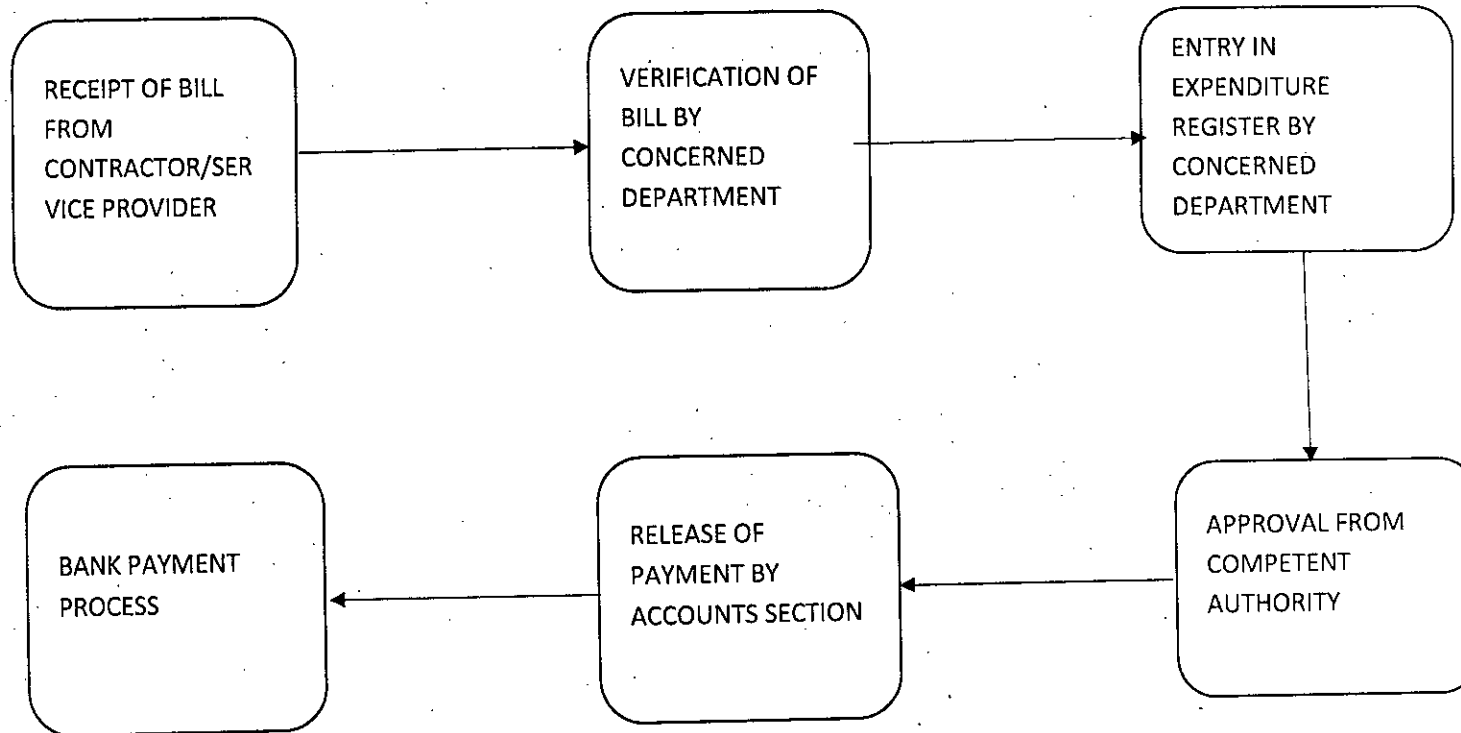
**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

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Process Audit - Expenses

Flowchart-Expenses



Process Areas	Existing Process	Mapping with existing process	Process Improvement/Suggestion
Expenses			
A. Academic Expenses	<p><u>Membership Fees</u></p> <ol style="list-style-type: none"> 1. After receipt of bills from the organisation, the concerned department verifies the bills in accordance with the terms and conditions of supply order. 2. Necessary entry is passed in the expenditure register under the relevant head. 3. Expense is approved by the relevant approving authority- In respect of Membership of organizations, DG has the Full powers regarding enrolment of the Institute as a member of the organizations connected with matters of interest to the Institute. 4. After expense approval, file is sent to accounts section for releasing the payment to the service provider. 	<p>We selected Voucher No.184 dated 2nd May, 2014 amounting Rs. 1,20,675 as sample for verification of Annual Membership fees for year 2014 paid to International Foundation of Fashion Technology Institute (IFFTI)</p> <ol style="list-style-type: none"> 1. The mail was received on 8th April, 2014 for renewal of membership subscription of IFFTI enclosing invoice. 2. Approvals from DG and Director (F & A) were taken for the release of payment for Annual Membership Fee. 3. Entry was not made in expenditure register. 4. The payment of Rs.120675 was then made by accounts section. 	<ul style="list-style-type: none"> • Entry should be made in expenditure register till it is available in ERP system. • Further, in order to monitor the budget allocated and exhausted for the concerned expenditure, columns related to budget allocated, exhausted and balance should also be included in the expenditure register till it is available in ERP system. • Budget copies should be distributed to the concerned Departments for necessary action.
48	<p><u>Printing expenses</u></p> <p><u>Following procedure for printing of forms, brochures etc is prescribed in Accounts Manual- Chapter-4</u></p> <ol style="list-style-type: none"> 1. Printers of printing houses of repute should be pre-qualified after following due process of selection by the standing committee consisting of Director, Senior Faculty member, Registrar, Accounts Officer and any outside expert in the matter. 2. Such a selection process should be based on defined criteria such as existing facilities and equipments, annual turnover and the likes of a printing house 3. The recommended short listed printing houses should be approved by the Director General of NIFT. 4. Short listed or empanelled printing houses should not be more than five and not less than three. 	<ul style="list-style-type: none"> • It is observed that printer/printing houses are not prequalified but for every printing order, normal purchase procedure is followed. • We selected voucher No. 500 dated 1st July, 2014 amounting Rs. 65,520 related to printing of CE programme brochures:- <ol style="list-style-type: none"> 1. Since estimated cost was above Rs. 15,000/- and upto Rs. 1,00,000/-, a local purchase committee was formed consisted of three members only i.e. Ms. Amrita Roy (UI-CE & Diploma Prog), Sh. Ankit Kumar (Assistant Account) and Ms. Asha Rani (AD/PO-Convener). 2. Quotations were collected from 4 printers. 3. Selection process was based on L-1 rate criteria. 4. After receipt of invoice, the purchase department verified the invoice in 	<ul style="list-style-type: none"> • Printers of printing houses of repute should be pre-qualified annually after following due process of selection. • Recommended short listed printing houses should be approved by the Director General of NIFT. • Enquiries shall be floated among the short listed printing houses. • Order shall be placed on L-1 printer. • In order to monitor the budget allocated and exhausted for the concerned expenditure, columns related to budget allocated, exhausted and balance should also be included in the expenditure register till it is available in ERP system.

	<p>5. Concerned department may float enquiry among the approved shortlisted printing houses.</p> <p>6. Selection is based on L-1 rate criteria.</p> <p>7. After receipt of bills from the printer, the purchase department verifies the bills in accordance with the terms and conditions of supply order.</p> <p>8. Necessary entry is passed in the expenditure register under the relevant head.</p> <p>9. Expense is approved by the relevant approving authority:- <u>Approving Authority</u></p> <ol style="list-style-type: none"> DG has full powers Director (F & A) have powers up to Rs. 1,00,000/- per order in each case, not exceeding Rs. 5,00,000/- p.a. <p>10. After expense approval, file is sent to accounts section for releasing the payment to the service provider.</p>	<p>accordance with terms and conditions of supply order.</p> <ol style="list-style-type: none"> Necessary entry was passed in the expenditure register under the head "Printing Office Stationery" Approval was properly taken. After approval, file is sent to accounts section for releasing the payment. 	
<p>B. Administration Expenses</p>	<p><u>Hiring of Car Expenses</u></p> <ul style="list-style-type: none"> After receipt of bills from the service provider, the administration department verifies the bills in accordance with the rates agreed as per contract. Expense is approved by the relevant approving authority:- <u>Approving Authority</u> <ol style="list-style-type: none"> DG has full powers Director (H.O.) has the power to approve expenses upto Rs. 50,000/- per month. Necessary entry is passed in the expenditure register under the relevant head File is sent to accounts section for releasing the payment to the service provider. 	<p>We selected voucher no. BPV 462 dated 23/06/2014 amounting Rs. 1,15,780/- as sample.</p> <ol style="list-style-type: none"> After receipt of bills from the service provider (Masuta Tour and Travels), the administration department verified the bills in accordance with the rates agreed as per contract. Expenditure was approved by DG. Necessary entry was passed in the expenditure register under the head "Hiring of DLY/Taxi" After approval, payment was made. 	<p>In order to monitor the budget allocated and exhausted for the concerned expenditure, columns related to budget allocated, exhausted and balance should also be included in the expenditure register till it is available in ERP system.</p>

	<p><u>Legal and professional expenses</u></p> <ul style="list-style-type: none"> • After receipt of invoice from the service provider, the board secretariat (legal department) verifies the invoice in accordance with the terms and conditions of the contract entered initially. • File is sent to approving authority for expense approval. Director(Finance and Accounts has power to accept, award and pay all type of services contracts. • After expense approval, file is moved for payment. 	<p>We selected voucher no. BPV 681 dated 05/08/2014 amounting Rs. 25,000/- as sample.</p> <ol style="list-style-type: none"> 1. After receipt of invoice from the service provider-(Swetank-Shantanu, Advocate & Legal Counsel), the board secretariat verified invoice in accordance with the terms and conditions of the contract. 2. Expenditure was approved by DG. 3. After approval, payment was made. 	<p>In order to monitor the budget allocated and exhausted for the concerned expenditure, columns related to budget allocated, exhausted and balance should also be included in the expenditure register till it is available in ERP system.</p>
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EXPRESSION OF GRATITUDE

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Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN:083878

Date:

Place: New Delhi

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

**PROCESS AUDIT REPORT
BANK AND CASH PAYMENT**

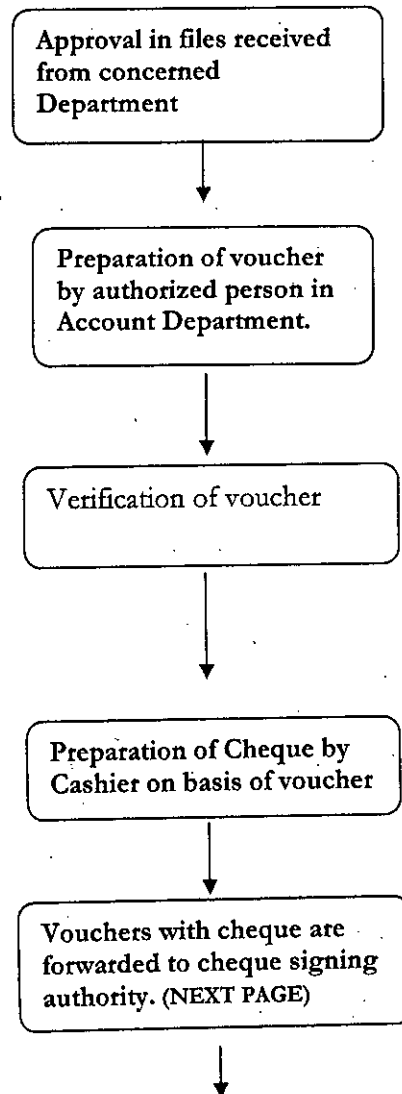
(F.Y. 2014-15)

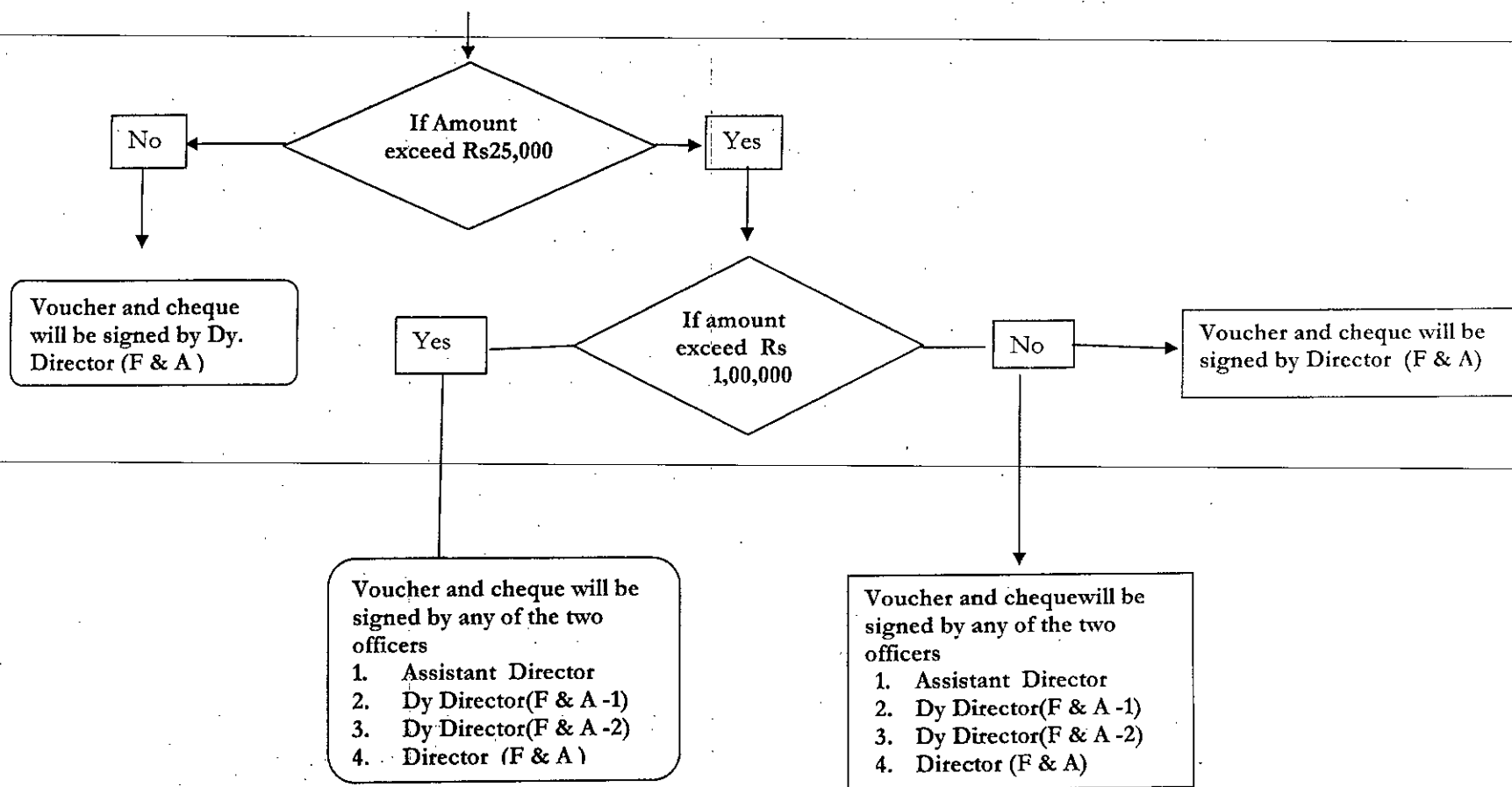
**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, GeetaMandirMarg, New Rajinder Nagar
New Delhi - 110060**

Process Audit - Bank and cash payment

Flow Chart for Payment Process through Bank





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Process Areas	Existing Process	Mapping with Existing process	Process Improvement/Suggestions						
1. Bank Payment Process	<p>After getting the expenses approval, file is received by Accounts Section from concerned department for release of payment, following procedures are followed :-</p> <ul style="list-style-type: none"> Payment voucher is prepared by an authorized person (Preparer) in Accounts Section after verification of approvals along supporting documents and further signed by him. Vouchers along with supporting documents are checked by another person (Checker) in Account Section and further signed by him. Payment file along with voucher is forwarded to cashier for preparation of cheque. Cheque issue register is also maintained by cashier. The cheque along with payment voucher and supporting documents are sent to concerned official for signing the cheque and approving the payment voucher. Signature of cheque signing person are also taken on cheque issue Register. As per Delegation of Power for cheque signing, the limit are as under:- <table border="1"> <thead> <tr> <th>Name of official</th><th>Cheque Signing limit upto Amount(Rs.)</th><th>Remarks</th></tr> </thead> <tbody> <tr> <td>Sh S P Singh ,Dy Director (F & A)</td><td>25,000/-</td><td>Individually</td></tr> </tbody> </table>	Name of official	Cheque Signing limit upto Amount(Rs.)	Remarks	Sh S P Singh ,Dy Director (F & A)	25,000/-	Individually	<p>We selected 5 payment vouchers on sample basis and verified payment process along with concerned file, Which are as follows:</p> <ol style="list-style-type: none"> Voucher No 538 dated 08.07.2014, Amount Rs 58800, Cheque No 32691. Ref. File -1351/(216)/NIFT/purchase -/part file I (Purchase of desktop) Voucher No 564 dated 14.07.2014, Amount Rs 2,20,206, Cheque No 32741 Ref File -1351/(193)/NIFT/Purchase/-2013 part File I (Purchase of printer) Voucher No.214 dated 07.05.2014, Amount Rs 1,08,886, Cheque No 32310 Ref File -1312/(227)/Hiring of rental taxi service /admin dept Voucher No 371 dated 04.06.2014, Amount Rs 2530, Cheque no 32484 Ref. file - Noting /Accounts dept (Payment of Internal auditor's Expenses) Voucher no 876 dated 11.09.2014, Amount Rs 1,12,950, Cheque no 00889 to 00916 Ref File -1405/COE/HO/recruitment/2014 <ul style="list-style-type: none"> Delegation of power as prescribed in NIFT Manual was exercised properly. Transactions were recorded on daily basis. 	
Name of official	Cheque Signing limit upto Amount(Rs.)	Remarks							
Sh S P Singh ,Dy Director (F & A)	25,000/-	Individually							

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	Sh Abdul Malik , Dy Director (F & A)	25,000/-	Individually	<ul style="list-style-type: none"> Cheques were prepared on basis of payment voucher after expenses approved by concern department. "A/C Payee" Cheques were prepared manually and signed by authorized persons A cheques transit register was maintained containing following columns; Dates, Name of party to which cheque to be issued, Amount of cheque, Cheque Number, Cheque signing authority, cancellation of cheques. Monthly Bank reconciliation statement was prepared to consider outstanding cheques and to reverse stalls Cheques. Cheque/Draft Register for recording received cheques/drafts was also separately maintained containing following columns; Date of receipt, Party name from which Cheque/Draft received, Cheque/Draft number, Amount, Date of deposit, Receipt No., Accounting Head. 	
	ShAnand Kumar Kedia , Director (F & A)	Rs. 100,000/-	Individually		
	MsAsha Rani, Assistant Director Sh S P Singh , Dy Director (F & A) Sh Abdul Malik,Dy Director (F & A) ShAnand Kumar Kedia Director (F & A)	Above Rs.25,000 /-	Jointly by any of two		
56	<ul style="list-style-type: none"> Preparation of cheque <ol style="list-style-type: none"> On the basis of the payment voucher duly passed for payment by the competent authority the Assistant of Cash Management Section shall prepare cheques (by means of cheques typewriter) duly crossed "Account Payee". The assistant preparing/ typing cheques shall initials the counter- foils of the cheques in token of verifying that the contents of the cheques and counter-foil are the same. If a cheque is cancelled, being not properly prepared, both the foils shall be cancelled by the officer signing the cheque. The original cancelled foils shall be attached with the counter-foil in the cheque book. The number of the cancelled cheque shall also be noted and entered in the Bank Book in order to maintain the continuity of the cheque numbers in the serial order. Cheque prepared on the basis of payment voucher is 				

	<p>sent to concerned party by the Accounts Section.</p> <ul style="list-style-type: none"> • Proper recording of all transactions is done on daily basis in respect of receipt and payment. • BRS should be done on monthly basis. • Each Campus & Head Office shall reconcile each Cheque with the Bankbook and prepare a list of outstanding Cheque. • Proper filing and maintenance of Cash / Bank Receipt and Payment Vouchers in numerical order. • Arranging transfer of fund from Center bank A/c to other center/head office bank A/c and vice-versa on basis of approval of competent authority. 		
57 +	<p>2. Cash Payment process</p> <p>After getting the expenses approval, file is received by Accounts Section from concerned department for release of payment, following procedures are followed :-</p> <ul style="list-style-type: none"> • Payment voucher is prepared by an authorized person (Preparer) in Accounts Section after verification of approvals along with supporting documents and further signed by him. • Vouchers along with supporting documents are checked by another person (Checker) in Account Section and further signed by him. • Payment file with voucher is forwarded to Senior Officer of account section for approval. • Payment file along with voucher is forwarded to cashier for release of cash 	<p>There was only single cash payment transaction which is as below.</p> <ul style="list-style-type: none"> • Voucher No.1 dated 16 June,2014 Amount Rs 1302 (Hospitality Expenses) • Proper approval was taken. • Cash Book is maintained in both physical form as register in proper manner and on tally software and initialed by authorized person. • Cash book was checked by competent person whenever transactions took place. • Voucher is signed by authorized person and payment approved by competent person. 	

	<ul style="list-style-type: none"> • A cashier should maintain a Cash-book. 	<ul style="list-style-type: none"> • Whenever transaction was carried out, entry had been passed in cash Book. 	
	<ul style="list-style-type: none"> • The Cash-book should be regularly and completely checked. Total lying should be verified and initialed it as correct • At the end of month, Head of office should verify the cash balance in the Cash-book and record a signed and dated certificate to that effect • The Cash-books should be bound in convenient volume and page numbered. Before bringing a Cash-book in use, the Head of office or the officer nominated should count the number of pages and record a certificate of count on the first page of the Cash-book. 	<ul style="list-style-type: none"> • Physical verification of cash has been carried out quarterly by internal auditors. • Money insurance policy & Fidelity-individual named policy were taken for the period up to Feb 15, 2015. • Cash Chest /almirah is secured by two locks with different pattern. 	
58	<ul style="list-style-type: none"> • The cash Chest/Almirah should be secured by two locks of different patterns so that the key of one do not fit into the other. • Physical verification of cash should be carried out within a fixed interval of time. • Money insurance policy & Fidelity -individual named policy should be taken to avoid the risk of cash theft and destroy etc. 		

EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(ManjuAgrawal)
Partner
MRN: 083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

**PROCESS AUDIT REPORT
INVESTMENT**

(F.Y. 2014-15)

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

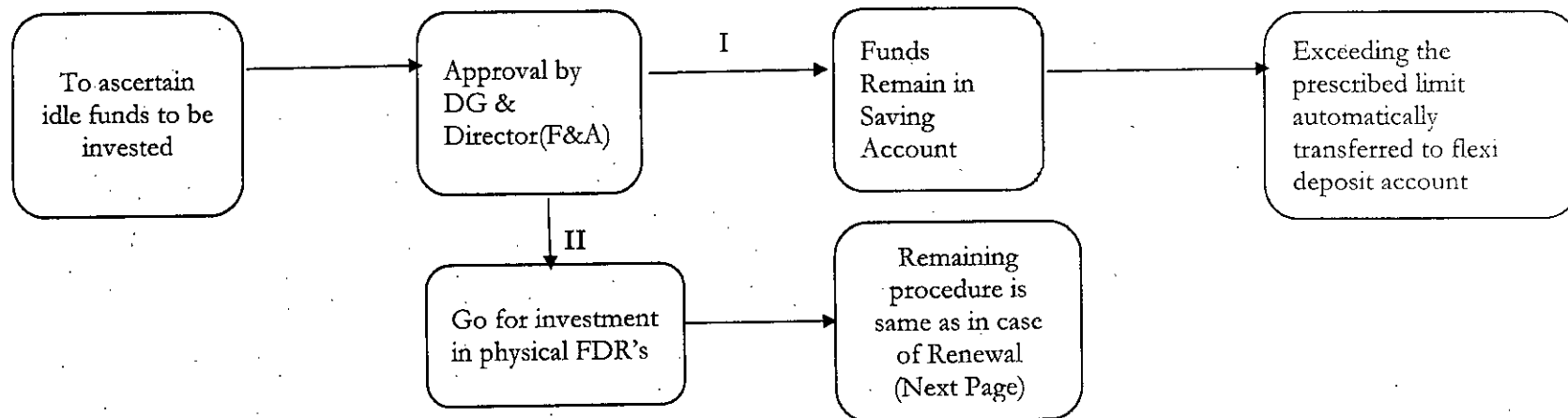
		Mapping with Existing Process	Process Improvement/Suggestions
<p>61</p> <p>1. Investment</p>	<p>Accounts Manual- Chapter-5</p> <ul style="list-style-type: none"> • Ascertaining/deciding the surplus funds for investment is based on idle funds available with the management & after approval of Competent Authority the same will be invested. • The Committee members (DD F&A-1, DD F&A-2 and DD Estt.) should plan out well in advance for quotation of investments in Fixed Deposit Receipts from banks to timely renew the Fixed Deposit Receipts. • A committee of officials should be constituted to open the quotations. • An Invitation of Quotations/Offer for Fixed Deposit rates should be given in a proper format and the same should be sent to Nationalized banks. • The delivery of quotations should be ensured as to verify that the same has been delivered on time. • Based on the minutes of committee, the Quotation having highest rate of interest should be selected by recommendation of committee (DD F&A-1, DD F&A-2 and DD Estt.) • Net balancing system was replaced by flexi deposit system via letter no. 1509(29)/Accts/HO/Finalization of Banker/12 dated 19.10.2012. • Details of Fixed Deposits Receipts (FDR's) in fixed deposit Register should be properly recorded time to time. • FDR's income to be accounted on quarterly basis. 	<ul style="list-style-type: none"> • We have verified 2 Fixed Deposit Receipts(FDR's) which were renewed: <ol style="list-style-type: none"> 1. Date of Investment – 23.02.2013, Amount – Rs. 59.19 Crores (including Rs. 54.19 Crores which relates to FD which was matured on 23.02.2013 & Rs 5.00 Crores as a New Investment). 2. Date of Investment – 18.06.2013, Amount Rs. 71.64 Crores. (a) The Committee members (DD F&A-1, DD F&A-2 and DD Estt.) invited quotation for investments in Fixed Deposit Receipts before maturity of Previous FDR's and same was renewed timely. (b) Grant of Rs. 5.00Crores was invested on 23.02.13 after the approval of Director (F&A) and Director General. (c) Committee of officials was constituted to open the quotations. (d) Invitation of Quotations/Offer for Fixed Deposit rates was requested in a proper format. (e) The hand delivery letter of quotations was stamped and signed by the respective bank signatories. (f) On recommendation by the committee members Union Bank of India was selected in case (1) and Vijaya Bank, Punjab National Bank & Union Bank of India was selected in case (2) respectively on the basis of providing higher rate of interest by preparing analysis statement 	<ol style="list-style-type: none"> 1. Fixed Deposit Register should be maintained and it should be updated every time when new deposit made, Renewal made and withdrawal. Accounts Assistant should sign against every entry in the register and AO should verify and counter sign. 2. The Fixed Deposit Receipts register should be got verified by DD (F&A-1) & DD (F&A-2) on quarterly basis. 3. For Renewals and maturity dates a check list should be maintained with the In-charge to avoid delay in renewal/reinvestment and loss of interest also. 4. For the purpose of quotations, the interest rate charts downloaded from bank websites should be considered to compare and finalize highest interest rate offer at least one day in advance. Further, interest rate may be asked from different banks through email. <p>43</p>

		<p>(g) For the balance outstanding in Savings bank account, flexi deposit account system is being followed where amount is automatically transferred to flexi account from savings account in multiples of Rs.10,000/- when balance in savings account exceeds by prescribed limit.</p> <p>(h) Fixed Deposits Receipts (FDR's) Register was observed to be not updated but same was maintained & updated in digital form (soft copy) only.</p> <p>(i) FDR's income is accounted on accrual basis yearly after receipt of bank certificates.</p>	
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**NATIONAL INSTITUTE OF FASHION TECHNOLOGY
INVESTMENT PROCESS
FLOWCHART**

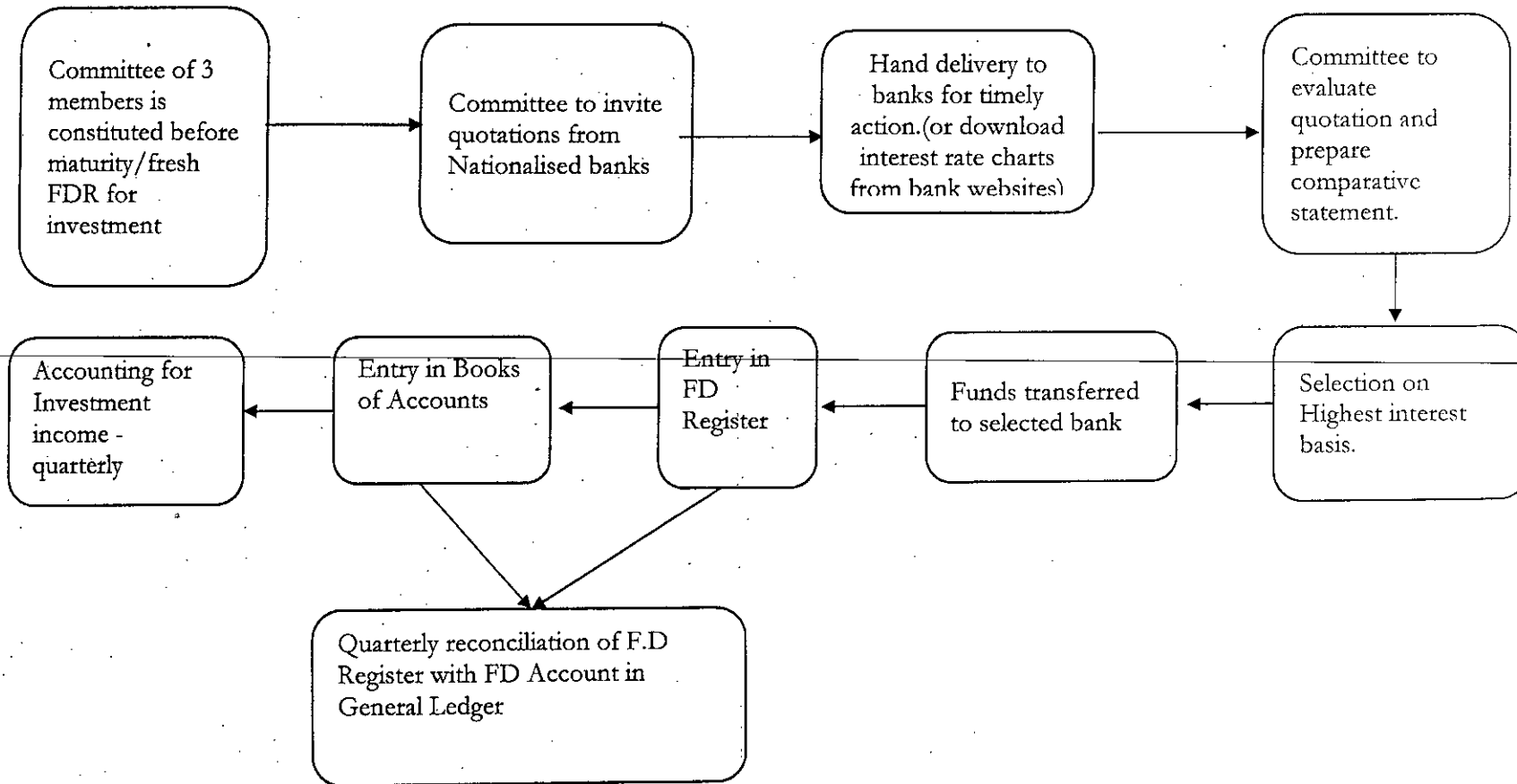
Fresh Investment



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**NATIONAL INSTITUTE OF FASHION TECHNOLOGY
INVESTMENT PROCESS
FLOWCHART**

Renewal



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EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN: 083878

95

Date:
Place: New Delhi

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

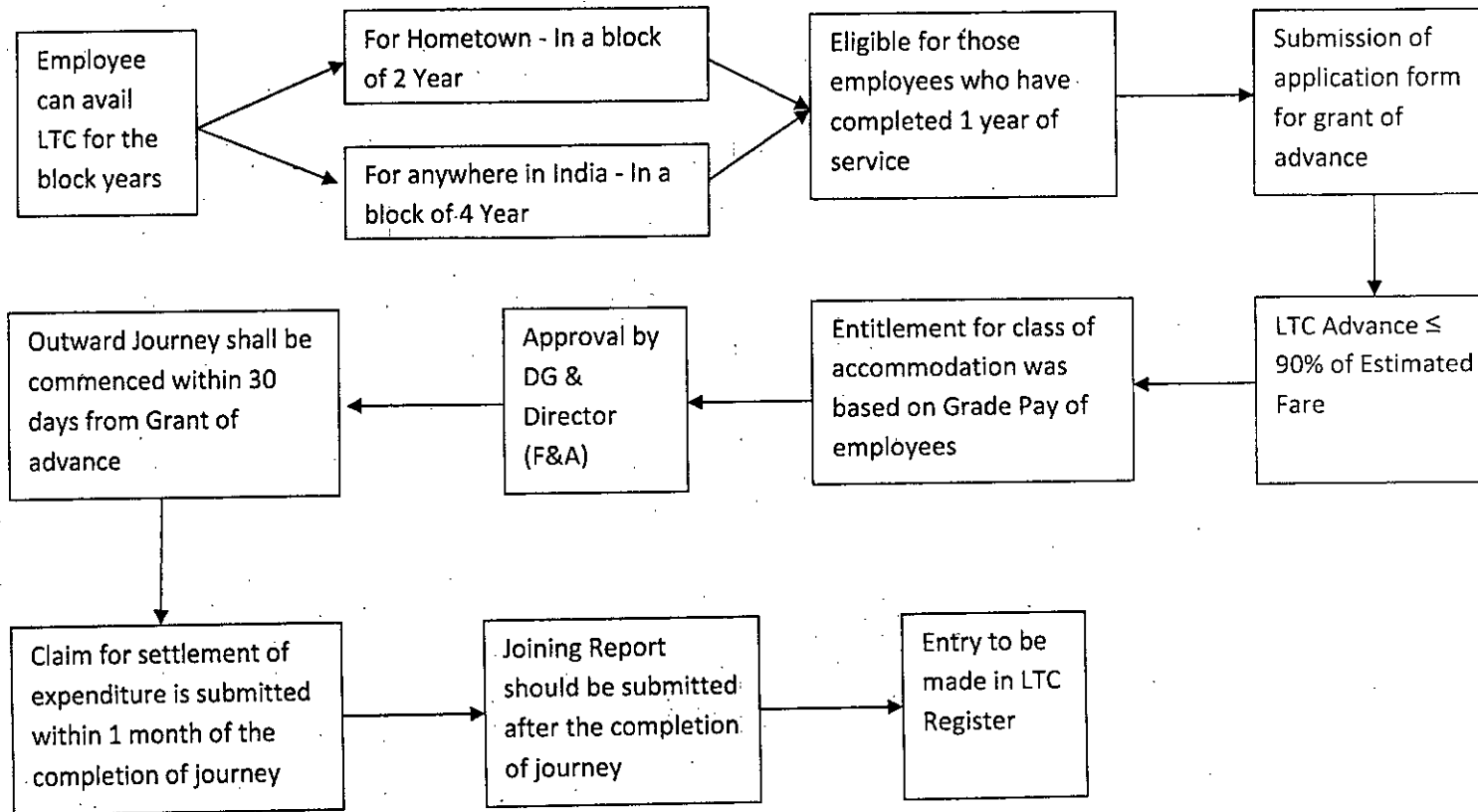
**PROCESS AUDIT REPORT
ADVANCES
(F.Y. 2014-15)**

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

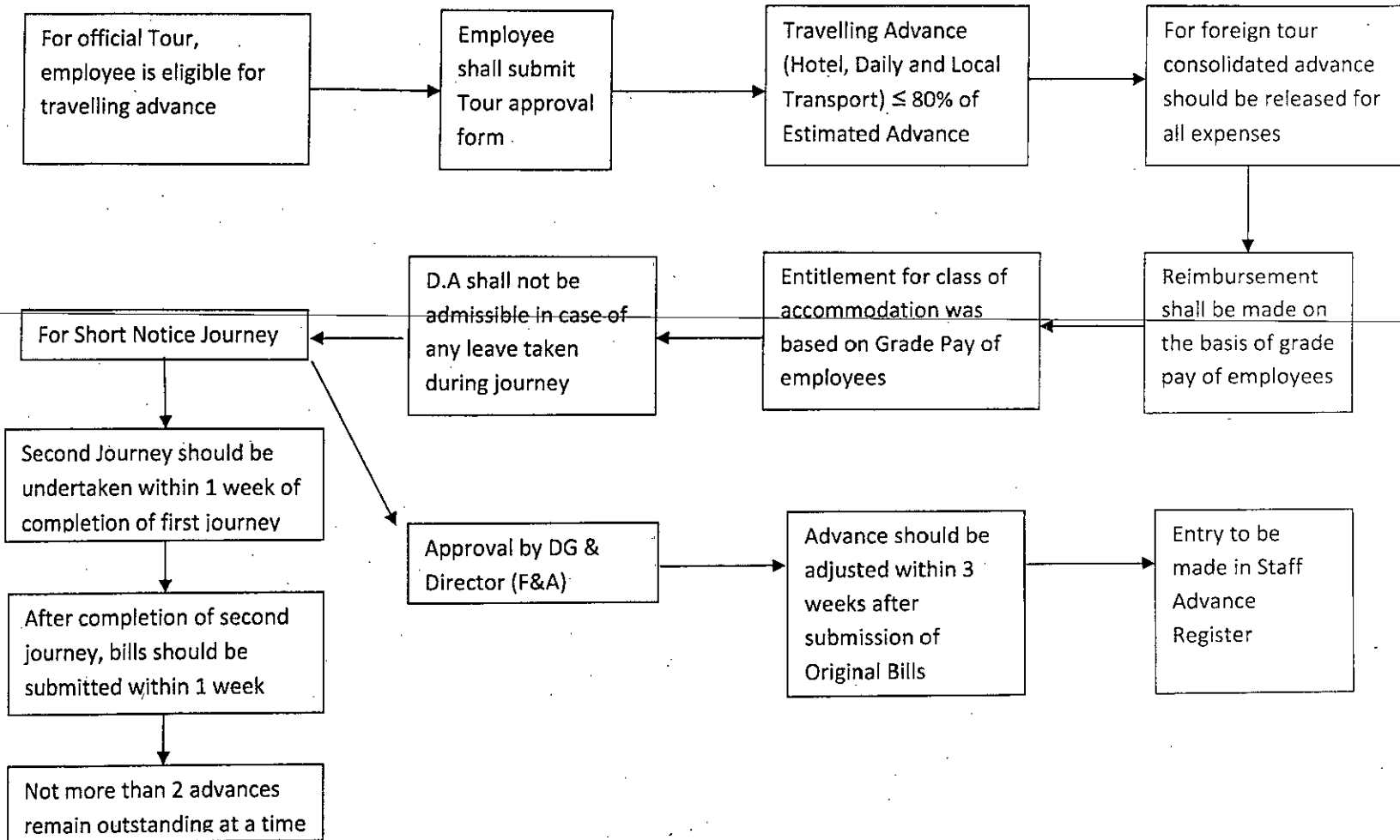
Process Audit - Advances

LEAVE TRAVEL CONCESSION (LTC) PROCESS FLOWCHART

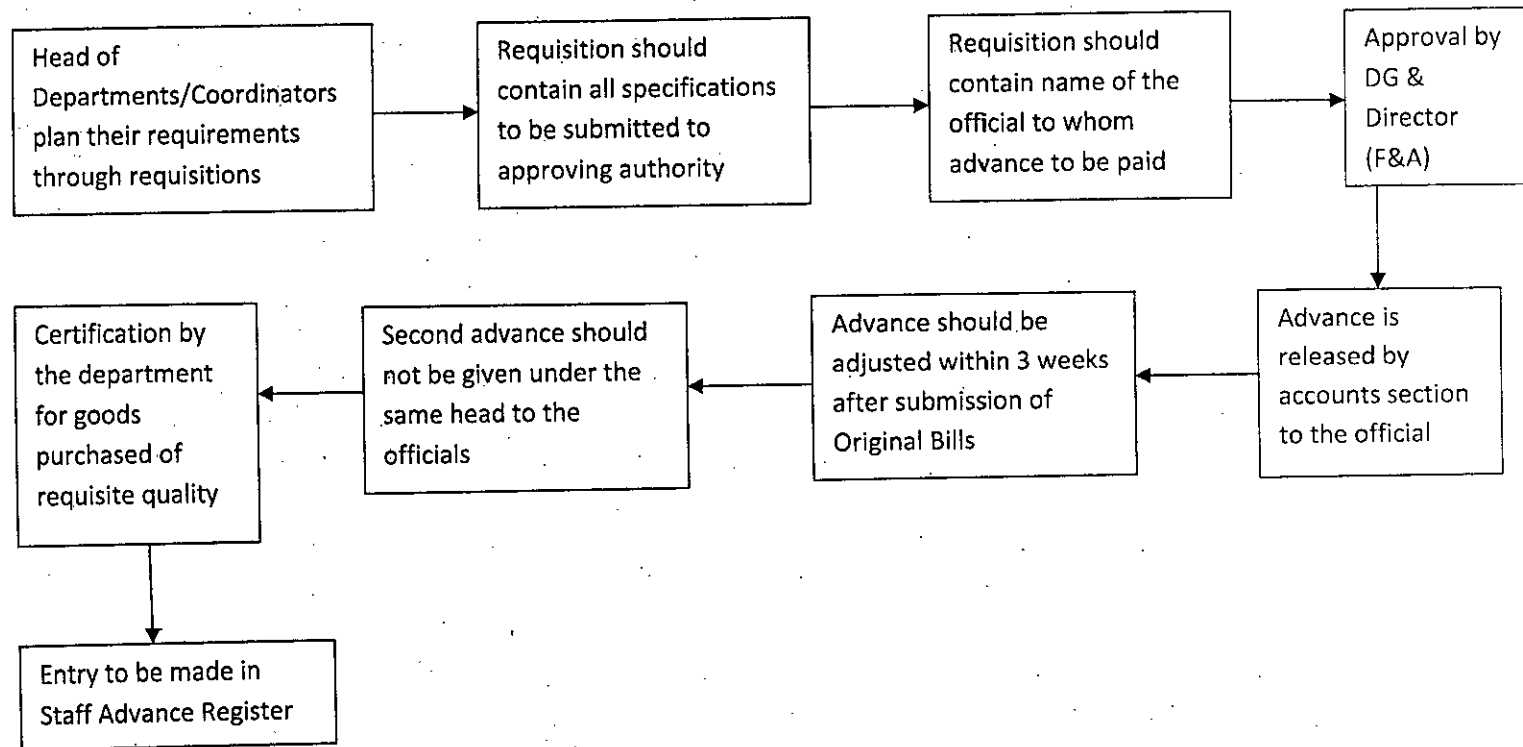


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TRAVELLING ADVANCE PROCESS FLOWCHART



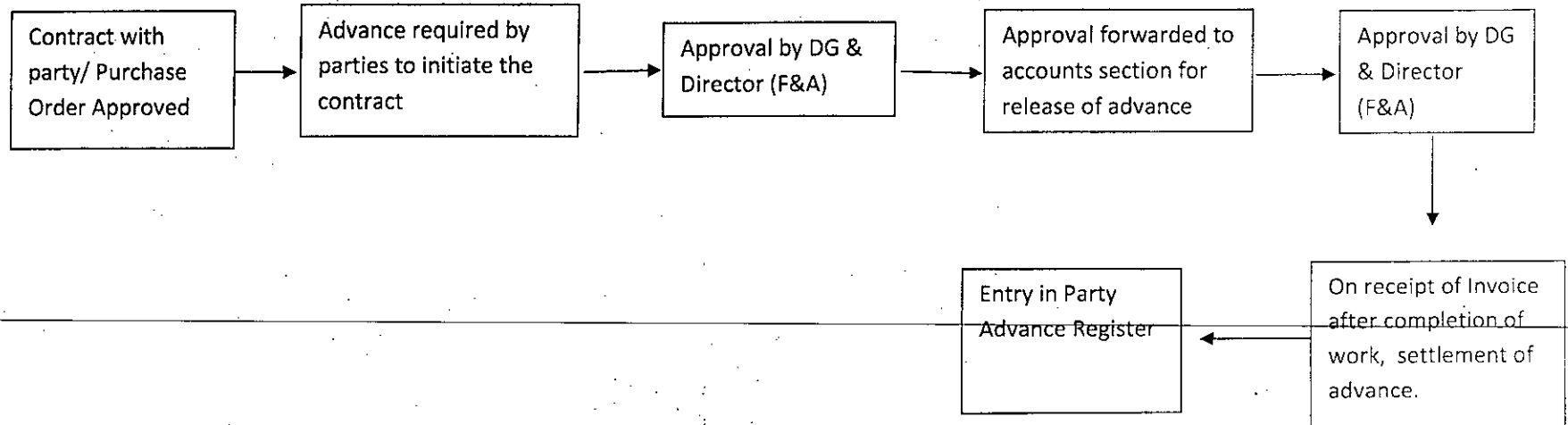
OFFICE EXPENSE ADVANCE PROCESS FLOWCHART



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PARTY ADVANCE PROCESS
FLOWCHART



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Process Areas	Existing Process	Mapping with Existing Process	Process Improvement/Suggestions
<ul style="list-style-type: none"> Advances <p>A. Leave Travel Concession (LTC) Advance</p>	<p>Following conditions for LTC advance is prescribed in Central Civil Services(LTC) Rules,1988</p> <ul style="list-style-type: none"> LTC to visit hometown in a block of two years and to any place in India once in four years will be allowed to employees. LTC shall be admissible to all those regular employees of the institute and their families who have completed one year of continuous service on the date of journey performed by him. Employee shall apply for LTC advance in application form for grant of advance provided in above said Rules. Advance may be granted up to 90% of the estimated Fare. Entitlement for class of accommodation was based on the grade pay of the employees for journey by Air/Rail/Road. DG and Director (F&A) has full powers in respect of LTC. If the family travels separately from the Employee the advance may also be drawn separately to the extent admissible. The advance may be drawn both for the forward and return journeys at the time of commencement of the forward journey, provided the period of leave taken by the Government servant or the period of anticipated absence of the members of the family does not exceed three months or ninety days. If this limit is exceeded, then the advance may be drawn for the outward journey only. If the limit of 3 months or ninety days is exceeded after the advance had already been drawn for both the journeys, one half of the advance should be refunded to the Government forthwith. 	<p>We selected LTC Advances given to:</p> <p>(a) Mr. Brijesh Aneja on 23/5/2014 for Rs.72,000/- ,</p> <p>(b) Mr. Jaswant Singh on 25/4/2014 for Rs.43,400/- ,</p> <p>(c) Sh. Parvez Ahmed Burney on 16/05/2014 for Rs. 57,900/- as sample:-</p> <ol style="list-style-type: none"> In all the cases employees has availed for journey to J&K and were entitled to travel by Air on the basis of office memorandum of ministry of personnel irrespective of grade pay of employees. In all the cases employees has submitted application form for grant of advance. In all the cases we observed that the amount of advance given is 90% of estimated fare. Approvals from Director (F&A) were taken in all cases. In all the cases family travels with the employee, therefore advance was not drawn separately. In all the cases journey was performed maximum within 10 days, therefore the anticipated absence of the employee or member of the family doesn't exceed three months. In case of Mr. Brijesh & Mr. Parvez Ahmed Burney the journey was performed within 30 days of grant of advance. But in case of Mr. Jaswant Singh the advance was given on 25th April, 2014 but the outward journey was performed on 14th June, 2014 i.e. beyond 30 days of grant of advance. Thus as per the rules, the advance should have been refunded in full. 	<ul style="list-style-type: none"> If the outward journey is not commenced within 60 days of grant of advance, the advance should be taken back from employee in full. Proper follow up should be made. Register of LTC Claims should be as per CCS (LTC) Rules, 1988.

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	<ul style="list-style-type: none"> The advance should be refunded in full if the outward journey is not commenced within 30 days of the grant of advance. However, in cases where reservations can be made sixty days before the proposed date of the outward journey and advance is granted accordingly, the Employee should produce the tickets within ten days of the withdrawal of advance, irrespective of the date of commencement of the journey. Where an advance has been drawn by the Employee, the claim for reimbursement of the expenditure incurred on the journey shall be submitted within one month of the completion of the return journey. On an Employee's failure to do so, he shall be required to refund the entire amount of advance forthwith in one lump sum. No request for recovery of the advance in installment shall be entertained. Employee is required to submit joining report after completion of journey. LTC Register should be maintained as per CCS (LTC) Rules. 	<p>8. In all the cases the claim for the settlement of the expenditure is submitted within one month of completion of the journey.</p> <p>9. In all the cases, employee has submitted joining report day after the completion of journey.</p> <p>10. Entry was made in LTC Register of all the cases, but register covers only following heads – Date, Name, Advance paid, Settlement, Balance amount & Remarks.</p>	
B. Travelling Advance	<p>Accounts Manual Chapter-6</p> <ul style="list-style-type: none"> An employee on official tour will be entitled for travelling allowance which is intended to cover expenditure incurred in connection with journeys performed for the Institute work after preparing tour approval form. Reimbursement on fares for journey performed between the Head office/campus Station and tour station by the employee of various levels/pay ranges by different means of transport shall be as prescribed in the accounts manual subject to actual. Hotel Rates, Daily allowance & Local Transport (Mileage Allowance) will be admissible at rates prescribed in the accounts manual of which advance may be granted up to 80%. 	<p>We selected Travelling Advances given to:</p> <p>(a) Mr. Raj Singh on 17/04/2014 for Rs.74,400/- ,</p> <p>(b) Mr. Abdul Malik on 23/4/2014 for Rs.5,600/- ,</p> <p>1. In case (a) advance was provided for foreign tour (Dubai) to two officials Sh. Pawan Godiawala (Director, Gandhinagar) & Sh. Raj Singh (Asst. Director-Admission, Head Office) for admission process of NRI students after the approval of Head(IAA). Further approval of Director General, Director (F&A) and Director (Admission) was taken.</p> <p>2. In case (b) tour approval form was submitted by the official & 80% of which</p>	<ul style="list-style-type: none"> DD (F&A-1)/DD (F&A) should ensure that the advances are settled/adjusted as per prescribed rules. They may watch it through a monthly statement to be prepared by their account branch to monitor the timely settlement of staff advances. The Staff advance register should be maintained as per prescribed format. The record may be made in soft copy or through software or manually & should be got verified by DD (F&A-1)/DD (F&A-2) on monthly basis. All requisite fields or data viz. date

- For foreign tour, release of foreign exchange for abroad covers consolidated amount to cover room rent and DA for food, Taxi charges/Local conveyance, entertainment, official telephone calls and other contingency expenditure are chargeable extra on actual basis.
- Cancellation charges may be reimbursed, at the discretion of the Controlling Officer where journey is not undertaken by an employee due to natural calamities or any mishap in his family and any other perceptible reasons.
- The daily allowance shall be admissible for journey purpose, halt on tour and holidays across during the period of tour, but the same will not be admissible for a period of leave of any kind availed while on tour. If an employee breaks journey in route due to personal reasons he shall not be paid DA for a period during the stay.
- In case where official has to proceed on journey at short notice and under emergent circumstances, a second advance be sanctioned by the competent authority subject to the conditions:
 - (a) The second journey is required to be undertaken soon after the first one, i.e. within a week after completion of the first tour.
 - (b) The bill for the advance drawn should be submitted latest within a week after completion of the second journey.
 - (c) In any case not more than two advances should be allowed to remain outstanding at a time.
- Before approval of the Competent Authority, budget availability should be checked by Accounts Department.
- DG and Director (F&A) has full powers in respect of Travelling Advance.

was provided to the official as advance after proper approval of DG.

3. In case (a) release of foreign exchange for abroad covers the consolidated amount for all the expenses & was paid as per rates prescribed in manual:
 - For Director - 350 USD/- Day
 - For Others - 300 USD/- Day
4. In case (b) Hotel Charges, Local & Daily Conveyance (Mileage Allowance) was paid as per rates prescribed in manual. (For Grade Pay of Rs. 5,400/- or more)
5. After the approval, advance was released by finance department in both the cases.
6. In case (a) travelling allowance bill for foreign tour (As per format prescribed in manual) and original bills submitted on 06/05/2014, but the same was settled on 23/06/2014 i.e. after 3 weeks from the date of submission of bills.
7. In case (b) travelling allowance bill for tour (As per format prescribed in manual) and original bills submitted on 08/05/2014, but the same was settled on 23/06/2014 i.e. after 3 weeks from the date of submission of bills.
8. Necessary entry was made in staff advance register of both the cases.

of advance, amount of advance, purpose of advance, employee to whom advance given, date of submission of bills, refund amount, balance amount etc should be maintained in Staff Advance Register.

	<ul style="list-style-type: none"> Official shall submit original cash memos/bills to adjust the advance. In any case, it should not take more than 3 weeks to get the advances adjusted from the date of submission in the accounts branch. Staff advance register shall be maintained. Travelling allowance claim of a government servant shall fall due for payment on the date succeeding the date of completion of the journey. He shall submit the travelling allowance claim within one year of its becoming due failing which it shall stand forfeited. (As per Rule – 259) 		
<p>45</p> <p>C. Office Expense Advances</p>	<p>Accounts Manual Chapter – 6</p> <p>a. The Head of Departments/Coordinators should plan out their requirements through requisitions/indents.</p> <p>b. Indents indicating details of specifications, quantities, approximate value of items so indented should be submitted to the approving authority.</p> <p>c. Before approval of the Competent Authority, budget availability should be checked by Accounts Department.</p> <p>d. DG & Director (F&A) has full powers in respect of office expense advance.</p> <p>e. Department shall indicate the official name in the requisition to whom office expense advance to be paid.</p> <p>f. Requisition is sent to accounts section for releasing the advance to the mentioned official.</p> <p>g. Official shall submit original cash memos/bills to adjust the advance. In any case, it should not take more than 3 weeks to get the advances adjusted from the date of submission in the accounts branch.</p> <p>h. A second advance should not be given to any official normally without settling the first advance under the same head.</p>	<p>We selected office expense advance given to:</p> <p>a. Mr. Prakash B. for Rs.10,000/- on 30/04/2014</p> <p>b. Mr. Shesh Nath Shah for Rs. 2,000/- on 30/05/2014 as sample:-</p> <ul style="list-style-type: none"> In both the cases, head of department or coordinators submit their requirements through requisitions but that was on noting sheets only. Detail of specifications, quantities, approximate value of items was duly provided in the requisition. Proper approvals were taken in both the cases. After approvals, requisition is forwarded to accounts section for release of advance. Employee has submitted original bills for settlement of advance. In case (2), advance was settled within 3 weeks from the date of submission of bills. But in case (1), advance was not settled within 3 weeks as a result of which office order has been issued by DD (F&A-1) towards settlement of advance 	<ul style="list-style-type: none"> DD (F&A-1)/DD (F&A-2) should ensure that the advances are settled/adjusted as per prescribed rules. They may watch it through a monthly statement to be prepared by their account branch to monitor the timely settlement of staff advances. Penalty shall be charged from the officials in case where settlement was made after the due date of office order. The Staff advance register should be maintained as per prescribed format. The record may be made in soft copy or through software or manually & should be got verified by DD (F&A-1)/DD (F&A-2) on monthly basis. All requisite fields or data viz. date of advance, amount of advance, purpose of advance, employee to whom advance given, date of submission of bills, refund amount, balance amount etc should be maintained in Staff Advance Register.

	<p>i. Department shall certify that the goods purchased from vendor are of requisite quality and found to be in good condition.</p> <p>j. Necessary entries shall be passed in the Staff Advance Register or other Registers.</p>	<p>within 7 days from the date of issue of order i.e. 30/05/2014, but due to absence of official till 20/06/2014, the file was in process & the same was settled on 30/06/2014.</p> <ul style="list-style-type: none"> • No any other advance was given to the both the official under the same head. • In both the cases, department has certified that the goods are of requisite quality and found in good condition. • Necessary entry was passed in staff advance register of both cases. In case of Mr. Prakash necessary entry of the bill was made in expenditure & fixed asset register & In case of Mr. Shesh Nath Shah entry of the bill was made in expenditure and consumable register. 	
<p>D. Party Advances</p> <p>75</p>	<ul style="list-style-type: none"> • Advances are given to parties requiring advance to initiate the work/service or as per terms & conditions of the contract entered with the party. • Request for advance payment from the parties shall be verified by Accounts Department. Advance should be as per terms and conditions of the contract. Necessary Bank Guarantee/ Security, if required, shall be obtained by NIFT before release of advance. • DG & Director (F&A) has full powers in respect of party advances. • Approval on noting sheets with supporting documents is forwarded to accounts section and advance is released to parties. • On receipt of Invoice after completion of work/service, advance is settled with prior approval of director general. • Party advance register shall be maintained by account section. 	<p>We selected 2 samples following:</p> <ul style="list-style-type: none"> • <u>BPCL:</u> <ul style="list-style-type: none"> ➤ As per explanation, contract was entered with the party but it was not provided to us for verification. ➤ Advance given Rs. 15,000/- on 26/09/2014. ➤ As per Delegation of power, proper approvals were taken. ➤ On basis of invoice received from party, advance was settled on 11/12/2014. • <u>Tata AIG General Insurance company limited:</u> <ul style="list-style-type: none"> ➤ Requisition for advance from party was not documented in file. ➤ Advance given Rs. 28,467/- on 23/07/2014. ➤ As per Delegation of power, proper approvals were taken. ➤ On receipt of invoice from party, advance was settled on 01/10/2014 	<ul style="list-style-type: none"> • Contract should be documented in the file, if enter with the party. Proper clause should be entered in contract regarding advance to be provided to the party. • Advance payment request from parties has to be verified by the Accounts Department. Whether the advance is as per the Terms & Conditions of the contract agreement and any security is given by party etc. before sending to the approval of the Director. If the advance amount is for more than Rs. 1 lakh then it has also to be ensured that necessary Bank Guarantee/ Security has been obtained by NIFT before release of advance. • Requisition for advance from party should be documented in the file. <p>54</p>

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		<ul style="list-style-type: none"> Entry was made in Party Advance Register of both the cases. 	
E. Festival Advance	<ul style="list-style-type: none"> In terms of Ministry of Finance office memorandum no. A-2712/1/2014-Estt. (Allowance) and Rule No. 53 & 58 of Compendium of rules of advance to government servants whose grade pay not exceeding Rs. 4,800/- are eligible for grant of festival advance which may be recovered in ten equal installments. Festival Advance may be granted to employees who submit the application for grant. Grant should be drawn & disbursed before the festival. The time lag between dates of drawl and disbursement to be reduced to the minimum. DG and Director (F&A) have full powers in respect of Festival Advance. Temporary Staff who are not likely to continue in service at least for six months beyond the month of drawing the advance are not eligible. The recovery will commence from the month following that in which the advance is paid to the official in ten no. equal installments. It should be certified that the officials have not taken any festival advance during the current calendar year and no festival advance granted on previous occasion is outstanding for recovery. 	<p>We selected festival advance given to employees on occasion of Diwali & Dusshera as sample:</p> <ul style="list-style-type: none"> Festival advance is provided to eligible employees whose grade pay doesn't exceed Rs. 4,800/- which is to be recovered in ten equal installments. 30 eligible employees have submitted application on occasion of Diwali & 13 eligible employees on occasion of Dusshera for festival advance. In both cases, advance was drawn & disbursed before the festival. Proper approvals were taken. In both the cases no advance was paid to temporary staff. In both cases, recovery was commenced from the following month in which the advance was paid in ten equal installments. In both cases, officials have not taken any festival advance during the year 2014 and no festival advance of previous years is outstanding in the books of accounts for recovery. 	<ul style="list-style-type: none"> The entry in respect of Festival advance should be made in Festival Advance Register, where the status of recovery is updated every month at the time of preparation of the Salary of an individual to keep check on previous outstanding advances and installment due and paid till it is implemented in ERP. It should be got verified by DD (F&A-1)/DD (F&A-2) on quarterly basis. DD (F&A-1)/DD (F&A-2) should ensure that the installments are settled/adjusted on timely basis.

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EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN: 083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

**PROCESS AUDIT REPORT
GOVERNMENT GRANTS**

(F.Y. 2014-15)

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

Process Areas	Existing Process	Mapping With Existing Process	Process Improvement/Suggestions
Government Grants	<p>Accounts Manual- Chapter-12</p> <ul style="list-style-type: none"> An autonomous organization with a budgetary support of more than Rs.5 Crores p.a should be required to enter into memorandum of understanding with the administrative ministry (Ministry of Textiles) or department. For seeking grant from Government, NIFT will require to submit an application which will include all the relevant information such as Article of Association, bye laws, audited statement of accounts, source and pattern of income and expenditure as per GFR Rule 209. Award of grant is considered on the basis of viable and specific schemes drawn up by the institution (NIFT). Initially grant amount is sanctioned from ministry for plan and non-plan grant which is further divided into two parts i.e. Grant for specific purpose and general purpose. Request for the release of grant is made by institution as per their requirements. Amount of grant is released from ministry on fulfillment of following conditions: <ol style="list-style-type: none"> Institution shall maintain subsidiary accounts of Grant-in-aid received from the government as per GFR Rule 210. Institution shall submit performance cum achievement reports on or before 31st March every year. The accounts shall be audited by the internal auditors of the institution and finally by the Comptroller and Auditor General of India. Institution shall not divert the grant and entrust execution of the scheme or work 	<ul style="list-style-type: none"> Since NIFT has a budgetary support of more than 5 Crores p.a therefore they entered into memorandum of understanding with the Ministry Of Textile. After Entering into MOU with Ministry of Textiles, NIFT has submitted an application with all the relevant information for seeking grant. We have verified 3 types of Schemes for which Government Grant was received these are: <ol style="list-style-type: none"> Creation of infrastructure of implementation of OBC Quota. Setting up of NIFT campus at Rae Bareli. Setting up of NIFT campus at Shillong under North East Region. During 2014-15 Grant of Rs 50.00 Crores and 1.50 Crores were received for implementation of OBC Quota reservation and Rae-Bareli campus for revenue deficit respectively on account of Non-Plan Grant. Following conditions for release of Grant have been fulfilled: <ol style="list-style-type: none"> NIFT is maintaining "Grant-In-Aid Register" for subsidiary accounts of "Grant-in-aid" received Institution is submitting performance cum achievement reports as on when demanded by the Ministry. 	<ul style="list-style-type: none"> Register of "Grant in Aid" received for Plan and Non-Plan Grant should be updated on regular basis and duly verified and signed by the Competent Authority. A Manual Register may be maintained till provision of the same in ERP System. When the register is maintained in ERP, there should be provision for getting online approval from competent authority Performance cum achievement reports should be submitted every year as per schedule.

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concerned to another institution or organization and shall abide by the terms and conditions of the grant. If fails to utilize for the purpose for which the same has been sanctioned, the institution will be required to refund the amount of the grant with interest thereon @ 10% p.a.

(e) Institution should submit pre- receipts, utilization certificate (as per Form GFR 19-A) and non corrupt certificate for release of grant.

- NIFT should also maintain a register of "Grant-in-Aid" for the grant received for Plan and Non -Plan which should be signed by any Competent Authority from time to time
- Separate bank account should be maintained for receipts of Grants.
- Grant from central government should be accounted on " Receipt basis"
- Unspent balance of the previous Grant should be taken into account while sanctioning the present Grant. Release of grants for subsequent years is subject to Utilization Certificate.
- Grants are required to be utilized within 1 year of issue of sanction. Utilization Certificate for proper utilization of grant should be furnished to the administrative authority.
- Utilization certificate need not be furnished in cases where grant in aid are being made as reimbursement of expenditure already incurred on the basis of duly audited accounts.
- In respect of Central Autonomous Organization, the utilization certificate shall disclose separately the actual expenditure incurred and the loans and advances given to suppliers of stores and assets, to construction agencies, which do not constitute expenditure at that stage. These shall be treated

(c) No Grant/Fund has been transferred to another institution or organization. In case of implementation of "OBC Quota reservation", NIFT has paid interest of Rs 11.63 Crores on account of unutilized Grant.

(d) The institution is submitting pre-receipts, utilization certificate (as per Form GFR 19-A) and non-corrupt certificate before release of grant

- NIFT is maintaining register of "Grant-In-Aid" for the Grant received for Plan & Non-Plan. However the register is not verified & signed by any Competent Authority
- Separate bank account is maintained for receipts of Grant.
- Grant received is accounted on "Receipt Basis"
- Unspent balance of the previous Grant was considered while sanctioning new Grant and thereafter, on the basis of utilization certificates, Pre-receipts & Non- corrupt certificate Grants are released.
- Grants are utilized within 1 year of issue of sanction.
- Head Office is not accounting Grants in its books as it is received for the campuses and accounted by campuses only.

as unutilized Grant and allowed to be carried forward.

- Accounting of Grant should be done as per Accounting Standards. There are two methods for accounting of Grant which is mentioned below.

Capital Grant

Method-1:

Under this method, the Grant is shown as a deduction from the gross value of asset concerned in arriving at its book value. The Grant is thus recognized in the profit and loss statement over the useful life of a depreciable asset by way of a reduced depreciation charge. Where the Grant equals to the whole, or virtually the whole, of the cost of asset, the asset is shown in the balance sheet at nominal value

Method-2:

(i) Depreciable Asset

Under this method, Grants related to depreciable assets are treated as deferred income which is recognized in the profit and loss statement on a systematic and rational basis over the useful life of asset. Such allocation of income is usually made over the periods and in the proportion in which depreciation on related assets is charged

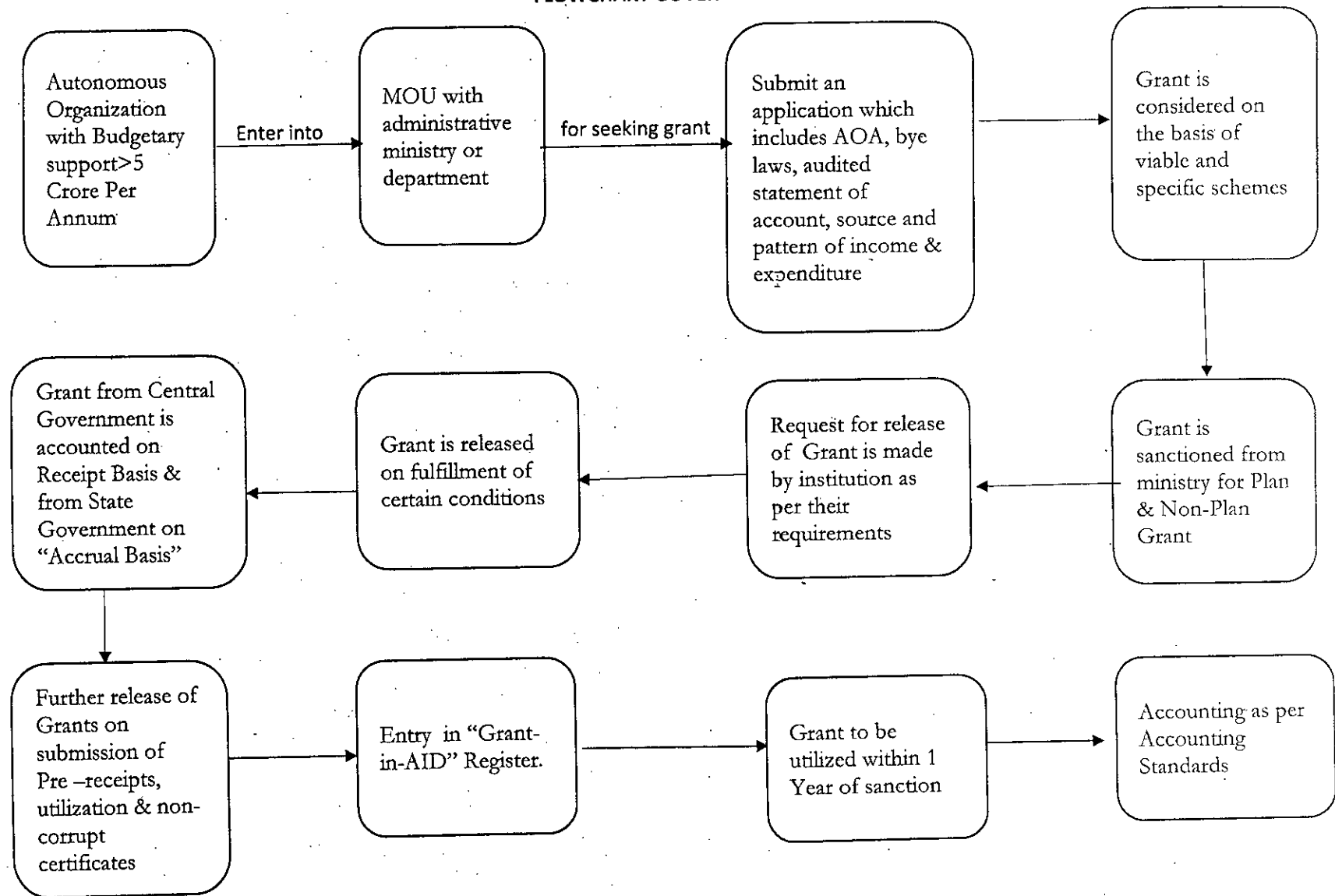
(ii) Non- Depreciable Asset

Grants related to non-depreciable assets are credited to capital reserve under this method, as there is usually no charge to income in respect of such assets. However, if a Grant related to a non-depreciable asset requires the fulfillment of certain obligations, the Grant is credited to income over the same period over which the cost of meeting such obligations is charged to income. The deferred income is suitably disclosed in the balance sheet pending its apportionment to profit and loss

	account.		
	<u>Revenue Grant</u> Grants related to revenue are sometime presented as a credit in the profit and loss statement, either separately or under a general heading such as 'Other Income'. Alternatively, they are deducted in reporting the related expenses.		

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

FLOWCHART GOVERNMENT GRANTS



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EXPRESSION OF GRATITUDE

At last-but-not-the-least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

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For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN:083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

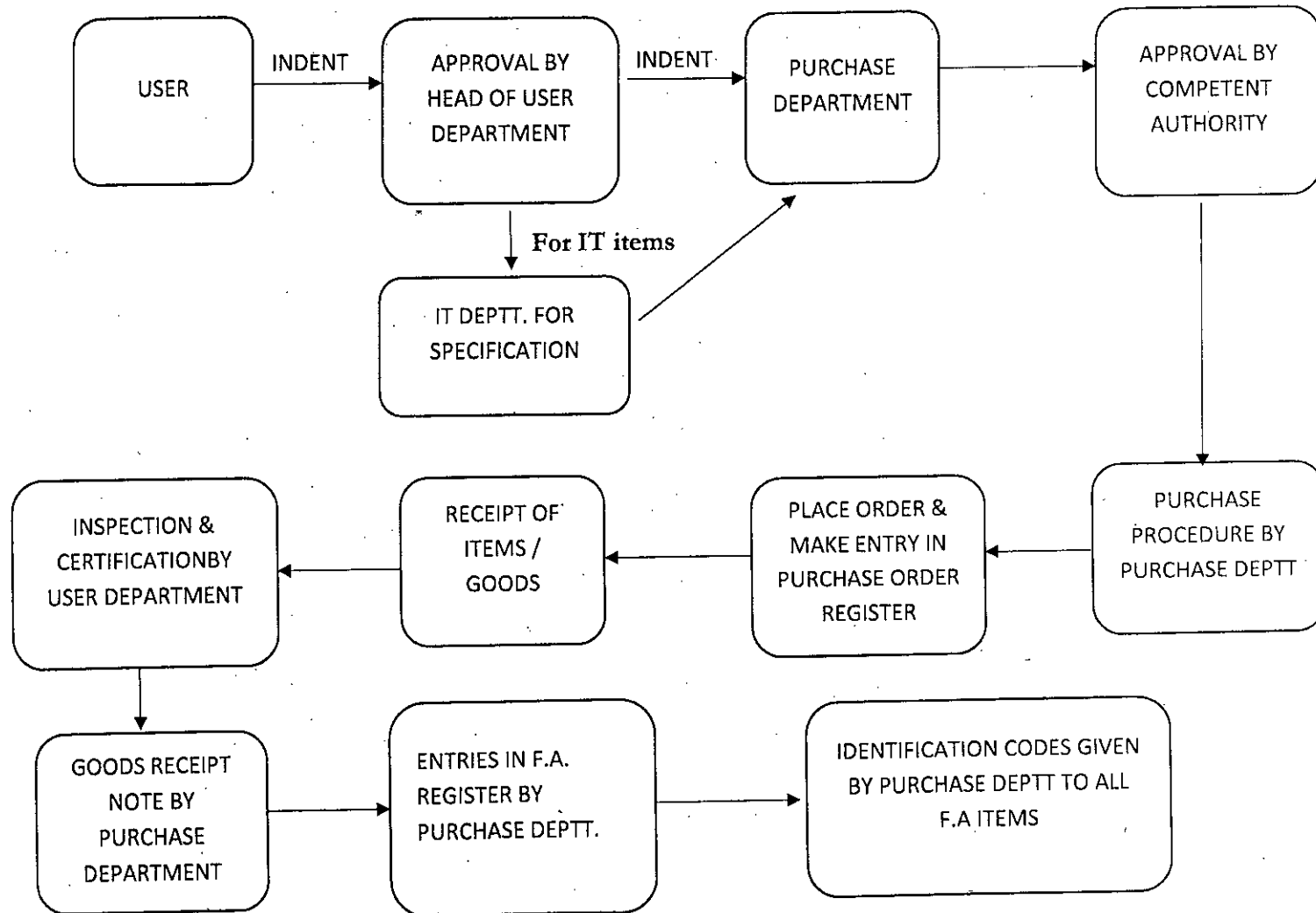
**PROCESS AUDIT REPORT
FIXED ASSETS
(F.Y. 2014-15)**

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

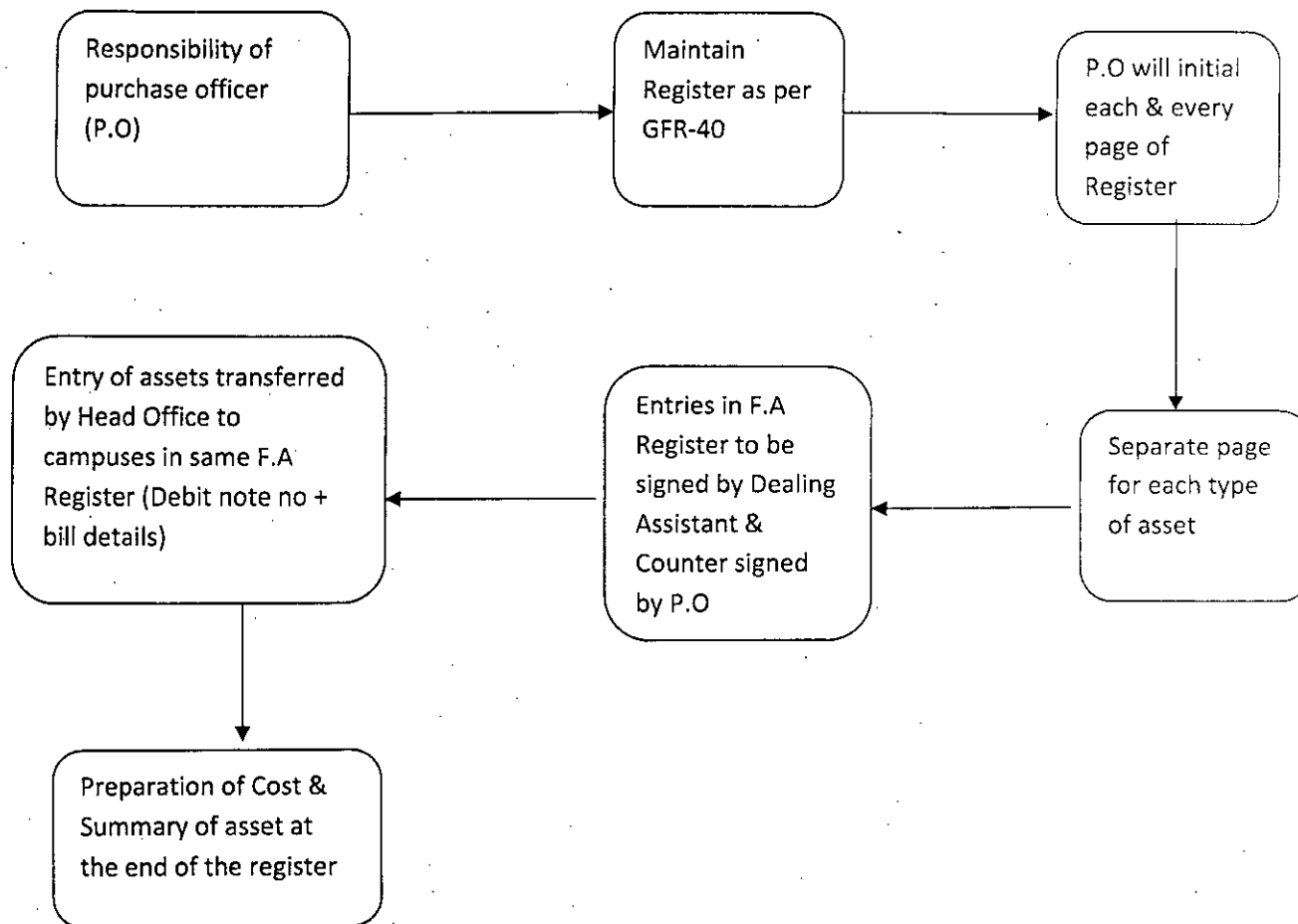
**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

Process Audit - Fixed Assets

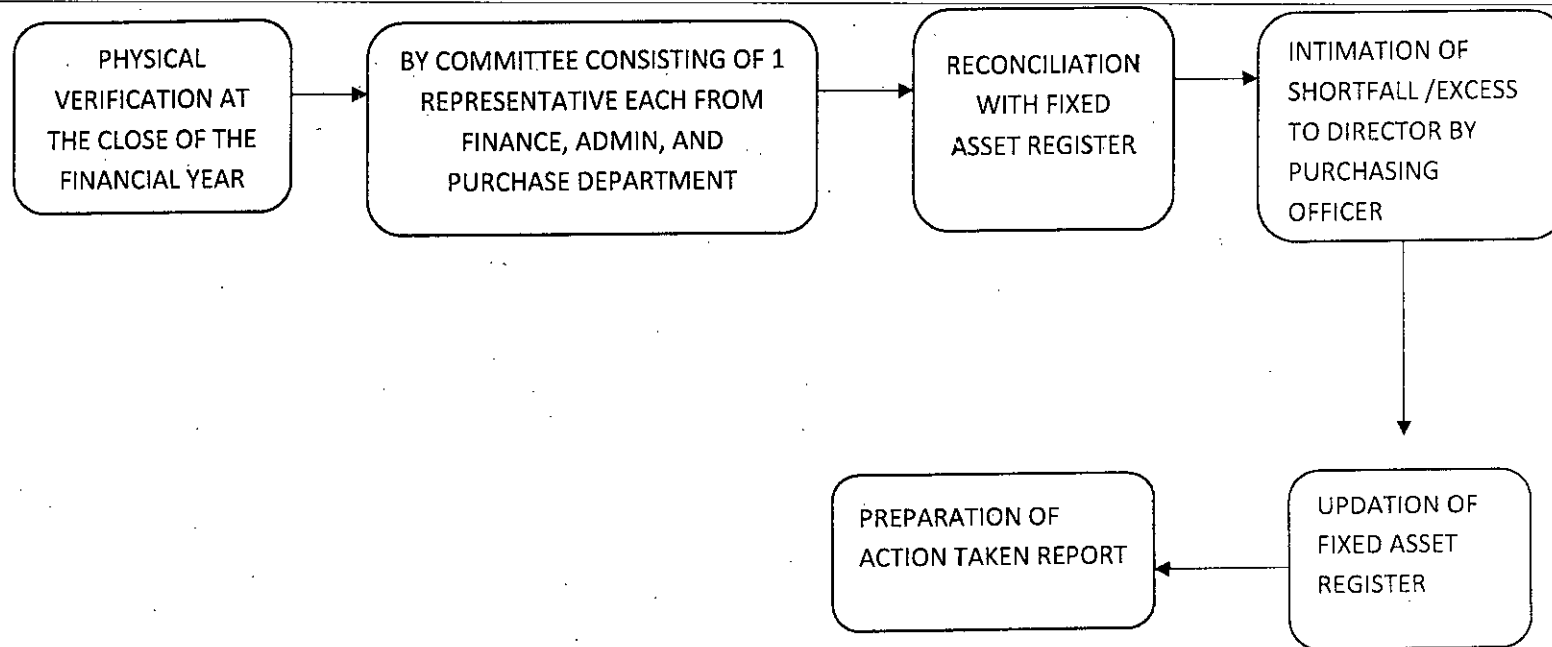
Flowchart- Purchase procedure for fixed asset (FA) items



Flowchart- Maintenance of Fixed Asset Register



Flowchart- Physical verification of Fixed Assets



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Process Areas	Existing Process	Mapping with existing process	Process Improvement/Suggestions
Fixed Assets			
A. Purchase of fixed asset (IT and Non-IT items)	<p><u>Following procedure for purchase of fixed assets is prescribed in Accounts Manual-Chapter-4</u></p> <ul style="list-style-type: none"> • The Chairpersons/Head of Departments/Coordinators should plan out their requirements well in advance (indent) in order to enable the Purchase Department to comply with prescribed procedure. • Indents indicating details of specifications, quantities, approximate value as well as the expected time for receipt of the capital items so indented should be submitted to the approving authority. • Budget Code numbers should be assigned to all the Budget Operating Chairpersons/Coordinators/Head of Departments, who will indicate these budget codes on all indents. • Approving Authority: <ol style="list-style-type: none"> a) DG has the full powers to purchase capital item approved in capital budget. If not mentioned in the budget, he has full powers to purchase capital items value not exceeding Rs. 25 lakhs on any one item on each occasion. b) Director (F & A) has Full powers to purchase capital item value not exceeding Rs. 500000/- on any one item on each occasion. c) Campus director has full powers to purchase capital item value not exceeding Rs.500000 on any one item on each occasion. • Proper purchase procedure should be followed:- <ol style="list-style-type: none"> 1. Purchase without inviting quotations: On the approval of the competent authority, purchases will be made for 	<p>We selected 5 sample vouchers related to purchase of capital items viz.</p> <ol style="list-style-type: none"> a) Voucher No. 186 dated 02-05-2014 amounting Rs. 1,58,282; b) Voucher No. 441 dated 18-06-2014 amounting Rs. 1,14,207 c) Voucher No. 451 dated 20-06-2014 amounting Rs. 11,419; d) Voucher No. 538 dated 08-07-2014 amounting Rs. 58,800 e) Voucher No. 564 dated 14-07-2014 amounting Rs. 2,20,206; <ol style="list-style-type: none"> 1. There was no standard form of indent prescribed for indenting purpose for user department. In all 5 samples, we found that requisition is made on noting sheets only or as a letter by user departments. There is no indent number allotted to requisitions made. In voucher No. 538, a total of 30 days were taken from the date of requisition made by user department to date of settling of specifications of the asset with the help of IT department. 2. In all 5 samples, we found that expected time for receipt of items in the requisition made is not mentioned. 3. Requisition noting which are used as indent were found to be in order except :- <ol style="list-style-type: none"> a) In Voucher No. 451, requisition contains only the name of the item and quantities. It did not contain any specification and estimate cost of the item required. b) In voucher No. 538, requisition contains only the name of the item as "All-in-one computer" and quantity. It does not contain any detailed specification. Only the brand of the item is suggested by I.T. Department along with the cost estimate. 	<ol style="list-style-type: none"> 1. The indent form should be standardized and should have fields as per format in Annexure-1 2. Expected time for receipt of fixed assets should be mentioned on the indent. 3. Specification of all items indented should invariably be mentioned on the indent form by the user. 4. Budget code numbers should invariably be indicated on the indent form. 5. Purchase department should maintain serial No. wise indent register till it is made online. Annexure -2 6. Purchase order No's to be given serially till it is made online and separate series to be used for Fixed Assets and other than fixed Assets. 7. Purchase department should maintain purchase order register (Format attached as per Annexure-3) for keeping track of all the purchase made/follow up with vendor and subsequent verification till it is made online. 8. There should be a list of approved suppliers for each category of assets for short listing in case of limited tender enquiry. 9. For high value purchase orders, purchase/procurement should be done through e-procurement process of the government. 10. Certification regarding receipt of goods in good condition and as per

<p>06</p>	<p>value up to Rs. 15000/- without getting quotation.</p> <p>2. Direct market purchase: purchases without inviting tenders/ quotations by a Purchase Committee consisting of 3 members for small value items costing above Rs.15000 to Rs. 100000/-.</p> <p>3. Limited tender</p> <p>a) This system may ordinarily be adopted when estimated value of goods to be procured is between 1 lakhs to Rupees Twenty five lakhs.</p> <p>b) The limited tender enquiries will be issued to those firms which are appearing in the list of approved suppliers. Past performance of successful supplier, should be one of the variables to be considered at the time of short listing firms for limited tender enquiry.</p> <p>c) At least three quotations/offers must be received in normal conditions. In case offers received are less than three after approval by competent authority and looking at the situation, the same may be considered.</p> <p>4) Single tender: The single tender system may be adopted in case of purchase of articles which are specifically certified as of proprietary nature by the indenting department</p> <p>5) Open tenders: The open tender system, that is, invitation to tender by public advertisement should be used as a general rule for procurement of goods of estimated value Rs. 25 Lakhs and above.</p> <ul style="list-style-type: none"> • The Purchase Officer will keep a track of the materials ordered and take appropriate follow up action to ensure that the materials are obtained in prescribed time. • While receiving the Fixed Asset items, records should be kept in gate passes and the concerned Head of Dept. should certify 	<p>4. In all 5 samples, no budget code numbers were indicated on the indents/ requisition made.</p> <p>5. No indent register is being maintained.</p> <p>6. Approvals were properly taken in all 5 cases.</p> <p>7. Proper purchase procedures were followed except in case of Limited Tender, there is no list of approved suppliers. Enquiries were issued to suppliers found with the help of internet in each case.</p> <p>8. No gate pass was issued for receiving the fixed asset items. Only the verbal communication is made by the user department to the security personnel at the gate.</p> <p>9. Certification by user department regarding receipt of goods in good condition and as per the specification is not found in Voucher No. 186, 451, 538 and 564.</p> <p>10. In all 5 samples, entries were made in Fixed Asset Register but accession number was not recorded in Fixed Asset Register.</p>	<p>the specification should be done.</p> <p>11. Goods receipt Note (GRN) should be prepared. Annexure-4</p> <p>12. Purchase department should make entry regarding receipt of Fixed Asset items in PO register.</p> <p>13. Accession number should be recorded in Fixed Asset Register till it is maintained in CMS.</p> <p>72</p>
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	<p>that the asset has been received in good condition and as per the specification. He shall forward the bills duly certified to the purchase officer who in turn will forward the same to the Accounts Section.</p> <ul style="list-style-type: none"> The Fixed Asset items so received should be entered in the Fixed Asset register by the designated Officer and a certificate to this effect should be forwarded to the Accounts branch who will take necessary steps for release of payment. 		
B. Maintenance of Fixed Asset Register	<p><u>Following procedure for maintenance of fixed assets register is prescribed in Accounts Manual- Chapter-13</u></p> <ul style="list-style-type: none"> It shall be the responsibility of the Purchase Officer to maintain and update the Fixed Asset Register. All the details of items purchased should be entered in the Fixed Asset Register before it is issued to any department. Asset register should be maintained in the GFR-40. Purchase Officer will initial each and every page of Fixed Asset Register. Separate page for each type of asset should be maintained. Revenue nature items like Stationery, Register, Internet charges, Magazine periodicals etc should not be entered in the Fixed Asset Register. Location of assets should also be indicated. Cost of assets and summary of assets should also be prepared and mentioned at the end of the Fixed Asset Register so that the total amount of the assets available can be matched with the total amount capitalized in the balance sheet and the financial accounts. Accession number should be mentioned 	<p>We selected 5 sample vouchers related to purchase of capital items viz.</p> <ol style="list-style-type: none"> Voucher No. 186 dated 02-05-2014 amounting Rs. 1,58,282; (Purchase of Furniture-Godrej Almirah) Voucher No. 441 dated 18-06-2014 amounting Rs. 1,14,207 (Purchase of Desktop) Voucher No. 451 dated 20-06-2014 amounting Rs. 11,419; (Purchase of computer table) Voucher No. 538 dated 08-07-2014 amounting Rs. 58,800 (Purchase of Desktop computer) Voucher No. 564 dated 14-07-2014 amounting Rs. 2,20,206; (Purchase of Multifunction Printer) <ol style="list-style-type: none"> Asset register was maintained in the GFR-40. Purchase Officer had not initialled each and every page of Fixed Asset Register. Separate page for each type of asset was maintained. In all 5 samples, entries were made in Fixed Asset Register under the proper head but accession number was not recorded in Fixed Asset Register. Location of assets was mentioned in case of 	<ol style="list-style-type: none"> Till CMS is fully adopted, Purchase officer should initial each and every page of Fixed Asset Register. Accession number should be recorded in Fixed Asset Register. Cost of assets and summary of assets should be prepared and mentioned in the end of the Fixed Asset Register. While opening new Fixed Asset Register, the entries/balances of the Gross Block of old Fixed Asset Register should be brought forward in the new Fixed Asset Register.

	<p>on the Assets purchased by the Campus/HO and these accession numbers should be mentioned in the Fixed Asset Register also.</p>	<p>5 samples and it was written by pen.</p>	
92	<ul style="list-style-type: none"> While opening new Fixed Asset Register, the entries/balances of the Gross Block of old Fixed Asset Register should be brought forward in the new Fixed Asset Register. Location of the Assets and all other entries etc., in the Fixed Asset Register should be written by Pen and not in Pencil. The entries in Fixed Asset Register should be signed by the Dealing Assistant/ Purchase Dept Assistant, and then counter signed by the Purchase Officer of the campus. Renovation and major repairs which increases the value of the assets and building should be entered in the Asset Register at the appropriate page (below the same item as renovated) and linked with the asset itself. Freight charges, Transportation charges, Customs duty, Labour charges paid to the labourers for lifting the machines, Customs duty, Sales Tax, VAT, etc., of the assets equipments should be included in the cost of the asset and entered as such in the Fixed Asset Register as per Accounting Standards – 10. For the assets purchased by Head Office and supplied/ transferred to campuses should also be entered in the same Fixed Asset Register under the respective category/nomenclature of the assets Debit Note No. etc., through which the assets were transferred to the campus should also be indicated along with other usual details of Bill Nos. etc. It is the duty of the Campus that the entry 	<p>6. The entries in Fixed Asset Register was signed by the Dealing Assistant/ Purchase Dept Assistant, and then counter signed by the Purchase Officer.</p> <p>7. Cost of assets and summary of assets was not prepared and mentioned in the end of the Fixed Asset Register.</p> <p>8. While opening new Fixed Asset Register, the entries/balances of the Gross Block of old Fixed Asset Register has not brought forward in the new Fixed Asset Register. Fixed Asset Register has been maintained year-wise and not cumulative.</p> <p><u>Transfer of assets</u></p> <p>We have selected 2 fixed assets as samples which have been transferred to campuses by HO:-</p> <p>a) JV/HO/21 – Vehicle No. DL 3C AJ 6805 (Ambassador Car) transferred to NIFT Rae Bareli</p> <p>b) BP/HO/22/1707- SPSS 22.0 Software transferred to NIFT Campuses except NIFT Bhubaneswar.</p> <p>1. Debit note reference number along with details of bill number was not indicated in the fixed asset register in both samples.</p>	<p>5. Whenever asset is transferred to different campus, debit note reference number along with details of bill number should be indicated in the fixed asset register.</p>

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	<p>should be made in the Fixed Asset Register under the proper head of the asset i.e. Building, Class room equipment, Furniture/Fixtures, IT equipments, A/V etc. However, it is observed that for Debit Note for assets received from HO by Campus, no proper entry in the Fixed Asset Register. They are classified as "Assets received from HO" which is not correct.</p>		
C. Physical verification of Fixed Assets	<p><u>Following procedure for maintenance of fixed assets register is prescribed in Accounts8 Manual- Chapter-13</u></p> <ul style="list-style-type: none"> Physical verification of the assets should be done at the close of the Financial Year. These assets should be physically verified by the Committee consisting of the following:- <ol style="list-style-type: none"> A representative from Administration Department. A representative from Finance Department. A representative of the Purchase Department. These assets should be reconciled with the Fixed Asset Register. Shortfall/ excess, if any, listed should be listed separately and intimated to the Director immediately by the Purchase Officer. 	<ol style="list-style-type: none"> Physical verification report for the year 2013-14 was taken as sample. Physical verification was done by Committee consisting of 1 representative each from Administration, Finance and Purchase department. No reconciliation was done with Fixed Asset Register. In the absence of accession number on the assets, physical verification is not reliable. 	<ol style="list-style-type: none"> Physical verification should be done with reference to the asset with accession number in the Fixed Asset Register. Shortfall/ excess, if any, listed should be listed separately and intimated to the Director immediately by the Purchase Officer.

Annexure -1 (Format for Indent)

NATIONAL INSTITUTE OF FASHION TECHNOLOGY
Indent FormTO,
The Purchase Officer,
NIFT _____

Indent Date: _____

Dept. Indent No.: _____

Quotation Attached(Y/N) _____

Department: _____

Type of Material	Purchase Order Type
Consumable	New Procurement
Asset	Repeat Order
	Rate Contract

Please tick wherever applicable

Details of Required Items:

Sr. No.	Complete Description of Items (Specification Model Catalogue No.)	Stock Held on Date(Whenever Applicable)	Quantity Required	Purpose	Approx. Units Price(Rs.)	Approx. Total Cost (Rs.)
1.						
2.						
Total Cost						

Suggested Suppliers:

Sr. No.	Name	Address

Indenter's Signature

Name _____

Signature of HOD

To be filled by Finance & Accounts

Budget Details:

Sr. No.	Budget Head	Overall Budget for the Year	Balance available Budget	Remarks

1. Whether items are available in central store. Yes/No

2. Certified that allocation exists for the above amount.

Dy. Director (F & A)

Approved:

Director

Purchase Officer

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Annexure -2

Format for Indent Register

<u>S. No.</u>	<u>Date</u>	<u>Indent No. by User Dept.</u>	<u>Name of User Dept.</u>	<u>Indent No. by Purchase Dept.</u>	<u>P.O No.</u>

Annexure -3

Format for Purchase Order Register

<u>S. No.</u>	<u>Date</u>	<u>Item</u>	<u>Indent No.</u>	<u>P.O No.</u>	<u>Budget Code</u>	<u>Budget Allocated</u>	<u>Budget Exhausted</u>	<u>Balance Budget</u>	<u>Party Name</u>	<u>Expected Date of Receipt</u>	<u>Gate Pass No.</u>	<u>Date of Receipt</u>	<u>Goods Receipt Note No.</u>	<u>Bill No.</u>	<u>Remarks</u>

Annexure-4

Format for Goods Received Note (GRN)

PART- A : To be filled by Security Department

GOODS RECEIVED NOTE

From:

Supplier Name

Order No.....

Nature of Goods.....

Quantity.....

To:

Receiving Department.....

Date:.....

Serial No	Item Specification	Unit	Qty ordered	Qty Received	Unit Cost	Total Value	Balance

Name:.....Signature.....Designation.....Date.....

PART B : To be filled by User Department

Users Acceptance Certificate:

Name.....Signature.....Designation.....Date.....

Remarks:.....

PART C : To be filled by Purchase Officer (Purchase Department)

Purchase Order Number.....

Signature

Distribution: Original (White copy) – Accounts, Duplicate (Green) – User, Triplicate (Pink) – Purchasing

EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN: 083878

Date:
Place: New Delhi

NATIONAL INSTITUTE OF FASHION TECHNOLOGY

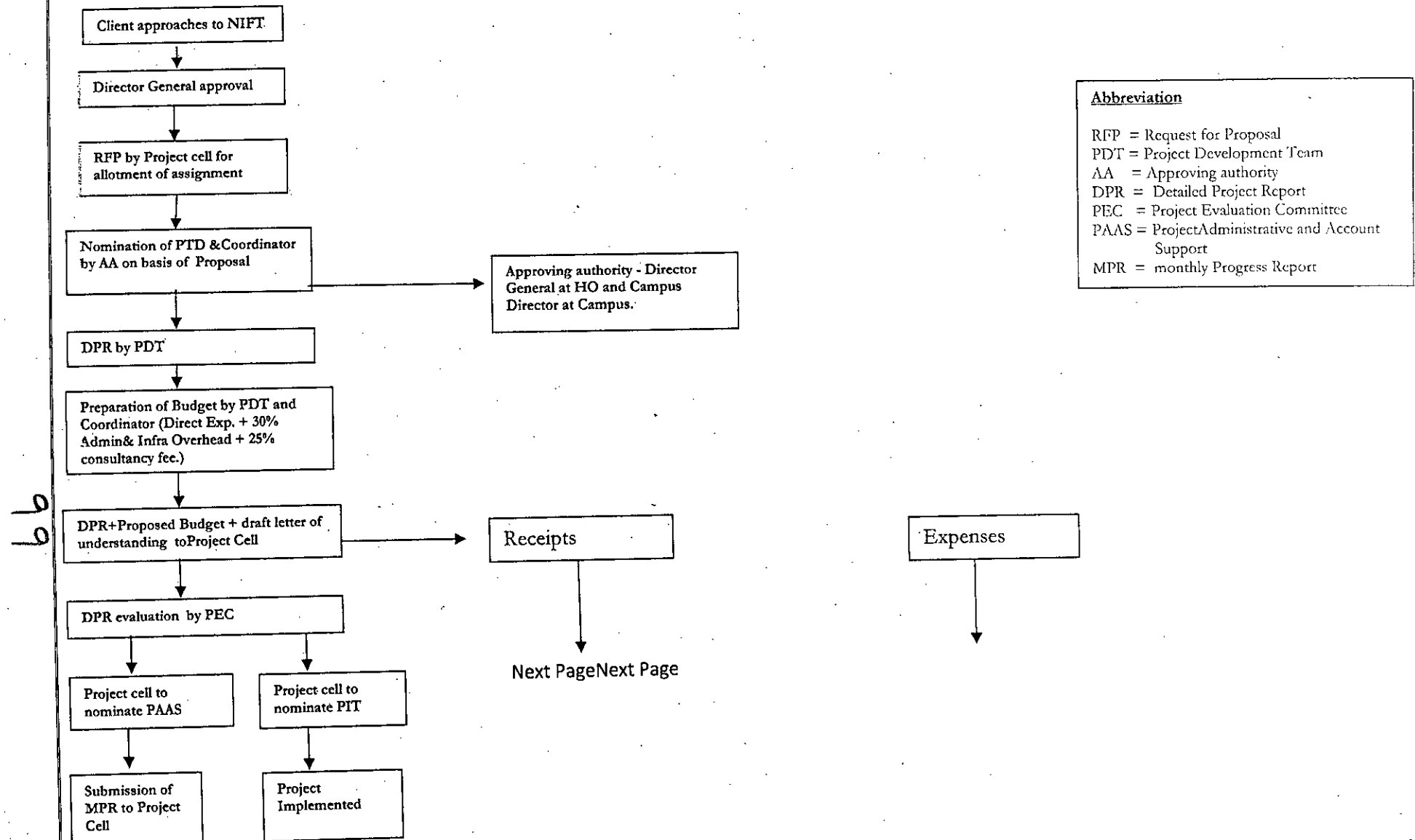
**PROCESS AUDIT REPORT
PROJETCS
(F.Y. 2014-15)**

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

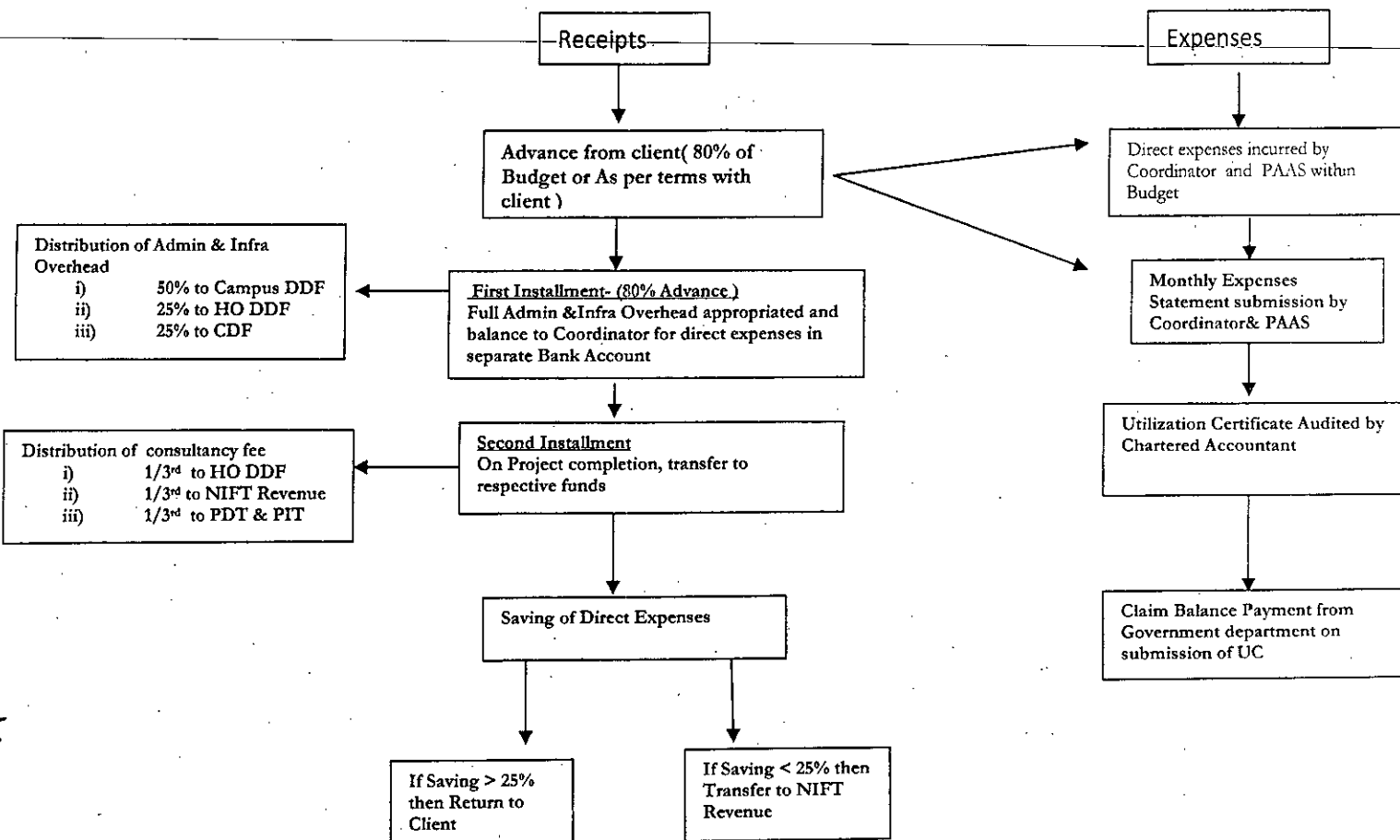
**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

Process Audit - Projects undertaken by NIFT

Flow chart - Projects



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Process Areas	Existing Process	Verification of process	Process Improvement/Suggestions
Projects A. Project execution	<ol style="list-style-type: none"> Normally there are two ways to receive Project <ul style="list-style-type: none"> Directly approach by client to NIFT (can be government Projects and non-government Projects) NIFT Project/ Sponsorship Project Approving Authority will approve the Project. Approving Authority is Director General at HO and Campus Director at campus. Project of value more than Rs 50 Lakhs require prior approval of Director General. In Sponsored Project, Project fund may be made available from DDF (Departmental Development Fund) of head office /Campus. Project Division will seek a request for proposal (RFP) for consultancy assignment from faculty. Approving authority shall nominate a Project development team (PDT) and ProjectCoordinator on basis of capabilities & interest of faculty. Project development team and ProjectCoordinator will develop a detailed Project report (DPR) on basis of initial consultation with client. Project development team shall draft the proposed budget and letter of understanding/ agreement and submit it to Project Division along with DPR. The budget will have 3 components i.e. direct expenses, admin and infra overheads and consultancy fees. Project evaluation committee (PEC) constituted at both HO and campus level will evaluate the detailed Project report and make necessary recommendations to approval authority. Project Cell will place recommendation of PEC for approval of the Approving Authority. There would be ceiling of 60 man days of Project work that can be taken by a faculty in an academic year. A monthly Project progress report will be submitted to HO director before 7th of every month and to DG before 10th of every month. 	<ul style="list-style-type: none"> Documents are not being serially arranged in Projects files. Papers in file should be serially numbered and index also be affixed on inside cover of files to make verification easy and to reduce possibility of misplace of documents. We have selected following 4 Projects out of total 9 Projects under new policy that are either ongoing or completed during 2014-15:- <ol style="list-style-type: none"> JSS MHRD Phase-I (Diagnostic study and consultative discussions) Project Development of E content in Fashion design and technology –chennai DONER Project- kolkata Setting up of CFC Project –Barali All Projects were approved by approving authority. In all Projects, RFP was taken from faculty. In all Projects, Project team and Coordinator was nominated by approving authority. In all Projects, detail Project report, draft agreement and budget were drafted in proper manner as prescribed in policy. In all Projects, DPR was evaluated by Project evaluation committee. Register /Record of number of facultywisemandays spent on various Projects in a year was not maintained. As a result, there would be no control over the ceiling of 60 days. 	<ul style="list-style-type: none"> Papers in file should be serially numbered and index should also be affixed on inside cover of the files to make verification easy and to reduce possibility of misplace of document. Register/record of number of facultywisemandays spent on various Projects in a year should be maintained in CMS.

		<ul style="list-style-type: none"> In all Projects, Project progress reports have not been drafted regularly. These reports should be drafted monthly as prescribed in NIFT policy to evaluate the progress of Project and accordingly release the fund. 	<ul style="list-style-type: none"> Project progress reports should be drafted monthly as prescribed in policy to evaluate the progress of Project and accordingly release the funds. It should be kept in the Project file. One more column should be added in the Progress Report where the Head Project of a NIFT Campus will make a remark whether the progress is Satisfactory, Excellent or poor. Then the Head Project H.O. will comment whether he/she agrees with the remarks of the Campus Project head.
B. Project Receipt	<ul style="list-style-type: none"> Total Project receipts consist of three component which are as follows:- <ol style="list-style-type: none"> Project Direct expenses: Direct expenses are charged on basis of budget drafted by Project development team and approved by approving authority. Any saving out of direct expenses shall be charged in following two manner: <ol style="list-style-type: none"> If more than 25% of direct expenses are unspent, saving will be return to client. If less than 25% of direct expenses are unspent, saving will be deposited to NIFT revenue Administrative & Infrastructure Overhead are charged @ 30% of estimated direct expenses but if Project requires, intensive usage of NIFT space/ Machines or laboratories, this limit is 40%. Distribution of Admin & Infrastructure overhead are as follow: <ol style="list-style-type: none"> 50% to Campus DDF 25% to HO DDF 25% to CDF Consultancy fee: It shall be charged at least 25% of 	<ul style="list-style-type: none"> For Project with receipts more than Rs. 50 Lakhs, separate Bank A/C has been opened. For Projects having value less than Rs. 50 Lakhs, receipts and payment is through General Bank account. <u>JSS -MHRD Project</u> <ul style="list-style-type: none"> Project Value Rs 37.28 Lakhs (Including service Tax Rs 1.57 lakhs on service portion) Amount Received from client Rs 22.36 (60% including service tax). Share of Admin & Infra Overhead of Rs 6.91 lakhs have been transferred to Campus DDF, Ho DDF and CDF. Consultancy fee will be recognized on completion of Project. 	<ul style="list-style-type: none"> Final Project deliverable/Report to be released to the party only after clearing of all dues.

estimated direct expenses.

Distribution of Consultancy fee are as follow:

- I) 1/3 of consultancy fee will be deposited with HO DDF
- II) 1/3 of consultancy fee will be NIFT revenue of relevant campus
- III) 1/3 of consultancy fee will be distributed to PDT & PIT to their man days contribution.

- Manner of receipt: Normally 80% of fund should be made to receive in advance and balance before handover of prototype.

- Distribution schedule:

- i) On receipt of first installment, admin & infrastructure overhead should be debited and disbursed. Balance amount should be released to ProjectCoordinator meant for direct expenses.

- ii) On receipt of second installment, consultancy fee should be debited and balance should be given to ProjectCoordinator.

- Separate bank accounts shall be opened for the Projects having value more than Rs. 50 lakhs and one another general Projects bank account shall be opened for Projects having value less than Rs. 50 Lakhs

- DonerProject-Kolkata Campus :

- Project value Rs 203.00 lakhs Plus service Tax
- Amount Received by Kolkata Campus is Rs 152.25 lakhs
- Rs12.12 lakhstransferred by Kolkata Campus to HO as Share of HO DDF (25% of Admin & infra Overhead of Rs 48.48 lakhs)
- Consultancy fee will be recognized on completion.

- Development of E content in Fashion design and technology –Chennai Campus

- Project ValueRs 116.55 lakhs(Including service tax @10.30%)
- Total Amount received as advance in 2012
- Final Budget revised In Sept 2014
- Admin & Infra overhead was charged @ 25 % of Direct Expenses instead of 30% (Rs 17.61 lakhs)
- Rs 17.61 to'be receivedfrom Chennai Campus as HO DDF.
- Consultancy fee will be recognized on completion.

- Setting up of CFC Project –Barali Campus :

- Project value Rs 60Lakhs
- Amount received Rs 30Lakhs
- This Project is not being treated as Project but as Grant from

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C. Project Expenses	<ol style="list-style-type: none"> 1. All expenses should be incurred according to Budget. Budget will be approved from approving authority. 2. With prior approval of the approving authority, fund may be utilized from DFF of HO/Campus for Project initiated by NIFT and Central/ State Government scheme. 	<ul style="list-style-type: none"> <u>In JSS Project: Head Office</u> <ul style="list-style-type: none"> ➤ Direct Expenses approved in budget Rs 23.04 Lakhs ➤ Expenses incurred upto Oct, 2014 are Rs 5.18 lakhs ➤ Monthly expenditure statement 	

3. A monthly Expenditure statement should be received from Project Coordinator and on basis of expenditure statement, Project Division should make UC and get it audited by Chartered Accountant to ensure settlement of all account.

were submitted.

- Doner Project-Kolkata Campus;
 - Direct Expenses approved in budget 121.20 lakhs
 - Expenses incurred up to Nov, 2014 are Rs 79.36 lakhs.
 - Monthly Expenditure Statement was not submitted
- Development of E content in Fashion design and technology -Chennai Campus
 - Direct expenses approved in budget Rs 70.44 lakhs
 - Expenses incurred up to Oct, 2014 is Rs 22.51 lakhs
 - Monthly expenditure statement was not submitted.
- Expenses were incurred by Project Coordinator and invoices signed by Coordinator and PAAS.

EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN:-004661N

(ManjuAgrawal)
Partner
MRN:083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

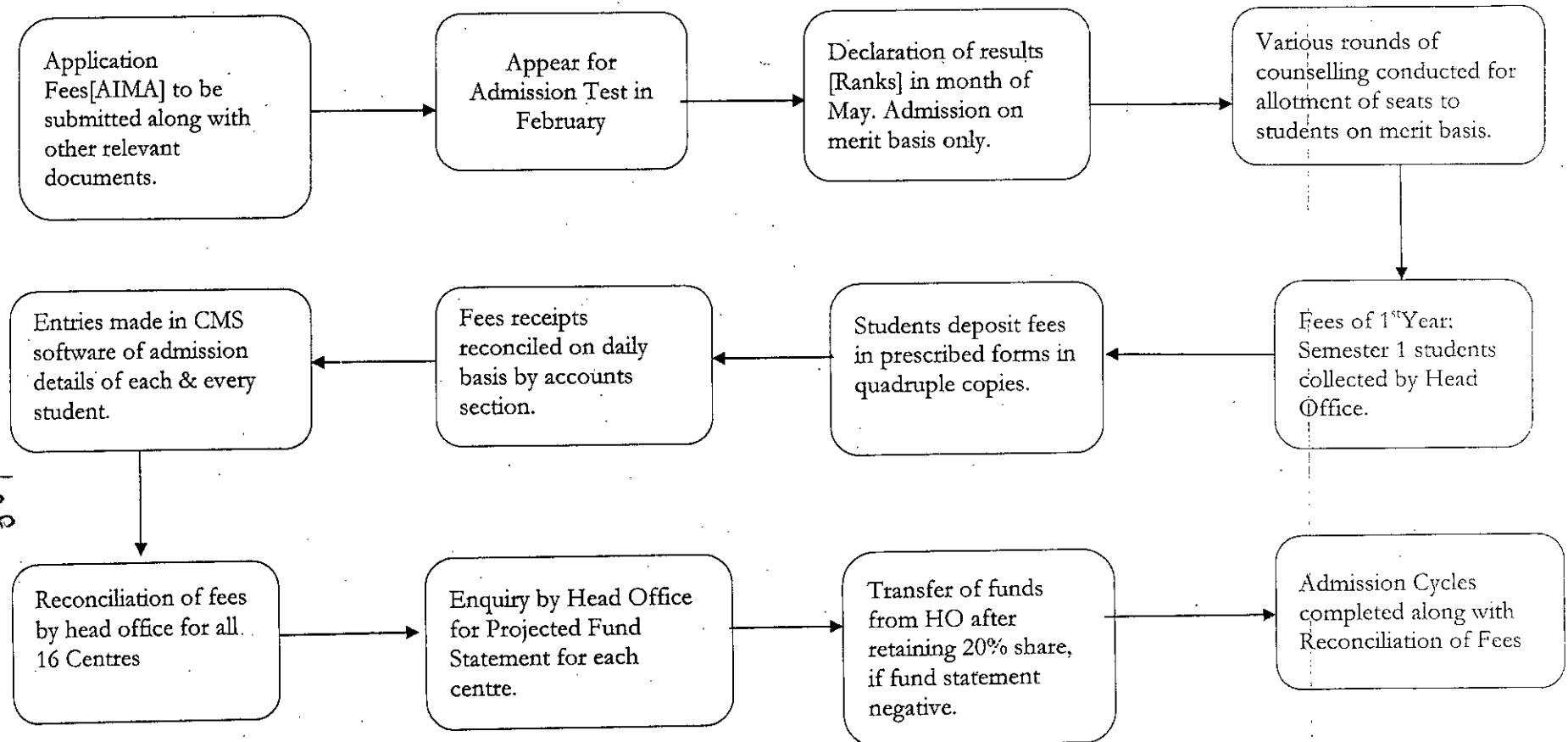
**PROCESS AUDIT REPORT
FEES RECEIPTS FROM STUDENTS
&
SALE OF PROSPECTUS
(F.Y. 2014-15)**

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

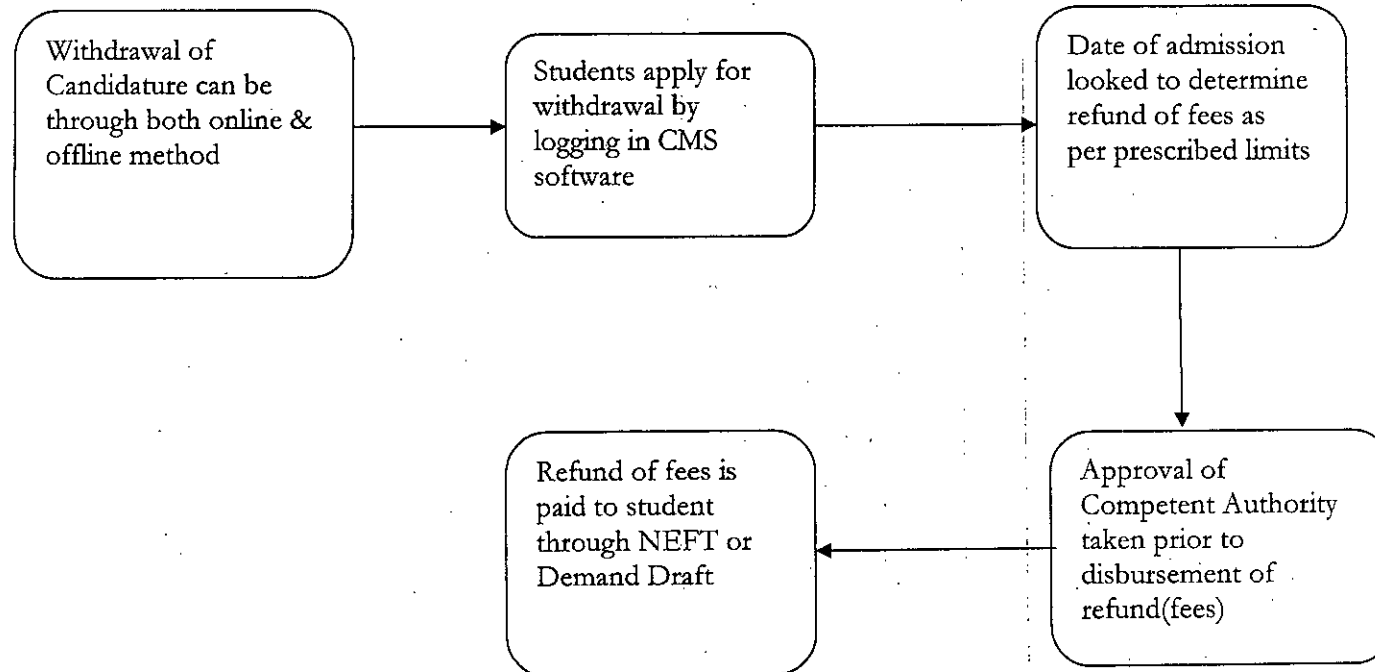
**Plot No. 6, Site No. 21, Geeta Mandir Marg,
New Rajinder Nagar
New Delhi - 110060**

PROCESS AUDIT – FEES RECEIPTS FROM STUDENTS

FLOWCHART - PROCESS OF FEE RECEIPTS FROM STUDENTS



FLOWCHART- PROCESS FOR WITHDRAWAL OF ADMISSION



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Process Areas	Existing Process	Mapping with existing process	Process Improvement/Suggestions
<p>110</p> <p>Fee Receipts from Students</p>	<p>Fees is collected from students under following heads:-</p> <ul style="list-style-type: none"> • Tuition Fees • Receipts from Continuing Education Program • Resource Centre Fees(Library Fees) • Student(Hostel) Fees • Registration Fees • Student Development Fees/Mediclaim • Alumni Association Membership Fees • Activity Fees • Miscellaneous Fees (Inclusive of Library Fines, etc.) • Exam & Re-Exam Fees <ul style="list-style-type: none"> • Tuition Fees is major source of income among all the receipts which are received from the students. Under no condition, fees are to be collected on installment basis. Since the cash is not handled by HO or any other campus, all the fees is collected through NEFT (National Electronic Fund Transfer), Demand Draft or any other mode of Electronic Clearing System as approved by competent authority. • Head Office Collects fees for 1st Year, Semester 1 only. Fees for rest of semesters is collected by respective campus in which student are enrolled. • Admission to 1st semester is done centrally by NIFT Head Office. The fee will be credited to the campus bank account by head office after deducting 20% towards administrative fees of Head Office. • After the receipt of fees, head office enquires 	<p>We have verified the fee received for the 2014 admission cycle and observed as follows:</p> <ul style="list-style-type: none"> ✓ Application fees along with other relevant documents have been deposited by student for Admission Test in February 2014 ✓ The admission section has allotted the seat to students on basis of their ranking after the different rounds of counseling. Students have deposited the fees in the prescribed challans in four copies available at UBI bank counters through NEFT/RTGS/DD. ✓ From the Academic Year 2014-15, NIFT has incorporated new software named as 'CMS i.e "Campus Management System" besides manual system to keep better control of admission statistics i.e (no of students admitted, no of students withdrawn, cases of forfeiture of fees and various other allied matters.) ✓ Since the CMS system is on trial basis as it is the first year of its usage, reconciliation of fees is not done even though 6th round of counseling was over on 13th August 2014. The date for admission was extended to 15th September 2014. The reconciliation of fees was not complete till 20th December 2014. ✓ From the Academic Year 2014-15, instead of providing manual fee receipts, campus is providing certificates under the heading of "To Whomsoever it may concern" to students for various purposes i.e for presenting to bank (in case of students who have availed students loan facility) and for income tax purposes. 	<p>It is suggested that reconciliation of fees with bank and respective centres should be completed within 3 months from the end of last round of counseling for admission conducted for particular year.</p> <p>Till the CMS system is stabilized, NIFT should maintain manual records of fees in parallel basis</p>

and asks from each centre "Projected Fund Status" for whole year. **Only those centres who reports projected negative fund status** for rest of year is remitted their balance share i.e 80% fees collected through 1st semester students in order to maintain liquidity and sufficient balance with bank for carrying out operating & day to day expenses because head office as a whole do not have any independent source of revenue. Centres who report positive fund statement are remitted funds as & when there is shortage of funds with respective centres.

- Tuition fee collected has to be reconciled with reference to no. students on rolls for each semester. Each centre is required to maintain **Students Tuition Fees Register**
- Students are allowed to withdraw their candidature after forfeiture of 20% of fees as the case may and rest amount needs to be refunded to students.
- Fees received from NRI Students should be based on exchange rate plying on 1st June of respective year in which fees is to be deposited.
- Security Deposits are received from students under following heads namely:-
 - At the time of admission
 - Library Security
 - Hostel security
- Security deposits are to be accounted as liability and kept under the head of Short term & Long term Liabilities.

✓ In case student wishes to withdraw his candidature, he can put a request at CMS by logging in from the ID provided to him at the time of admission. Request for withdrawal of admission is through both online and offline method in order to keep better control in case of server or system breakdown.

✓ Refund Policy as approved by competent authority:-

(Refund)(Refund)

Time Period	(General Seat)	NRI Seat
On or before 21 st July 2014	Full fee after deducting Rs.5,000	Full fee after deducting Rs.5,000
After 21 st July but before 28 th July 2014	Full fee to be refunded after deducting 50% of tuition fees and registration fees i.e. deduction of Rs.35,250	Full fee to be refunded after deducting 50% of tuition fees and registration fees i.e. deduction of Rs.2,48,900
After 28 th July but before 5 th August (If student participated in 5 th or 6 th round of counseling)	Full fee to be refunded after deducting 50% of tuition fees and registration fees i.e. deduction of Rs.35,250	Full fee to be refunded after deducting 50% of tuition fees and registration fees i.e. deduction of Rs.2,48,900
After 28 th July but before 5 th August (If student does not participate	Rs.5,000 to be refunded after deducting Rs.76,000	Rs.5,000 to be refunded after deducting Rs.5,12,800

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Other Income are collected from students on account of late fee fines, short attendance fines and credited to this account. Other receipts may be of the nature of re-evaluation fees of Rs. 100/- per subject and for reassessment, fee of Rs. 1000/- per subject shall be charged.

in 5th or 6th
round of
counseling)

On or after 5th
August 2014

Rs.5,000 to be
refunded after
deducting
Rs. 76,000

Rs.5,000 to be
refunded after
deducting
Rs. 5,12,800

We have verified on sample basis cases of 15 students along with their application with other relevant documents and found them to be in order.

No manual records (registers) were maintained for Tuition fee registers, Fee forfeiture account, and fee refund details as prescribed in finance & accounts manual as a backup measure, however abovementioned details are maintained in soft copy.

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Sale of Prospectus

The Process of admissions is outsourced to agency

Application Fees has to be paid through online

Reconciliation of application fee

& Admission Forms

selected in transparent manner for conduct of entrance test. Currently this responsibility is entrusted with "All India Management Association". The admission process will consist of following steps:

- The Prospectus will be finalized by CCC units after taking inputs from all concerned like the Admission Cell, Chairpersons of various departments, heads of various units, Dean (A) and Centre Directors and approved by DG, NIFT.
- The advertisement will be taken out in the month of November, as finalized, by the time table of admission process every year, indicating dates for applying for admissions and availability of prospectus and application forms on NIFT website and centres. This will be released in various newspapers and also uploaded on the NIFT website.
- Candidates can also apply online at "www.nift.ac.in" or [https://applyadmission.net/NIFT 2015](https://applyadmission.net/NIFT_2015)". The applicant need not buy admission prospectus as the prospectus is available at NIFT website free of cost. However application fee has to be paid through following modes:-
 - NIFT online payment gateway (UBI & HDFC Bank)
 - Bank Demand Draft
 - Credit Card/Debit Card

Candidates applying through Demand Draft are required to send the printout of the application form completed in all respects along with demand draft on the following address

payment gateway or through Bank Demand Draft issued in favour of "NIFT HO" payable at New Delhi which is as per following schedule:

Fees for General/OBC (Non-creamy Category)	<ul style="list-style-type: none"> • Rs.1,400 through NIFT payment gateway. • Rs.1,500 through Demand Draft.
Fees for SC/ST/PHP students	<ul style="list-style-type: none"> • Rs.800 through NIFT payment gateway. • Rs.900 through Demand Draft.

Due to some technical problem in UBI NIFT payment gateway, AIMA was given the sole responsibility of collecting application fees from the applicants and then credit the same to NIFT bank account at the end of admission cycle of 2014.

The application fees was collected and remitted to NIFT bank account within stipulated time.

However, no reconciliation of application fees was prepared by Finance & Accounts department to ascertain the total no of students who applied for admission test in admission cycle of 2014.

F&A department records the receipt entry in books of account on the basis of bank statement received on weekly basis.

received with the no. of prospective students should be made to ensure that revenue is received in bank.

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	<p>Project Manager-CMS All India Management Association Management House, 14, Institutional Area Lodi Road, New Delhi-110003</p> <p>Although prospectus is available at NIFT website free of cost, students desirous of purchasing printed copy of the prospectus can obtain it from any of the 15 NIFT centre's on payment of Rs.500/- or by post enclosing a demand draft of Rs.550/- in favour of NIFT, payable at the NIFT campus.</p> <ul style="list-style-type: none"> In the admission cycle of 2014, due to some technical difficulties in payment of application fees through online payment gateway, all application money was received by "AIMA" which was further paid back to the credit of bank account no. of NIFT. 		
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EXPRESSION OF GRATITUDE

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For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN:083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

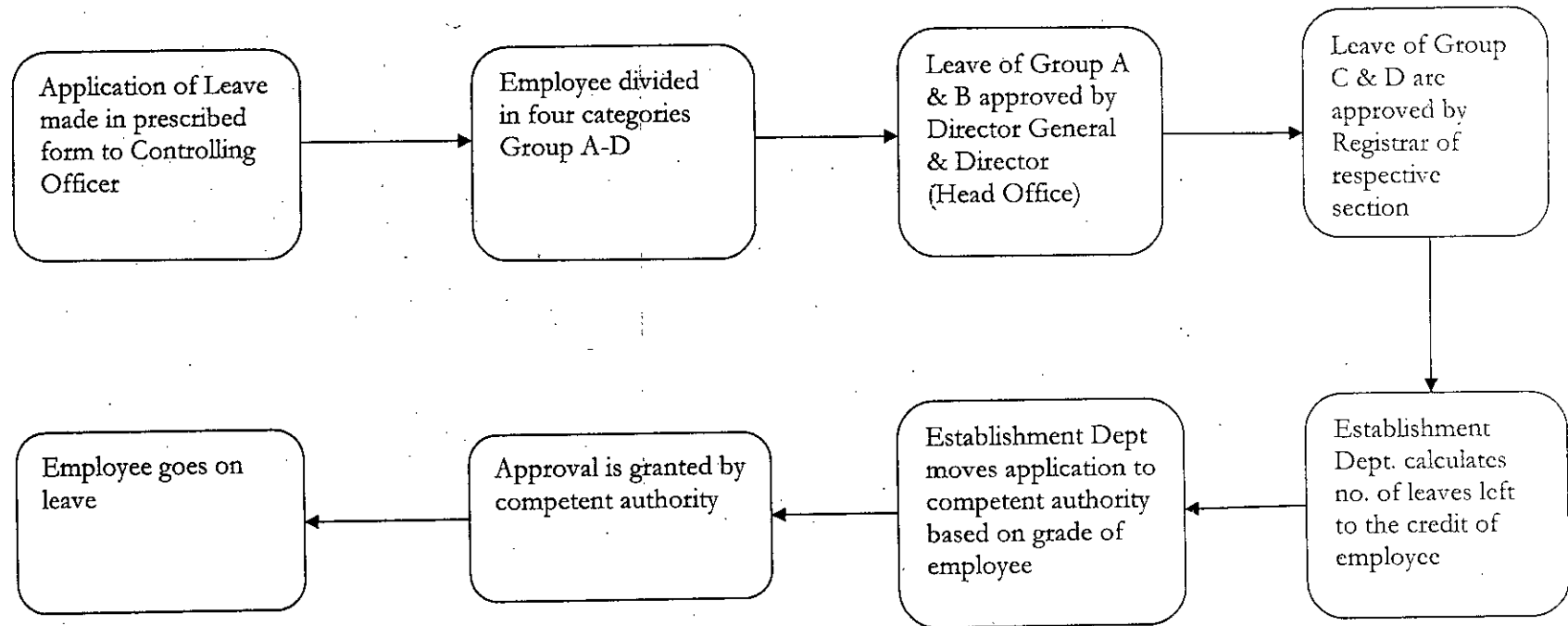
**PROCESS AUDIT REPORT
LEAVES**

(F.Y. 2014-15)

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg,
New Rajinder Nagar
New Delhi - 110060**

PROCESS AUDIT – PROCESS OF AVAILMENT OF DIFFERENT LEAVES
FLOWCHART-PROCESS OF AVAILING LEAVE



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<p>Earned Leave</p>	<ul style="list-style-type: none"> • The Leave account of every Government servant (other than a military officer) who is serving in department under the control of Central Government shall be credited with earned leave, in advance, in two installments of 15 days each on the first day of January and July of every calendar year • Provided that the earned leave at his credit shall not exceed 300 days. • The Leave at the credit of a government servant at the close of the previous half year shall be carried forward to the next half year subject to condition that the leave so carried forward plus the credit for the half year do not exceed the maximum limit of 300 days as prescribed • Provided that where the earned leave at the credit of Government servant as on last day of December or June is 300 days or less but more than 285 days, the advance credit of 15 days earned leave on first day of January or July to be afforded in the manner and shall instead of being credited in the leave account be kept separately and first adjusted against the leave that the government servant takes during that half year and balance if any, shall be credited to the leave account at the close of the half year subject to condition that balance of such earned leave plus leave already at credit do not exceed the maximum limit of 300 days. • In case an employee has taken excess leaves of what was credited to his account in half year, then a office order is released by establishment department for deduction of salary of the respective employee for that particular month. 	<p>We selected cases of following three employees who took earned leaves:-</p> <ul style="list-style-type: none"> • Mr. Jaswant Singh (Multi Tasking Staff) • Mr. Shashi Kant Barua (Assistant Director) • Mr. M. Murugeshan (Multi Tasking Staff) <ul style="list-style-type: none"> • In case of Mr. Jaswant Singh, Earned Leave as on 01/01/2014 was 300+6 and has availed 15 earned leave up to 01/07/2014. On the same date 15 EL was credit to his account which results in balance of 300+15. • In case of Mr. Shyamal Kant Barua, Earned Leave as on 01/01/2014 was 300+15 and has not availed any earned leave up to 01/07/2014 due to which 15 EL credited on the same date was lapsed. After that he has availed 14 EL. • In case of Mr. M. Murugeshan, Earned Leave as on 01/01/2014 was 121 and has availed 25 earned leave. • 15 Earned Leave were credited on first day of July to his account as per the rules and no excess leave was taken in all the cases. • Service book of respective employee is maintained properly and vetted by the registrar/controlling officer of establishment department on bi-monthly basis. • However, no such matter came to our notice where salary of an employee was deducted during last four-five months. All the above mentioned employees had sufficient leaves at their credit before going on leaves. 	<p>Nil</p>
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120	<p>• ENCASHMENT OF EARNED LEAVE</p> <p>A Government servant may be permitted to encash earned leave up to ten days at the time of availing of Leave Travel Concession while in service subject to condition that:-</p> <ul style="list-style-type: none"> • a balance of at least thirty days of earned leave is available to his credit after taking into account the period of encashment as well as leave being availed of • the total leaves so encashed during the entire career does not exceed sixty days in the aggregate. <p>The cash equivalent for encashment of leave under sub-rule (1) shall be calculated as follows:-</p> <p>Cash Equivalent is equal to pay admissible on the date of availing of the leave travel concession plus dearness allowance admissible on that date divided by thirty days and multiplied by no of days of earned leave being encashed subject to maximum of 10 days at one time.</p>	<p>We have verified the earned leave encashed by following 3 employees</p> <p>The process mentioned alongside was carefully followed by establishment department.</p> <ul style="list-style-type: none"> • In all the cases, service book of respective employee is taken as a basis for calculating no of earned leaves to be encashed if any, • Mr. Jaswant Singh & Mr. Shyamal Kant Barua has encash 10 earned leave at the time of availing leave travel concession & total leaves so encashed during the entire career does not exceed sixty days. • Mr. M. Murugesan does not encashed his earned leave. • Establishment department prepares an office order for payment of cash equivalent of earned leave left to the credit of employee and forwards it to accounts department for further action. • Accounts department after calculating the actual amount to be paid on the basis of formula mentioned alongside as on the date of encashment. 	
Extra Ordinary Leave	<p>Extra-ordinary leave may be granted to a government servant (other than a military officer) in special circumstances-</p> <ul style="list-style-type: none"> • When no other leave is admissible • When other leave is admissible, but government servant applies in writing for grant of extraordinary leave <p>An employee who is not a permanent employee or quasi-permanent employee shall be granted extra-ordinary leaves in excess of the following limits:-</p>	<p>We have verified sample cases of following two employees for verification of process of granting extra ordinary leave</p> <ul style="list-style-type: none"> • Avinash Gupta (Finance & Accounts Officer) • Mukesh Sharma ((Finance & Accounts Officer) <p>We did not observe any case where extra-ordinary leave was granted. Hence this process could not be verified.</p>	Nil

	<p>(a) Three months</p> <p>(b) Six month, where the government servant has completed one year continuous service on the date of expiry of leave of the kind due and admissible under the rules and his request for for such leave is supported by a medical certificate as prescribed</p>		
Commutated Leave	<p>Commutated leave not exceeding half the amount of half pay leave due may be granted on medical certificate to a government servant (other than military servant), subject to following conditions:-</p> <ul style="list-style-type: none"> The authority competent to grant leave is satisfied that there is reasonable prospect of the government servant returning to duty on its expiry. When commuted leave is granted, twice the amount of such leave shall be debited against half pay leave due. Commutated leave for a period not exceeding ninety days may be granted to the government servant during his entire service when such leave is availed of for course of study which is certified to be in public interest by government. 	<p>We have verified commuted leave availed by the following two employees to verify the process.</p> <ul style="list-style-type: none"> Mr. Jaswant Singh (Multi-Tasking Staff) Mr. Shashi Kant Barua (Associate Director) <ul style="list-style-type: none"> In case of Mr. Jaswant Singh, commuted leave of 10 days was granted and twice of the same was debited against half pay leave due. In case of Mr. Shyamal Kant Barua, commuted leave of 10 days was granted and twice of the same was debited against half pay leave due. Service book of the above mentioned employees has been cross verified from the personal files of employees and found to be correct. 	Nil
Half-Pay Leave	<p>The half pay leave account of every government servant (other than a military officer) shall be credited with half pay leave in advance in two installments of ten days each on the first day of January & July of every calendar year.</p> <ul style="list-style-type: none"> The leave shall be credited to said leave account at the rate of 5/3 days for each completed calendar month of service. The leave under this rule may be granted on medical certificate only An employee who is not a permanent employee or quasi-permanent employee, no half pay leave shall be granted unless the 	<p>We have verified the personnel records of two employees on random basis i.e.</p> <ul style="list-style-type: none"> Mr. M. Murugeshan (Multi-Tasking Staff) Mr. Parvez Burney (Research Assistant) <ul style="list-style-type: none"> In both the cases ten days was credited with half pay leave on 01/07/2014. Balance leave as on 31/12/2014 for Mr. M. Murugeshan was 400 & for Mr. Parvez Burney was 17. Records have been verified from service book of the above mentioned employee which was ratified 	Nil

	authority competent to grant leave has reasons to believe that Government servant will return to duty on expiry of its term.	by his immediately controlling officer from time to time.	
122 Casual Leave	<ul style="list-style-type: none"> Casual leave is not a recognized form of leave. Technically, therefore an employee on CL is not treated as absent from duty An employee may be granted casual leave of not more than 8 days in a calendar year, subject to limit of 5 days at a time Essentially intended for short periods, it should not normally be granted for more than 5 days at a time except under special circumstances. Sundays or closed holidays falling at beginning or at end or in between the days on which an employee is on casual leave shall not count towards casual leave. Casual leave can be combined with Special casual leave but not with any other kind of leave. 	<p>We have verified the personnel records of following four employees and casual leave records.</p> <ul style="list-style-type: none"> Mr. M. Murugesan(Multi-Tasking Staff) Mr. Parvez Burney(Research Assistant) Mrs. Shallu (Research Assistant) Mr. Kripal Singh (Junior Assistant) <ul style="list-style-type: none"> In case of Mr. M. Murugesan 8 days of casual leave was granted during the year 2014, subject to the limit of not more than 8 days during the year & 5 days at a time. In case of Mr. Parvez Burney 8 days of casual leave was granted during the year 2014, subject to the limit of not more than 8 days during the year & 5 days at a time. In case of Mrs. Shallu 8 days of casual leave was granted during the year 2014, subject to the limit of not more than 8 days during the year & 5 days at a time. In case of Mr. Kripal Singh 8 days of casual leave was granted during the year 2014, subject to the limit of not more than 8 days during the year & 5 days at a time. The records of casual leave were maintained in personal files and found to be as per the limit prescribed by Central government. 	Nil

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Partner
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Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

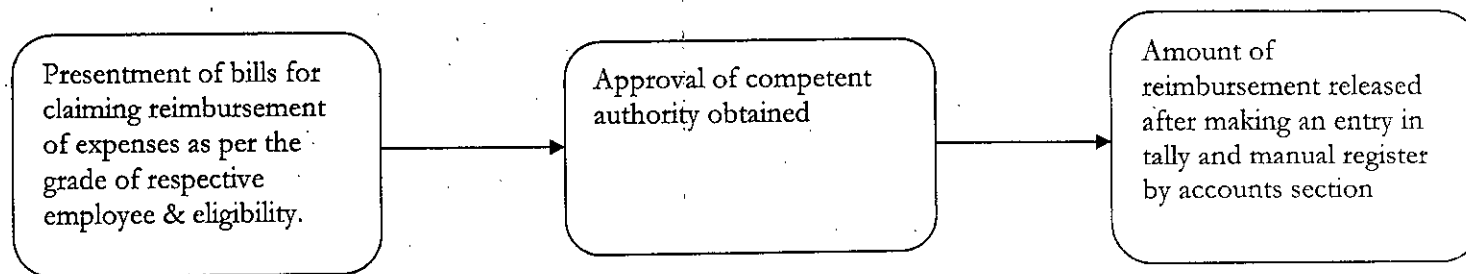
**PROCESS AUDIT REPORT
ESTABLISHMENT
(F.Y. 2014-15)**

**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

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PROCESS AUDIT – ESTABLISHMENT EXPENSES
FLOWCHART-PROCESS FOR REIMBURSEMENT OF ESTABLISHMENT EXPENSES



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Process Areas	Existing Process	Mapping with Existing Process	Process Recommendation/Suggestions												
1. Establishment Expenses															
Cash Handling Allowance to Cashiers	<ul style="list-style-type: none">The amount of receipts should not be taken into account.Allowance is paid on the basis of average amount of cash disbursements during previous financial year.Security of requisite amount to be furnished unless otherwise exempted by competent authorityAllowance granted from date of appointment as cashier or from the date risk is covered through accepted forms of security.Not admissible to UDC cum cashiers as cash handling is part of their job. <table><tr><th>Average monthly cash disbursed</th><th>Amount(Rs.)</th></tr><tr><td>UptoRs. 50,000</td><td>188</td></tr><tr><td>Over Rs. 50,000 and uptoRs 2,00,000</td><td>300</td></tr><tr><td>Over Rs. 2,00,000 and upto Rs 5,00,000</td><td>400</td></tr><tr><td>Over Rs. 5,00,000 and uptoRs 10,00,000</td><td>500</td></tr><tr><td>Over Rs. 10,00,000</td><td>600</td></tr></table>	Average monthly cash disbursed	Amount(Rs.)	UptoRs. 50,000	188	Over Rs. 50,000 and uptoRs 2,00,000	300	Over Rs. 2,00,000 and upto Rs 5,00,000	400	Over Rs. 5,00,000 and uptoRs 10,00,000	500	Over Rs. 10,00,000	600	<p>Head office does not deal in cash transaction except for payment of some petty expenses.</p> <p>Maximum amount of disbursements was found to be up to Rs. 60,000.</p> <p>Presently, only one cashier is on roll i.e. Mr. Mohan Prasad. However, no security of requisite amount is furnished by the above mentioned cashier before receipt of such amount.</p> <p>There is only a verbal understanding among cashier and the competent authority that in case of defalcation/loss/misappropriation of cash or as the case may be head cashier will be responsible to compensate the loss caused by such loss which is in contravention to rules mentioned alongside</p>	<ul style="list-style-type: none">The cash handling allowance may be reviewed every financial year and fresh sanction on the basis of the average amount of disbursement of cash during the previous financial year may be done so that, there is no scope of any excess payment.An indemnity bond should be taken from head cashier indemnifying the loss/defalcation/misappropriation of cash as the case may be.As per Swamy's Handbook, the rate should be increased by 25% every time the DA payable on revised pay scales goes up by 50%. Therefore, a provision should be kept in this regard and separate order may be issued for
Average monthly cash disbursed	Amount(Rs.)														
UptoRs. 50,000	188														
Over Rs. 50,000 and uptoRs 2,00,000	300														
Over Rs. 2,00,000 and upto Rs 5,00,000	400														
Over Rs. 5,00,000 and uptoRs 10,00,000	500														
Over Rs. 10,00,000	600														

			<p>increase of cash handling allowance accordingly.</p> <ul style="list-style-type: none">The amount of imprest which has been fixed at Rs 5,000/- at present may be enhanced to at least Rs. 20,000/- for making payment of cash of smaller denomination for various official purposes.						
<u>Washing Allowance</u>	<ul style="list-style-type: none">Applicable for Group C employees at NIFT Head Office & Campuses.Rate Rs. 60/- per monthNo Deduction during period of LeaveUndertaking- Staff to whom washing allowance is given needs to give undertaking that they will report on duty in uniform else they will not be provided with uniforms and washing allowance.	<p>Two cases were selected at random i.e. of Mr. Ramesh Kumar [Assistant] & Madan Ram (Multi Tasking Staff).</p> <p>All the conditions were fulfilled from time to time before granting of washing allowance and undertaking is received from them.</p>	<ul style="list-style-type: none">As per Swamy's Handbook, the rate should be increased by 25% every time the DA payable on revised pay scales goes up by 50%. Therefore, separate order may be issued for increase of washing allowance accordingly.						
<u>Hill Area Allowance</u>	<ul style="list-style-type: none">Special Hill Area allowance is applicable to Central Government Employees at admissible rates mentioned below:-<table><tr><th>Category of Employees</th><th>Rate per Month (Rs.)</th></tr><tr><td></td><td>Altitude of 1000 mts and above mean sea level</td></tr><tr><td><ul style="list-style-type: none">Grade Pay of Rs 5,400 and abovePay Scale of HAG and above</td><td>Rs. 600/-</td></tr></table>	Category of Employees	Rate per Month (Rs.)		Altitude of 1000 mts and above mean sea level	<ul style="list-style-type: none">Grade Pay of Rs 5,400 and abovePay Scale of HAG and above	Rs. 600/-	<p>Hill Area allowance is not applicable to employees of Head Office</p>	<ul style="list-style-type: none">The rate of this allowance shall automatically increase by 25% whenever DA goes up by 50% except Special (Duty) Allowance, Island Special (Duty) Allowance and Hard Area Allowance. Accordingly, Office Order needs to be
Category of Employees	Rate per Month (Rs.)								
	Altitude of 1000 mts and above mean sea level								
<ul style="list-style-type: none">Grade Pay of Rs 5,400 and abovePay Scale of HAG and above	Rs. 600/-								

	Grade Pay of less than Rs. 5,400/-	Rs. 480/-			issued every time the DA rate goes up by 50%.																																		
Hardship Allowance to Faculty	<ul style="list-style-type: none">This grant of special incentive for the existing faculty to be transferred/posted to existing NIFT Centre's as well as new centers to be opened in future shall be on the basis of gradation as given below for a period of 5 years from opening of respective centre. <table><tr><th>S No.</th><th>Grade</th><th>Type</th><th>Name of the Officer</th></tr><tr><td>1.</td><td>A</td><td>Hard</td><td>Shillong, Kannur & Kangra</td></tr><tr><td>2.</td><td>B</td><td>Semi-Hard</td><td>Rae- Bareilly</td></tr><tr><td>3.</td><td>C</td><td>Soft</td><td>Patna, Mohali, Bhopal, Bhubneshwar & Jodhpur</td></tr></table> <table><tr><th>S No.</th><th>Designation</th><th>Type A Centres (Rs.)</th><th>Type B Centres (Rs.)</th><th>Type C Centres (Rs.)</th></tr><tr><td>1.</td><td>Professor</td><td>10,000/-</td><td>6,000/-</td><td>3,000/-</td></tr><tr><td>2.</td><td>Associate Professor</td><td>6,000/-</td><td>4,000/-</td><td>2,500/-</td></tr><tr><td>3.</td><td>Assistant Professor</td><td>4,000/-</td><td>2,500/-</td><td>2,000/-</td></tr></table>	S No.	Grade	Type	Name of the Officer	1.	A	Hard	Shillong, Kannur & Kangra	2.	B	Semi-Hard	Rae- Bareilly	3.	C	Soft	Patna, Mohali, Bhopal, Bhubneshwar & Jodhpur	S No.	Designation	Type A Centres (Rs.)	Type B Centres (Rs.)	Type C Centres (Rs.)	1.	Professor	10,000/-	6,000/-	3,000/-	2.	Associate Professor	6,000/-	4,000/-	2,500/-	3.	Assistant Professor	4,000/-	2,500/-	2,000/-	Hardship allowance to faculty is not applicable to employees of Head Office	<ul style="list-style-type: none">Hardship allowance should be provided to staff members in the same line with faculty members
S No.	Grade	Type	Name of the Officer																																				
1.	A	Hard	Shillong, Kannur & Kangra																																				
2.	B	Semi-Hard	Rae- Bareilly																																				
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3.	Assistant Professor	4,000/-	2,500/-	2,000/-																																			
Special Pay	<ul style="list-style-type: none">It is allowed in cases which involve specific addition to responsibilities and arduous nature of duties that are not specified in job description when appointed for the specific position subject to condition that additional remuneration shall not exceed 20% of grade pay of the employee upto maximum ceiling limit of Rs. 2,500/-	We verified case of one employee Mr. Ravi Prakash (Junior Assistant) on sample basis. He was receiving special pay as per the entitlement i.e. 20% of Grade Pay as prescribed by the rule.	Nil																																				
Reimbursement of Hospitality Expenses (Staff Welfare)	Reimbursement of Hospitality expenses which is also known as staff welfare expenses is as followed <table><tr><th>Category</th><th>Group</th><th>Revised Rates</th></tr><tr><td>Category-I</td><td>Group A Officers (including faculty members having administrative responsibility as</td><td>Rs. 400/- per month</td></tr></table>	Category	Group	Revised Rates	Category-I	Group A Officers (including faculty members having administrative responsibility as	Rs. 400/- per month	<ul style="list-style-type: none">We have verified two cases on sample basis of following employees:-<ul style="list-style-type: none">(a) Ms. Shweta Trehan (Junior Assistant)(b) Mrs. Vandana Bhandari (Dean)In case (a) reimbursement was made quarterly for category-III employee and she has claimed amount of Rs. 100/- month for hospitality expenses for 2 quarters.In case (b) reimbursement was made quarterly for category-I employee and she has claimed amount	Nil																														
Category	Group	Revised Rates																																					
Category-I	Group A Officers (including faculty members having administrative responsibility as	Rs. 400/- per month																																					

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		Unit Incharge/Head of Units/Head of Department in the Centres and HO			of Rs. 1,200/- month for hospitality expenses for 2 quarters.																
	Category-II	Group B Officers + Rs.200/- per month Faculty members not having administrative responsibility in the Centres and HO	Rs. 200/- per month		<ul style="list-style-type: none">The process regarding reimbursement of hospitality expenses was found to be correct and no major lapses were found in the process.Besides the entry in the accounting software, corresponding entry is also passed in Register maintained with the concerned official and it is vetted by his controlling officer from time to time.																
	Category-III	Group C & D	Rs. 100/- per month																		
Reimbursement of Telephone Charges	The limit of revised reimbursement of residential telephone charges including broadband and mobile phone charges is mentioned as below:- <table><tr><th>Designation/Post</th><th>Amount(Rs.)</th></tr><tr><td>Director/Senior Professor/Chairperson</td><td>Rs.3200/- per month</td></tr><tr><td>Registrar / CAO/PE (Bldg.)</td><td>Rs.2500/- per month</td></tr><tr><td>Deputy Registrar & Other Equivalent Admin. Officers</td><td>Rs.1500/- per month</td></tr><tr><td>Asst. Director / Asst. Registrar/ Other equivalent Admin. Officers</td><td>Rs.800/- per month</td></tr><tr><td>Centre Coordinators RIC, SDAC, CIC and Coordinators (IL)</td><td>Rs. 750/- per month</td></tr><tr><td>Other faculty members</td><td>Rs.400/- per month</td></tr></table>			Designation/Post	Amount(Rs.)	Director/Senior Professor/Chairperson	Rs.3200/- per month	Registrar / CAO/PE (Bldg.)	Rs.2500/- per month	Deputy Registrar & Other Equivalent Admin. Officers	Rs.1500/- per month	Asst. Director / Asst. Registrar/ Other equivalent Admin. Officers	Rs.800/- per month	Centre Coordinators RIC, SDAC, CIC and Coordinators (IL)	Rs. 750/- per month	Other faculty members	Rs.400/- per month	<ul style="list-style-type: none">We have selected at random three cases of the underlying process of three employees namely (a) Mrs. Noopur Anand (Senior Professor) (b) Mrs. Asha rani (AD, Project In-Charge)In case of Mrs. Noopur Anand reimbursement was claimed from April'14 to Aug'14 amounting Rs. 16,000/-, and was eligible for the same on production of bills.In case of Mrs. Asha Rani Reimbursement was claimed from April'14 to Nov'14 amounting Rs. 6,400/-, and was eligible for the same on production of bills.The process was properly followed. In all cases, person claiming the reimbursement fills up prescribed form & attaches along with it the relevant bills for reimbursement and is given to his controlling officer.Controlling Officer passes the file to accounts department for payment after giving his requisite approval of campus director.Besides the entry in the accounting software, corresponding entry is passed in Register maintained with the administration department and it is vetted by his controlling officer from time			<ul style="list-style-type: none">Processing of bills for reimbursement of telephone expenses on monthly basis can be avoided. The same can be done only on quarterly/half yearly basis.Submission of original copy of money receipts should be made mandatory
Designation/Post	Amount(Rs.)																				
Director/Senior Professor/Chairperson	Rs.3200/- per month																				
Registrar / CAO/PE (Bldg.)	Rs.2500/- per month																				
Deputy Registrar & Other Equivalent Admin. Officers	Rs.1500/- per month																				
Asst. Director / Asst. Registrar/ Other equivalent Admin. Officers	Rs.800/- per month																				
Centre Coordinators RIC, SDAC, CIC and Coordinators (IL)	Rs. 750/- per month																				
Other faculty members	Rs.400/- per month																				

	<p>claiming the reimbursement fills up prescribed form & attaches along with it the relevant bills for reimbursement and is given to his controlling officer.</p> <ul style="list-style-type: none"> Controlling Officer passes the file to accounts department for payment after giving his requisite approval. Besides the entry in the accounting software, corresponding entry is should be passed in Register maintained with the concerned official and it is vetted by his controlling officer from time to time. <p>During Sabbatical Leave faculty/officials are not entitled to reimbursement of telephone expenses.</p>	<p>to time.</p> <ul style="list-style-type: none"> No such case noticed during our verification. 	
130 Reimbursement of Newspaper & Magazine Expenses	<p>Reimbursement of expenditure on newspaper/magazines to all NIFT officials (including deputationists) and all faculty members of and above the levels of AR shall be restricted to Rs. 275 (less 10%) on account of purchase of newspaper/magazine by them at their residence. Reimbursement of newspaper & magazine expenses should be strictly on the basis of production of bills on monthly, quarterly or half yearly basis as the case may be.</p> <p>During Sabbatical Leave faculty/officials are entitled to newspaper & magazine expenses.</p>	<ul style="list-style-type: none"> We have verified two cases on sample basis of following employees:- <ul style="list-style-type: none"> (a) Mr. Virender Ahuja (PS-II) (b) Mrs. Asha Rani (AD, Project In charge) In case (a) reimbursement was made quarterly and has claimed amount of Rs. 1,800/- for newspaper & Magazine expenses for 2 quarters, but was restricted to Rs. 741/- quarter. In case (b) reimbursement was made quarterly and has claimed amount of Rs. 1,800/- for newspaper & Magazine expenses for 2 quarters, but was restricted to Rs. 741/- quarter. Reimbursement of newspaper & magazine expenses was made strictly on the basis of production of bills on quarterly basis. Besides the entry in the accounting software, corresponding entry is also passed in Register maintained with the concerned official and it is vetted by his controlling officer from time to time. 	<ul style="list-style-type: none"> Processing of bills for reimbursement of newspaper and magazine expenses on monthly basis can be avoided. The same can be done only on quarterly/half yearly basis.
Overtime Allowance	<p>Payment of overtime allowance is restricted to Staff Car Drivers, operational staff and industrial employees; however the NIFT has made the eligibility more restrictive.</p> <p>Non-Gazetted staff drawing a pay more than Rs. 2,200 per month are eligible to claim the Overtime allowance.</p>	<p>We have verified two cases on sample basis of following employees:-</p> <ul style="list-style-type: none"> (a) Mr. Shiv Shankar Shah (b) Mr. Vinod Kumar <ul style="list-style-type: none"> In both cases staffs were drawing a pay more than 	<p>Nil</p> <p>112</p>

	<p>For first one hour in excess of the prescribed hours nothing should be paid and thereafter at the rate of Rs. 12.50/-</p> <p>Overtime allowance in a month not to exceed one-third of monthly working hours.</p> <p>There are different types of rates for different grades & posts of employees as mentioned in the Finance & Accounts manual &Swamy's Handbook for Central Government Employees</p>	<p>Rs. 2,200 per month.</p> <ul style="list-style-type: none">• In both cases first one hour was deducted as free duty from extra duty performed and thereafter was paid at the rate of Rs. 12.50/- hour on monthly basis.• Overtime allowance for the month of September was paid to both employees amounting Rs. 625/- which does not exceed one-third of monthly working hours.• Payment of overtime allowance was found to be as per the entitlement on prudent basis on monthly basis. Proper records & other relevant documents was maintained for supporting the claims of each of the above mentioned employee• Besides the entry in the accounting software, corresponding entry is also manually recorded in Register maintained with the concerned official and it is vetted by his controlling officer from time to time.									
Honorarium/Incentives	<ul style="list-style-type: none">• It is remuneration for special work of an occasional or intermittent character paid to an employee from the Consolidated fund of India/ State/ Union Territory and prior sanction of the competent authority is necessary before the work is undertaken.• Grant of Honorarium/ reward for specially meritorious work is generally sanctioned @ Rs 5,000/- per annum per employee (maximum)	Since head office is not dealing in academic affairs related to students, therefore there were no major transaction were found in the books of accounts of head office relating to payment of honorarium/incentives.	Nil								
Medical/OPD Expenses reimbursement	<p>OPD/Medical reimbursement limit for NIFT employees is revised as follows:-</p> <table><tr><th>Group</th><th>Amount (Rs.)</th></tr><tr><td>Group A Officials</td><td>20,000/-</td></tr><tr><td>Group B Officials</td><td>18,000/-</td></tr><tr><td>Group C Officials</td><td>16,000/-</td></tr></table> <p>Group D employees have been included in category of Group C officials after the enforcement of Sixth Pay</p>	Group	Amount (Rs.)	Group A Officials	20,000/-	Group B Officials	18,000/-	Group C Officials	16,000/-	<ul style="list-style-type: none">• We have verified two cases on sample basis of following employees:-<ul style="list-style-type: none">(a) Mr. Amrik Singh (Electrician)(b) Mrs. Amrit Kaur (RA Assistant)• In case (a) reimbursement claimed and paid for two quarters amounting Rs. 10,189/- subject to the maximum of Rs. 16,000/- for Group C officials.• In case (b) reimbursement claimed for two quarters amounting Rs. 13,372/- subject to the maximum of Rs. 18,000/- for Group B officials.	<ul style="list-style-type: none">• As,there is no such specific limit prescribed for quarterly reimbursement. There are occasions when some employees are actually incurring more than the
Group	Amount (Rs.)										
Group A Officials	20,000/-										
Group B Officials	18,000/-										
Group C Officials	16,000/-										

132	<p>Commission. The above amount shall be reimbursed quarterly. The reimbursement shall be restricted to limits prescribed above. No bills are required to be produced for OPT treatment. For other kinds of treatment, bill needs to be produced if the claim goes over prescribed amount as mentioned above.</p> <ul style="list-style-type: none">Recently Thematic Audit was conducted by Comptroller & Auditor General of India in the campuses of NIFT for the period of FY 2012-13. It was observed that no bills were produced for OPD treatment by the claimant as pointed out in Finance & Accounts Manual.So establishment department vide order no NIFT/HO/E-11/THEMATIC AUDIT/2013 dated 13th January 2014 made mandatory for all classes of employees to produce OPD medical bills in order to get the reimbursement of medical expenses.Also it was pointed out during the audit that all the employees who are on rolls on deputation basis in NIFT and who were getting the facility of medical reimbursement under [CGHS] in their previous offices; these limits does not applies to said officials.	<ul style="list-style-type: none">This process is as per the procedure prescribed in the F&A manual.Besides the entry in the accounting software, corresponding entry was also manually recorded in Register maintained with the concerned official and it is vetted by his controlling officer from time to time.	<p>amount prescribed in a quarter. In fact, either the quarterly restriction may be removed and the reimbursement may be made as per actual amount claimed in a quarter subject to the total ceiling or the amount claimed over and above Rs 5,000/- in each quarter may be reimbursed in the last quarter so that, if an employee leaves (resignation etc.) the organisation before the end of the financial year, the problem of recovery of the excess amount paid may be avoided.</p>																
Housing Incentives	<p>The following incentives as housing benefits will be paid on graded basis in metropolitan cities i.e Delhi, Kolkata, Mumbai, Chennai, Bangalore & Hyderabad in lieu of House Rent Allowance. For non-metropolitan states, incentives will be reduced to 75% of below mentioned limits.</p> <table><tr><th>Administration Officers</th><th>Amount (Rs.)</th></tr><tr><td>Director General</td><td>As per Actual</td></tr><tr><td>Directors</td><td>20,000/-</td></tr><tr><td>Registrars</td><td>15,000/-</td></tr><tr><td>Deputy Registrar</td><td>12,000/-</td></tr><tr><td>Assistant Director/Accounts Officer</td><td>8,000/-</td></tr><tr><td>Faculty</td><td></td></tr><tr><td>Senior Professor</td><td>20,000/-</td></tr></table>	Administration Officers	Amount (Rs.)	Director General	As per Actual	Directors	20,000/-	Registrars	15,000/-	Deputy Registrar	12,000/-	Assistant Director/Accounts Officer	8,000/-	Faculty		Senior Professor	20,000/-	<ul style="list-style-type: none">Payment of House Rent Allowance (i.e Housing Incentives) is as per the limit described in rules alongside. We verified two cases on sample basis of Mr. Raj Singh (Assistant Director) & Mrs. Noopur Anand (Senior Professor) and observed that HRA is paid as per the entitlement of the respective employee.The process followed for claiming the reimbursement was found to be satisfactory and no further improvements/changes are suggested.	<ul style="list-style-type: none">For the employees whose HRA has crossed the limit of Housing Incentive due to increment, may be allowed to opt for HRA automatically, so that there is no financial loss for the employee concerned. Manual also may be revised accordingly.
Administration Officers	Amount (Rs.)																		
Director General	As per Actual																		
Directors	20,000/-																		
Registrars	15,000/-																		
Deputy Registrar	12,000/-																		
Assistant Director/Accounts Officer	8,000/-																		
Faculty																			
Senior Professor	20,000/-																		

	Associate Professor	12,000/-			
	Assistant Professor	8,000/-			
Reimbursement of Children Tuition Fees	Payment of children tuition fees is allowed to all NIFT staff at fixed amount i.e @ Rs. 1,500 per month per child with maximum up to 2 children as per revised rates prescribed by government norms		<p>We verified the process of two employee on sample basis and found the claim to be as per the prescribed rules namely</p> <p>(a) Mr. Suhail Anwar (Professor)</p> <p>(b) Mrs. Neelam Goyal (Steno Grade - I)</p> <ul style="list-style-type: none"> Reimbursement of Children Tuition Fees is as per the limit prescribed by government rules & regulations and was done usually on quarterly basis. In case (a) Reimbursement claimed from April'14 to June'14 for 2 children amounting Rs. 14,085/- & Rs. 17,835/- but sanctioned only Rs. 3,750/- each which was in the limit of Maximum Rs. 18,000/-. In case (b) Reimbursement sanctioned of balance amount of Rs. 750/- which does not exceed the limit of Maximum Rs. 18,000/-. <p>The process followed for claiming the reimbursement was found to be satisfactory.</p>		Nil
Salary & Perquisites	<p>It is a sum of following sums:-</p> <ul style="list-style-type: none"> Basic Pay Grade Pay Dearness Allowance House Rent allowance Travelling Allowance Consolidated Salary CPF/EPF & Administration Charges Bonus Leave Salary & Pension Contribution <p>Since NIFT is an institution managed by Ministries of Textiles, Government of India, it is following rules and norms prescribed by Government of India under Sixth Pay Commission and other relevant circulars, notifications issued till date.</p>		<ul style="list-style-type: none"> We have verified the salary sheet of Mr. Suhail Anwar (Professor) & Mr. Vijay Singh Negi (Research Assistant) employees of NIFT for the month of October 2014. All the rules as prescribed in Finance & Accounts Manual in conjunction with Swami's Handbook (Central Government Employees) have been diligently followed from time to time round the year. 		Nil

EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN: 083878

Date:
Place: New Delhi

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY

**PROCESS AUDIT REPORT
BUYING OF LIBRARY BOOKS
(F.Y. 2014-15)**

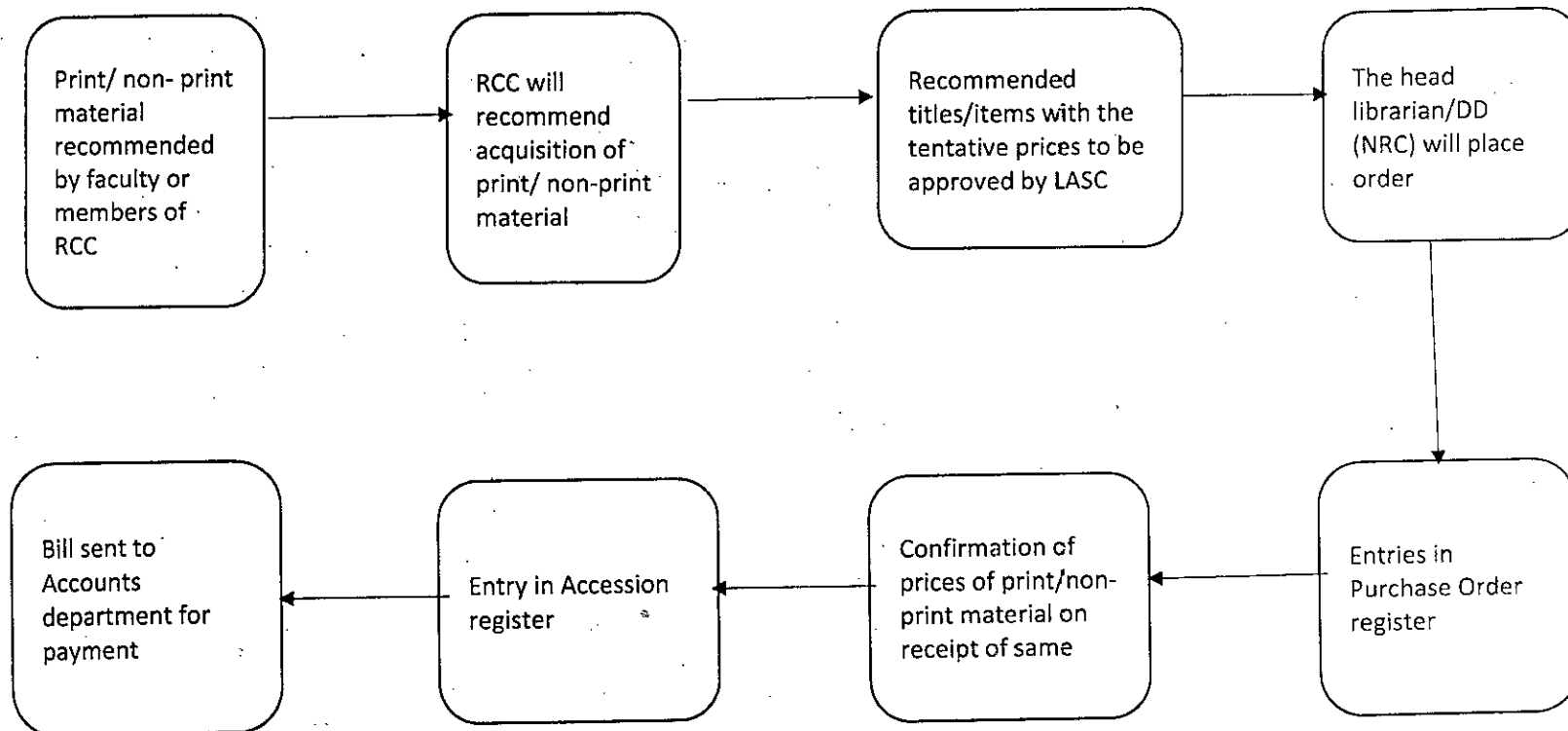
**GIANENDER & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Plot No. 6, Site No. 21, Geeta Mandir Marg, New Rajinder Nagar
New Delhi - 110060**

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Process Audit – Buying of Library Books

Flowchart- Buying of Library Books



Process Areas	Existing Process	Verification of process	Process Improvement/Suggestions
Buying of Library Books			
A. Purchase of books and periodicals	<p><u>Following procedure for purchase of resource centre items is prescribed in Accounts Manual- Chapter-4</u></p> <ul style="list-style-type: none"> The Resource Centre committee of which the Director (F&A)/Purchase officer/Accounts officer are also members will recommend acquisition of print materials received on approval/recommended by faculty or members of RCC. The list of recommended titles with tentative prices will be send to Local Academic Standards Committee (LASC)/Competent Authority for approval. After approval is received, the head librarian/DD (NRC) will place order for purchase of print to book sellers & other suppliers. Since books, periodicals, etc. are not store items, it is not feasible to obtain quotations as the rates are predetermined by the publishers. For conversion, the buying rates applicable on the date of invoice will be taken into consideration for calculating rupee component. Supplementary bills raised by the agents for periodicals in case of any revision of prices fluctuations in conversion rates, etc. have to be paid as and when received. Fixed discount rate for various categories of books as provided in accounts manual should be implemented. The prices of published materials, if not printed, will be confirmed from bibliographic and on line tools. If no price proof is available then the prices fixed by RCC will be accepted as final. Experts from other organization / institutions can be invited for evaluation of any print item on recommendation of the Committee. The bills will be sent to Accounts Dept. through competent authority for release of payment after entering the print material in the NRC / RC's Accession Register. Payment has to be released in advance for all bills for journals and some books or monographs as per publishers or suppliers terms and conditions. 	<p>We select each sample voucher related to purchase of books & purchase of magazines, newspaper & periodicals viz.</p> <ol style="list-style-type: none"> Voucher No. 690 dated 25-08-2014 amounting Rs. 1,91,347 (Purchase of books) Voucher No. 159 dated 09-05-2014 amounting Rs. 7,911 (Purchase of periodicals) <ul style="list-style-type: none"> The Resource Centre committee/Library Advisory Committee has recommended acquisition of print materials received on approval/recommendation by faculty or members of RCC. List of recommended titles with tentative prices was approved by LASC/Competent Authority. In case of voucher 690, the Head Librarian has placed the order after the approval but in case of Voucher No. 159, the order placed was not found in the file. In case of Voucher No. 690, conversion buying rate for foreign currency was same as on the date of invoice. In case of Voucher No. 690, Fixed Discount rate of 20% was provided to supplier. In case of Voucher No. 690, after the receipt of books, the same has been entered in the accession register. Bills were sent to the accounts department for release of payment and accordingly the payment was released to accounts. 	<ul style="list-style-type: none"> Purchase order should be serially numbered. Resource Centre department should maintain purchase order register as per format attached as per Annexure-1 for keeping track of all the purchase made/follow up with vendor and subsequent verification. The same can be used for periodicals subscribed through subscription agents/distributors only. Though for periodicals (including magazines) directly subscribed from the publishers purchase orders are irrelevant since specific subscription forms have to be filled in print or online with payment details. The publishers do not entertain any purchase order without payment so purchase order on NIFT letter head or format are not required.

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Annexure -1

Format for Purchase Order Register

<u>S. No.</u>	<u>Date</u>	<u>Item</u>	<u>P.O No.</u>	<u>Budget Code</u>	<u>Budget Allocated</u>	<u>Budget Exhausted</u>	<u>Balance Budget</u>	<u>Party Name</u>	<u>Expected Date of Receipt</u>	<u>Date of Receipt</u>	<u>Bill No.</u>	<u>Remarks</u>

EXPRESSION OF GRATITUDE

At last but not the least, we express our gratitude and sincere thanks to the Managers/Officers and staff of the NATIONAL INSTITUTE OF FASHION TECHNOLOGY for their kind co-operation extended to us. We also express our gratitude to you for providing us an opportunity to serve you.

We shall be pleased to discuss with you matters contained in our report at mutually convenient time.

Thanking you,
Yours truly,

For Gianender & Associates
Chartered Accountants
FRN.-004661N

(Manju Agrawal)
Partner
MRN: 083878

Date:
Place: New Delhi

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AGENDA ITEM NO. 3303**REVIEW AND APPROVAL OF ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2014-15****1. SCOPE:**

The agenda item seeks review and approval of the F&AC for Annual Accounts of NIFT for the financial year 2014-15.

2. GENESIS AND ANALYSIS OF ANNUAL ACCOUNTS 2014-15:

The annual accounts for the financial year 2014-15 have been prepared and NIFT's internal auditors M/s. Gianender & Associates, Chartered Accountants have verified and certified these annual accounts. These audited annual accounts are placed at **Annexure-3303/I** and the campus wise summary of the annual accounts is placed at **Annexure-3303/II (a) & 3303/II (b)**. The internal auditors would present their reports on these certified annual accounts 2014-15 during the meeting.

Last year, the F&AC in their 28th F&AC Meeting held on 17th June, 2014, while approving the annual accounts of 2013-14 had made three recommendations. All these recommendations were implemented during the year 2014-15 as detailed below:

S. No	F&AC's Recommendations	Action taken in FY 2014-15
1.	Fees should be recorded on accrual basis as against the practice of NIFT to record the same on cash basis.	The Fee income has been recognized and recorded on accrual basis in the financial year 2014-15 as recommended by the F&AC. As a result we have taken credit for fee income of only 9 months during the year 2014-15.
2.	Standardization to be brought in accounts heads across the campuses of NIFT. For this purpose, suitable accounting software may be procured and implemented.	Standardisation of accounts heads has been implemented and made uniform across all campuses. Further, a new software, Tally ERP on cloud, has been implemented w.e.f. year 2015-16. These standardized accounts heads and codes have also been incorporated in the New Tally ERP 9 on cloud.
3.	Leave encashment and gratuity was not accounted on actuarial basis in the Annual Accounts.	<p>The actuarial valuation of leave encashment and gratuity was done by Life Insurance Corporation of India (LIC) in the financial year 2014-15. The actuarial valuation for gratuity and leave encashment has been determined at Rs. 1703.36 Lakhs and Rs. 1378.30 Lakhs respectively. So, the total liability for both these employee benefits on actuarial valuation amounts to Rs. 3081.66 Lakhs.</p> <p>Provision for these employee benefits has been made in the annual accounts for the year ended 31st March, 2015 at an amount of Rs. 3036.03 Lakhs, which is lower compared to the actuarial liability by Rs. 45.63 Lakhs.</p>

		It is proposed to provide for the shortfall in provision in year 2015-16. Further, a decision is required to be taken as to whether these liabilities will be funded with outside agency like LIC, for which a proposal would be brought before F&AC and the Board in next meeting.
--	--	---

2.1 The major highlights of the annual accounts for the financial year 2014-15 are discussed below in detail:

- i. Fee share of HO – Upto Year 2012-13, HO used to retain 20% of the first year fee income as overhead charge from the campuses. This charge was not made in the year 2013-14 in view of high interest income at HO. However, now there is a fall in interest income since the interest earned on unutilized government grants is being returned to the government. Therefore, again from the year 2014-15, it was decided that 20% of the 1st Year fee of the students would be retained at the Head Office. However, this would not impact the overall surplus/ deficit of NIFT since the fee income of the campuses would decrease but the revenue of HO would increase.
- ii. In current year, the accounting practice for recognition of fee income has been changed to accrual basis in comparison to cash basis followed in previous years. In current financial year, fee income is recognized when it is earned irrespective of fact that it is actually received or not.

For example, fee for regular programs is normally received semester wise. The fee for six month semester ending June (January – June) is received in January. Similarly, for the six month semester ending December (July – December) is received in July itself. Now, the fee received in January has been bifurcated into two parts i.e. “**fee for current financial year**” and “**advance fee pertaining to next financial year**”. The fee received in advance pertaining to next financial year has been recognized as “Advance fee from student” which amounts to Rs. 3350.32 lakhs in 2014-15. This has resulted in reduced net surplus to that extent for the financial year 2014-15.

If we had followed cash basis this year also, then the **net surplus would have been Rs. 3583.23 lakhs** as against the net surplus shown in the accounts for the year 2014-15 at Rs. 232.92 lakhs.

- iii. The financial results of the campuses are placed at Annexure-3303/II (a) and 3303/II (b). Due to change in accounting practice, there are 10 campuses which are now in deficit i.e. Bhopal, Bhubaneswar, Chennai, Hyderabad, Jodhpur, Kannur, Kolkata, New Delhi, Patna and Shillong. However, if the practice of fee accounting was not changed, then only 4 campuses would have been in deficit i.e. Bhopal, Bhubaneswar, Chennai and Shillong.

The reasons for losses of these four campuses are mentioned here as under:-

- a. Bhopal campus is showing a deficit of Rs. 107.63 lakhs in year 2014-15 in comparison to a deficit of Rs. 81.74 lakhs in the previous year. The reason for increase in deficit is, sharing of 20% of fee of newly admitted students amounting to Rs. 8.59 lakhs and booking of salary for 13 months amounting to Rs. 17 lakhs due to following accrual system of accounting. Had the change in accounting practice not been made, the deficit of campus would have been lower by Rs. 25.59 lakhs.

Further the campus is incurring losses as it is running only three courses and is operating from temporary campus.

- b. In case of Bhubaneswar campus, the deficit of the year is Rs. 48.30 lakhs in comparison to deficit of Rs. 61.22 lakhs in previous year. The reason for deficit is transfer of 20% of fee of newly admitted students amounting to Rs. 19.48 lakhs to HO and booking of 13 Months salary. Had the change in accounting practice been not made, the campus would have been in marginal surplus position. Further there is increase in salary expenses due to joining of 6 faculties during the year.
- c. Chennai campus has shown a deficit of Rs. 93.40 lakhs in comparison to deficit of Rs. 71.35 lakhs in previous year. The reason for increase in deficit is sharing of 20% of fee of newly admitted students with HO amounting to Rs. 36.85 lakhs. Had this change been not there, the deficit of campus would have been Rs. 56.55 lakhs. Further, there was an increase in salary expenses of Rs. 32 lakhs due to joining of 9 faculties at campus during the year 2014-15.
- d. Shillong campus has shown a deficit of Rs. 221.84 lakhs in comparison to a deficit of Rs. 172.04 lakhs in previous year. The reason for increase in deficit is sharing of 20% of fee of newly admitted students with HO amounting to Rs. 7.26 lakhs and there is an increase in establishment expenditure by Rs. 57.54 lakhs due to joining of administrative staff at the campus during the year. Further, there is increase in depreciation of Rs. 37.92 lakhs as the campus is running in temporary building and has to shift to new campus in 2016-17, so the campus has charged higher rate of depreciation for temporary campus structure. Had these changes been not there, the deficit of campus would have been lower by Rs. 102.72 lakhs.

Further the campus is incurring losses as it is running only three courses and is operating from temporary campus.

- iv. To facilitate integrated, standardised and uniform accounting, Tally ERP 9 on cloud has been implemented w.e.f April 1, 2015 in NIFT. With this new Tally ERP, the system is accessible anywhere anytime by all campuses with user id and password. The new software has capability of generating consolidated results for all campuses and HO.
- v. As directed by the F & AC during last meeting the actual capital Expenditure for year 2014-15 have been compared with Revised Budget (RE) approved by F&AC for 2014-15. Variances and reasons for shortfall in capital expenditure leading to shortage of infrastructure and measures taken by campuses to cope with the shortage of infrastructure is placed at **Annexure – 3303/III**.
- vi. In case of revenue expenditure, the actual expenditure for year 2014-15 is Rs. 16791.21 lakhs as against the RE 2014-15 of Rs. 17728.82 lakhs. Therefore there is saving in expenditure of Rs. 937.61 lakhs. In case of revenue income the actual revenue income is Rs. 17218.27 lakhs as against the RE 2014-15 of Rs. 18624.97 lakhs. Overall the net surplus for year 2014-15 is at Rs. 232.92 lakhs compared to the surplus of Rs. 896.15 Lakhs projected in RE 2014-15. However if we add amount transferred to DDF then the actual surplus comes to Rs. 614.47 lakhs as against RE 2014-15 of Rs. 896.15 lakhs.

3. PROPOSAL:

F&AC may kindly take note of the Annual Accounts for the year 2014-15 along with the report of the Internal Auditors on the Annual Accounts for the year 2014-15 and recommend it to the BOG.

4. DG's RECOMMENDATION:

Director (F&A) has proposed the agenda and DG NIFT has recommended for placing the agenda before F&AC.

5. MATTER FOR CONSIDERATION OF F&AC:

The agenda is put up for kind approval of F&AC and for recommending it to the BOG.

NATIONAL INSTITUTE OF FASHION TECHNOLOGY
HAUZ KHAS, NEW DELHI

BALANCE SHEET AS ON MARCH 31, 2015

Rs. In Lakhs

PARTICULARS	SCHEDULE	MARCH 31, 2015	MARCH 31, 2014
Capital Fund	1	9,717.22	9,126.73
Government Grants	2	82,193.69	71,949.70
Earmarked and Endowment Fund	3	18,359.69	17,411.63
Current Liabilities and Provisions	4	12,909.07	7,105.42
TOTAL LIABILITIES		123,179.67	105,593.48
Fixed Assets	5	55,818.95	48,440.92
Current Assets	6	58,695.41	48,610.89
Loans and Advances	7	8,665.31	8,541.67
TOTAL ASSETS		123,179.67	105,593.48

Significant Accounting Policies & Notes to Annual Accounts

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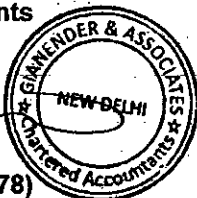
The schedules referred above form an integral part of the Balance Sheet.

The Balance sheet is compiled from the Books of Accounts & Records produced before us.

For Gianender & Associates
Chartered Accountants

(FRN - 004661N)

MA
CA Manju Agrawal
Partner (M. No. 083878)



Abdul Malik
(Abdul Malik)
Dy. Director (F&A)

Anand Kumar Kedia
(Anand Kumar Kedia)
Director (F&A)

Sunaina Tomar
(Sunaina Tomar)
Director General

Place : New Delhi
Date : June 3, 2015

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**NATIONAL INSTITUTE OF FASHION TECHNOLOGY
HAUZ KHAS, NEW DELHI**

INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2015

		<i>Rs. In Lakhs</i>	
PARTICULARS	SCHEDULE	MARCH 31, 2015	MARCH 31, 2014
Fees from Students & Others	8	13,301.47	13,739.36
Grant In Aid	9	484.25	248.26
Interest Earned	10	3,013.96	2,399.74
Surplus from Projects & Workshops	11	150.99	154.11
Other Income	12	267.60	261.26
TOTAL INCOME		17,218.27	16,802.73
Academic Expenses	13	2,901.68	2,471.62
Establishment Expenses	14	9,124.46	7,775.41
Other Administrative Expenses	15	2,240.27	2,051.76
Interest & Bank Charges	16	1.51	0.62
Depreciation	17	2,162.88	1,872.52
TOTAL EXPENDITURE		16,430.80	14,171.93
SURPLUS (EXCESS OF INCOME OVER EXPENDITURE)		787.47	2,630.80
EXCESS OF INCOME OVER EXPENDITURE EXCLUDING GRANT IN AID AND DEPRECIATION		2,466.10	4,255.06
TRANSFERRED TO DDF	20	381.55	373.87
Add : Prior Period Income	18	187.41	163.23
Less : Prior Period Expenses	19	360.41	546.62
EXCESS OF INCOME OVER EXPENDITURE TRANSFERRED TO CAPITAL FUND		232.92	1,873.54

Significant Accounting Policies & Notes to Annual Accounts

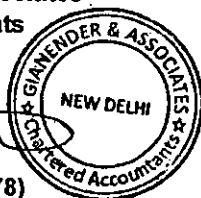
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The schedules referred above form an integral part of the Income and Expenditure Account.

The Income and Expenditure account is compiled from the Books of Accounts & Records produced before us.

For Gianender & Associates
Chartered Accountants
(FRN - 004661N)

CA Manju Agrawal
Partner (M. No. 083878)



(Signature)
(Abdul Malik)
Dy. Director (F&A)

(Signature)
(Anand Kumar Kedia)
Director (F&A)

(Signature)
(Sunaina Tomar)
Director General

Place : New Delhi
Date : June 3, 2015

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NATIONAL INSTITUTE OF FASHION TECHNOLOGY
HAUZ KHAS, NEW DELHI

RECEIPT AND PAYMENT FOR THE YEAR ENDED MARCH 31, 2015

Rs. In Lakhs

RECEIPTS	MARCH 31, 2015	MARCH 31, 2014	PAYMENTS	MARCH 31, 2015	MARCH 31, 2014
Opening Balances:					
a) Cash in Hand (including Cash Imprest)	1.71	2.78	Payment for Expenses:		
b) Bank Balances with Scheduled Banks	5,123.41	6,313.47	a) Academic Expenses	2,901.68	2,471.62
c) Fixed Deposits including Flexi Deposits	43,310.89	42,647.64	b) Establishment Expenses	8,569.79	7,233.40
Grants Received:			c) Other Administrative Expenses	1,831.74	1,809.61
a) Grant Received (Plan)	9,535.74	5,423.49	d) Interest & Bank Charges	1.51	0.62
b) Grant Received (Non-Plan)	484.24	248.26	e) Prior Period Expenditure	360.41	546.62
c) Grant Adjustment	380.14	(2,819.85)			
Fees Receipts:			Fixed Assets Purchased & CWIP:		
a) Fees from Students & Others	13,301.47	13,739.36	a) Fixed Assets Purchased	3,633.38	4,588.87
b) Fees Received in Advance	3,350.32		b) Capital WIP (Building)	5,861.54	7,144.00
Interest Received:			Earmarked Funds Utilisation:		
a) Interest from Bank Accounts	3,011.46	2,399.28	a) Endowment Fund	308.80	89.33
b) Interest on Grants	328.37	682.26	b) Building Fund	659.10	
c) Interest on Endowment Fund	1,192.06	1,406.65	c) Other Earmarked Funds	298.66	136.40
d) Interest on Other Earmarked Fund	268.24	230.25			
e) Interest Accrued	(1,010.12)	(961.27)			
Project & Workshop Receipts:			Loans & Advances:		
a) Surplus from Projects & Workshops	150.99	154.11	a) TDS & Other Tax Expenses	27.25	
b) Project Liabilities (Net)	409.70	(146.72)	b) Staff Advance Paid	63.88	(11.57)
Fund Receipts:			c) Inter Campus Balance Paid	19.40	89.75
a) Receipts of Other Earmarked Fund	375.25	647.00			
b) Capital Fund	357.55	(1,863.25)	Closing Balances:		
Receipts from State Govt.	1,135.83	3,308.16	a) Cash in Hand (including Cash Imprest)	1.91	1.72
Other Receipts:			b) Bank Balances with Scheduled Banks	3,425.26	6,890.85
a) Other Income	267.60	261.26	c) Fixed Deposits including Flexi Deposits	55,019.30	41,543.44
b) Advance to Contractors	279.83	542.67			
c) Security Deposits	129.50	178.27			
d) Misc. Receipts	599.43	140.84			
TOTAL	82,983.61	72,534.66	TOTAL	82,983.61	72,534.66

Significant Accounting Policies & Notes to Annual Accounts

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The schedules referred above form an integral part of the Receipts & Payment A/c.

The Receipt and Payment is compiled from the Books of Accounts & Records produced before us.

For Gianender & Associates
Chartered Accountants
(FRN - 004661N)

(Signature)
(CA Manish Agrawal)
Partner (M. No. 083878)



Place : New Delhi
Date : June 3, 2015

(Signature)
(Abdul Malik)
Dy. Director (F&A)

(Signature)
(Anand Kumar Kedia)
Director (F&A)

(Signature)
(Sunaina Tomar)
Director General

NATIONAL INSTITUTE OF FASHION TECHNOLOGY
HAUZ KHAS, NEW DELHI

Schedules attached to and forming part of the Annual Accounts

Schedule 1 : Capital Fund

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Opening Balance	9,126.73	7,101.33
Add: Assets purchased out of Endowment/ DDF etc.	301.76	89.33
Less : Adjustments and Transfers	(55.81)	(62.52)
Add/Less: Net Surplus /-Deficit from Income & Expenditure A/c	232.92	1,873.55
Total	9,717.22	9,126.73

Schedule 2 : Government Grant (Plan)

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
A) Unutilised Govt. Grant		
Opening Balance	6,841.53	14,881.93
Add: Grant Received/Receivable during the year	9,535.48	5,423.49
Add: Interest on Govt grant	328.37	682.25
Less : Adjustments and Transfers	(795.99)	2,565.17
Less: Grant refunded to Ministry	-	-
Less: Grant adjusted against revenue deficit	239.02	254.68
Less: Grant capitalised during the year	7,685.65	11,326.29
Total (A)	9,576.70	6,841.53
B) Capitalised/Utilised Govt. Grant		
Opening Balance	65,108.17	-
Add: Grant capitalised during the year	7,685.65	11,326.29
Add/Less: Adjustment / Transfers, if any	(176.83)	53,781.88
Total (B)	72,616.99	65,108.17
Total (A+B)	82,193.69	71,949.70



[Signature]

Schedule 3 : Earmarked Fund / Endowment Fund

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
A) NIFT Development Fund		
Opening Balance (Principle Balance)	138.28	138.05
Add: Funds Received during the Year	-	0.23
Sub Total	138.28	138.28
Opening Balance (Interest earned)	95.79	78.66
Add: Interest earned during the year	18.25	25.00
Less : Amount disbursed / utilised	10.57	7.87
Sub Total	103.47	95.79
Total (A)	241.75	234.07
B) Activity Fee Fund		
Opening Balance	243.84	170.06
Add: Amount received during the year	176.28	127.65
Add: Interest earned	15.78	12.72
Less : Amount disbursed/ utilised	113.00	66.59
Total (B)	322.90	243.84
C) Departmental Development Fund (DDF)		
Opening Balance	2,559.19	1,836.66
Add: Amount received during the year	371.05	616.92
Add: Interest earned	184.88	157.54
Less : Amount disbursed/ utilised	119.83	51.93
Total (C)	2,995.29	2,559.19
D) Endowment Fund		
Opening Balance	10,000.00	10,000.00
Add: Amount received during the year	-	-
Less: Utilised during the year	-	-
Sub Total	10,000.00	10,000.00
Opening Balance (Interest earned)	2,984.94	1,667.62
Add: Interest earned	1,192.06	1,498.59
Less : Amount disbursed/ utilised	308.80	181.27
Sub Total	3,868.20	2,984.94
Total (D)	13,868.20	12,984.94
E) Alumni Association Fund		
Opening Balance	198.84	121.43
Add: Amount received during the year	62.72	72.59
Add: Interest earned	12.47	9.92
Less : Amount disbursed/ utilised	5.02	5.10
Total (E)	269.01	198.84



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F) Centre Development Fund		
Opening Balance	531.65	308.48
Add: Amount received during the year	139.56	156.40
Add: Transferred from DDF-Administration	7.19	47.10
Add: Interest earned	34.36	24.59
Less : Amount disbursed/ utilised	50.24	4.92
Total (F)	662.52	531.65
G) Building Fund		
Opening Balance	659.10	599.69
Add: Amount received during the year		
Add: Interest earned in earlier years	-	59.41
Add: Interest earned during the year	-	
Less : Amount disbursed/ utilised	659.10	
Total (G)	-	659.10
TOTAL (A+B+C+D+E+F+G)	18,359.69	17,411.63

Schedule 4 : Current Liabilities & Provisions

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
A) Current Liabilities		
Payable Account	1,344.16	635.74
Sundry Creditors	522.04	430.39
Security Deposits	1,593.43	1,405.85
Project Liabilities	1,097.41	639.78
Advance Tuition Fees received	3,350.33	-
Advance Hostel Fees received	289.50	-
Other Current Liabilities	464.65	406.55
Total (A)	8,661.52	3,518.31
B) Provisions		
Provision for Capital Items	164.44	109.42
Provision of Building WIP	360.42	369.48
Provision for Retirement Benefits (Gratuity/ Pension and Leave Salary Contribution)	3,036.03	2,481.36
Other Provisions	686.66	626.85
Total (B)	4,247.55	3,587.11
Total (A+B)	12,909.07	7,105.42



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Schedule 5 : Fixed Assets

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
A) Fixed Assets		
Gross Block (At Cost)	40,870.66	36,054.22
Add: Additions during the year	3,789.85	4,944.75
Less: Deletions / Adjustments	110.33	128.30
Less: Accumulated Depreciation	17,497.55	15,406.00
Total (A)	27,052.63	25,464.67
B) Capital Work in Progress		
Building	28,187.81	22,275.60
Capital Goods In Transit	126.58	244.02
Others	451.93	456.63
Total (B)	28,766.32	22,976.25
Total (A+B)	55,818.95	48,440.92

Schedule 6 : Current Assets

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
A) Inventory		
NIFT Shop (Old)- Stocks	-	2.03
Total (A)	-	2.03
B) Cash & Bank Balances		
Cash in hand (including Cash Imprest, if any)	1.91	1.71
Balances with Scheduled Banks	3,425.26	5,123.41
Fixed Deposits	40,346.16	39,960.72
Flexi Fixed Deposits (including interest, if any)	14,673.14	3,350.17
Total (B)	58,446.47	48,436.01
C) Prepaid Expenses	46.98	48.37
D) Security Deposits (Paid)	201.97	143.90
E) Inter Branch Account		
Nift Bangalore	(1,566.69)	(1,401.83)
Nift Kolkata	(1,231.07)	(1,137.32)
Nift Chennai	165.08	109.92
Nift G'Nagar	(1,192.29)	(892.84)
Nift H'bad	(740.63)	(541.35)
Nift Mumbai	(227.26)	108.84
Nift New Delhi	(2,502.71)	(2,357.45)
Nift Rae Bareli	(51.44)	110.11
Nift Bhopal	8.83	(200.98)
Nift Kannur	(780.56)	517.20
Nift Patna	270.61	258.22
Nift Shillong	(1.98)	(113.63)



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Nift Kangra	348.50	427.45
Nift Bhubhneswar	122.59	110.68
Nift Jodhpur	306.86	332.23
Nift Srinagar	(158.23)	(198.98)
Nift Project Cell	(1.94)	(18.25)
Credit in NIFT HO A/C of centers	7,232.32	4,868.56
Total (F)	(0.01)	(19.42)
Total (A+B+C+D+E)	58,695.41	48,610.89

Schedule 7 : Loans & Advances

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Advance to Contractors	3,230.71	3,510.54
Staff Advances	55.97	58.56
Other Advances to Staff	103.73	37.26
Project Assets	133.68	85.71
Interest Accrued on FD & Investment	3,163.95	2,153.83
Amount Recoverable from parties & others	1,620.86	1,230.78
Amount Recoverable from State Govt.	255.80	1,391.63
TDS and Other Tax Recoverables	100.61	73.36
Total	8,665.31	8,541.67

Schedule 8 : Fees Etc From Students & Others

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Application Fee	32.14	40.15
Tuition Fee	9,832.37	10,507.58
CE Programme Fee	586.82	503.77
Fee Forfeiture	46.46	6.47
Hostel Fee	1,329.42	1,352.45
Library Fee - Student & Other	458.59	416.38
Bus Fee	62.26	72.03
Other Fee	953.41	840.53
Total	13,301.47	13,739.36

Schedule 9 : Grant In Aid

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Non Plan- State Govt.	95.23	171.68
Non Plan- Central Govt.	150.00	76.58
Non Plan Grant transferred from Plan Grant	239.02	-
Total	484.25	248.26



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Schedule 10 : Interest Earned

Rs. In Lakhs		
Particulars	31-Mar-15	31-Mar-14
Interest on Staff Loans	0.25	0.46
Interest on Term Deposits / Savings with Scheduled Banks	3,011.46	2,399.28
Interest from Others, if any	2.25	-
Total	3,013.96	2,399.74

Schedule 11 : Surplus From Project & Workshop

Rs. In Lakhs		
Particulars	31-Mar-15	31-Mar-14
Project Incomes	369.34	314.77
Less: Project Expenses	218.35	160.66
Total	150.99	154.11

Schedule 12 : Other Income

Rs. In Lakhs		
Particulars	31-Mar-15	31-Mar-14
License Fee-Leased Accomodation	11.04	7.44
Guest House Charges	8.61	2.48
Sale of Scrap / Profit from Sale of Assets	4.65	0.03
Misc. Receipt - Hostel	11.52	40.22
Misc. Receipt - Library	3.77	4.60
Receipt Others	228.01	206.49
Total	267.60	261.26

Schedule 13 : Academic Expenses

Rs. In Lakhs		
Particulars	31-Mar-15	31-Mar-14
A) Academic Expenses		
Admission Expenses	236.00	207.35
Advertisement Exp.	10.88	1.92
Alumni Association Expenses	3.52	5.03
Classroom Expenses	23.28	18.82
Common Exam Expenses	31.22	26.74
Combined PG Bridge Course	6.51	4.09
Convocation & Converge	96.44	81.56
Hiring of Bus/Car	27.06	30.39
Guest Faculty	226.75	143.23
Hospitality Expenses	1.33	0.05
Internet Expenses	20.09	36.39
Insurance (Students)	35.66	37.97
Jury Expenses	60.82	56.06
Membership Fee	4.08	2.50
Printing & Publication Expenses	22.48	18.56
Repair & Maintenance Computer	49.16	52.74
Repair & Maintenance Class Room Equipment	22.15	14.55
Scholarship & Fee Subsidy	113.41	119.95
Student Welfare Expenses	20.51	24.56
Travelling in India Faculty/student	91.58	95.12



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Conclave / Student Visits	23.73	18.69
Craft Documentation	24.77	43.35
Placement/Pre-Placement Expenses	10.84	4.75
Design Collections	34.78	21.59
Diploma Projects/ Graduation Show	90.47	75.53
Foreign Faculty Fees	1.53	0.83
Training In India (Faculties)	72.73	48.55
Visit To Fair/Seminar Abroad	3.89	20.42
Library/Resource Center Exp.	3.45	14.87
Magazines & Periodicals	72.39	83.92
Resource Center Expenses	13.74	12.31
Orientation Programme	21.40	17.65
Display And Exhibition	5.58	2.19
Departmental Meets	24.59	15.71
Promotional Expenses	27.75	15.46
Fashion Spectrum	38.59	41.98
Postage And Telegram	3.15	1.98
Misc Academic Expenses	26.22	37.92
TOTAL (A)	1,602.53	1,455.28
B) Hostel Expenses		
Electricity-Hostel	169.84	162.80
Water Hostel	28.65	22.74
Rent Hostel	169.50	114.48
Repair & Maintenance Hostel	143.89	145.74
Mess Charges	301.73	294.47
Telephone Hostel	5.97	3.65
Others	231.00	192.07
TOTAL (B)	1,050.58	935.95
C) CE Programme Expenses	248.57	80.39
Total (A+B+C)	2,901.68	2,471.62

Schedule 14 : Establishment Expenses

Particulars	Rs. In Lakhs	
	31-Mar-15	31-Mar-14
Salaries & Wages	4,352.45	3,730.10
Allowances & Bonus	3,442.60	2,808.60
Contribution to Provident Fund	645.28	542.11
Staff Welfare and Other Establishment Expenses	39.19	52.06
Expenses on Employees' Retirement	616.91	608.18
EDIL Premium	12.27	7.00
Recruitment Expenses	8.58	19.04
6th CPC Arrear (Pay Commission)	-	-
Training in India- Officers / Staff	7.18	8.32
Total	9,124.46	7,775.41



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Schedule 15 : Other Administrative Expenses

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
A) Administrative Expenses		
Insurance Vehicle	5.88	5.07
Insurance Others	2.48	1.10
Repair & Maintenance Equipment	78.10	53.91
Repair & Maintenance Furniture	15.96	15.60
Repair & Maintenance Vehicle	37.51	34.70
Guest House Expenses	11.23	13.51
Running of Vehicle	73.23	55.92
Postage, Telegram & Telephone	57.87	54.69
Printing & Stationery	111.64	103.39
Travelling in India	88.39	83.65
Travelling Abroad	7.42	10.79
BOG Expenses	23.91	7.40
Statutory Audit Fee (CAG)	3.50	4.78
Internal Audit Fee	25.63	17.60
Hospitality	16.34	15.19
Legal & Professional Charges	27.53	17.96
Advertisement - Admn.	22.63	36.71
Security Expenses	366.04	330.32
Misc. Expenses	91.38	92.54
TOTAL (A)	1,066.67	954.83
B) Building Maintenance Expenses		
Insurance Building	11.12	10.84
Repair & Maintenance Building	163.38	234.96
DG Set Expenses	26.59	30.41
Housekeeping Expenses	327.95	280.71
Property Tax	59.52	59.82
Electricity Expenses and Water Charges	570.82	467.60
Horticulture	14.22	12.59
TOTAL (B)	1,173.60	1,096.93
Total (A+B)	2,240.27	2,051.76

Schedule 16 : Interest & Bank Charges

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Interest & Bank Charges	1.51	0.62
Total	1.51	0.62

Schedule 17 : Depreciation

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Depreciation	2,162.88	1,872.52
Total	2,162.88	1,872.52



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Schedule 18 : Prior Period Income

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Grant in Aid (Revenue)	52.77	-
Other Income	134.64	163.23
Total	187.41	163.23

Schedule 19 : Prior Period Expenses

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Academic Expenses	69.72	21.28
Salaries	15.65	-
Depreciation	19.34	0.98
Other Expenses	255.70	524.36
Total	360.41	546.62

Schedule 20 : Transferred To DDF/CDF

Rs. In Lakhs

Particulars	31-Mar-15	31-Mar-14
Transferred To DDF	315.85	373.87
Transferred To CDF	65.70	-
Total	381.55	373.87



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Schedule 5A : Fixed Assets

Codes	Particulars	Rate of Dep. (%)	GROSS BLCK					DEPRECIATION							NET BLOCK		
			Op. Balance as on 01.04.2014	During the year			Closing Balance as on 31.03.2015	Opening Balance as on 01.04.2014	Dep. on Opening Balance as on	Dep. On Additions Upto 30.09.2014	Dep. On Additions After 30.09.2014	Total Dep. For the Year 2014-15	Dep. on Deductions / Adjustments	Closing Balance as on 31.03.2015	Net Block as on 31.03.2015	Net Block as on 31.03.2014	
				Additions Upto 30.09.2014	Additions After 30.09.2014	Total Additions											Deletions / Adjustments
	1	2	3	4	5	6 = 4+5	7	8 = 3+6-7	9	9A	10	11	12 = 9A+10+11	13	14 = 9+12-13	15 = 8 - 14	16 = 3 - 9
S050101	Land		381.60	-	-	381.60	-	381.60	-	-	-	-	-	-	-	381.60	381.60
S050102	Building	1.63%	21,569.58	910.60	44.19	22,477.31	47.06	22,477.31	2,428.47	358.86	14.84	0.36	374.06	30.20	2,772.33	19,704.98	19,141.11
S050103	Class Room Equipment	15%	3,798.95	167.19	479.23	4,420.27	25.11	4,420.27	2,831.06	227.79	25.06	36.05	288.90	23.85	3,096.11	1,324.16	967.90
S050104	Computer Hardware	16.21%	4,782.62	423.95	311.53	5,173.48	1.27	5,173.48	3,619.29	343.49	68.73	25.21	437.43	(2.32)	4,059.04	1,457.79	1,163.33
S050105	Computer Software	16.21%	1,909.61	45.63	97.37	2,052.61	-	2,052.61	1,380.62	216.96	7.40	7.90	232.26	3.02	1,609.86	442.75	528.99
S050106	Electrical Machinery	15%	1,565.01	188.79	85.34	2,747.13	5.62	2,747.13	893.96	161.72	28.33	6.40	196.45	(5.61)	1,096.02	737.50	671.05
S050107	Furniture & Fixture & Fittings	6.33%	2,728.71	107.67	283.46	3,315.13	3.40	3,315.13	1,184.27	139.31	6.81	8.98	155.10	0.16	1,339.21	1,777.23	1,544.44
S050108	Office Equipment	15%	750.96	49.39	73.19	872.58	2.86	872.58	562.80	48.49	7.41	5.50	61.40	2.85	621.35	249.33	188.16
S050109	Books	20%	1,461.83	18.32	90.53	1,568.39	2.29	1,568.39	1,115.32	119.13	3.67	9.09	131.89	(0.37)	1,247.58	320.81	346.51
S050110	Resource Centre Collection	20%	47.71	7.91	0.39	56.01	-	56.01	35.35	2.74	1.58	0.12	4.44	-	39.79	16.22	12.36
S050111	Hostel Equipment	6.33%	73.69	166.26	106.09	272.35	0.02	272.35	24.91	4.34	10.52	3.37	18.23	0.01	43.13	302.89	48.78
S050112	Motor Car (Light Vehicle)	9.50%	197.14	14.76	0.45	215.21	8.26	215.21	134.08	10.83	1.80	0.02	12.65	6.26	140.47	63.62	63.06
S050113	Bus (Heavy Vehicle)	11.31%	177.81	-	-	177.81	14.15	177.81	89.64	16.22	-	-	16.22	13.86	92.00	71.66	88.17
S050114	Project Assets	#	279.91	-	-	279.91	-	279.91	240.08	8.14	-	-	8.14	-	248.22	31.69	39.83
S050115	Books being Periodicals	100%	227.80	12.03	77.87	317.68	0.02	317.68	202.60	21.53	11.91	50.39	83.83	0.02	286.41	31.27	25.20
S050116	Other Assets	#	917.72	13.28	14.43	945.16	0.27	945.16	663.56	138.82	2.00	1.06	141.88	(0.59)	806.03	139.13	254.16
Total Financial Year (14-15)			40,870.66	2,125.78	1,664.07	3,789.85	110.33	44,550.18	15,406.01	1,818.37	190.06	154.45	2,162.88	71.34	17,497.55	27,052.63	25,464.65
Total Financial Year (13-14)			36,054.22	2,862.83	2,081.91	4,944.74	128.30	40,807.66	23,559.53	1,624.36	127.20	120.96	1,872.52	26.03	15,406.02	25,464.64	

The rate of depreciation on projects assets and other assets have been applied as per assets class included / grouped in the head.
 Note : In certain cases, the assets have been regrouped / reclassified according to their class as per findings of the compuses.



SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. ACCOUNTING POLICIES

1. The annual accounts have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis and the applicable accounting standards issued by "The Institute of Chartered Accountants of India (ICAI)". These accounting policies and standards have been consistently applied. The annual accounts have been prepared on a Going Concern Basis.

2. Recognition of Grants from Central/State Government

Grants from the Central/State Govt. have been accounted following Accounting Standard 12 issued by ICAI i.e. "Government Grants are recognized if it is reasonably certain that the ultimate collection will be made".

- i. Govt. Grants related to revenue are recognized on a systematic basis in the Income and Expenditure A/c over the period to match with the related cost which they are intended to compensate. Such grants are shown separately under the head "Grant in Aid" in the Income & Expenditure Account.
- ii. Government Grants for Plan Funds received for capital expenditure are recognized as Capital Reserve under Schedule 2: "Government Grant". These are treated as Promoters Contribution which is not considered as deferred income.
- iii. On fixed assets created / purchased out of Govt. Grants of the nature of promoter's contribution depreciation is charged as per NIFT accounting policy and related grants is not credited / transferred to Income & Expenditure A/c.
- iv. Govt. grants in the form of non-monetary assets, given at a concessional rate, are accounted for on the basis of their acquisition cost. Non-monetary assets given free of cost are recorded at nominal value of Rs. 1, Rs. 100 or Rs.1000.

3. Recognition of Fees from Students, Project and Consultancy Fee

Fee from Students

The fee from students is recognized on accrual basis.

Project and Consultancy Fees

Project and Consultancy fees are recognized on the completion of the project.

4. Investments

The current investments are shown on cost or fair market value whichever is lower and the long term investments are shown on cost except when there is permanent decline in value of investments.

5. Fixed Assets and Depreciation



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Fixed Assets are stated at their original cost including freight, duties, customs and other incidental expenses relating to acquisition and installation less accumulated depreciation.

- i) The expenditure incurred during the year on construction of buildings, interiors, etc. is booked under the head "Capital Work in Progress", if the work is not completed.
- ii) The depreciation is charged at 100% of rate prescribed if an asset is acquired on or before 30th September and 50% of rate prescribed if an assets is acquired after 30th September.
- iii) The depreciation is charged at straight line method at the following prescribed rates:

Particulars	Rate of Dep.
Building	1.63%
Class Room Equipment	15.00%
Computer Hardware	16.21%
Computer Software	16.21%
Electricity Machinery	15.00%
Furniture & Fixture/Fittings	6.33%
Office Equipment	15.00%
Books	20.00%
Resource Centre Collection	20.00%
Hostel Equipments	6.33%
Motor Car (Light Vehicles)	9.50%
Bus (Heavy Vehicles)	11.31%
Project Assets	As per assets class
Books and Periodical	100.00%
Other Assets	As per assets class

- iv) The depreciation on fixed assets is provided up to 95% of its gross value and thereafter no depreciation is provided.
- v) The depreciation on sale/deletion/transfer of assets is provided up to the date of sale/deletion/transfer.

6. Employee's Retirement Benefits and Others Benefits

- i) Leave encashment are accounted for on the basis stipulated in Fundamentals Rules and Supplementary Rules (FRs & SRs) for employees on deputation and for regular employees for current year.
- ii) Gratuity is accounted for on the basis stipulated in Fundamental Rules & Supplementary Rules (FR & SR) for current year.
- iii) Interest recoverable from employees on advances such as House Building Advance, Car Advance and Scooter Advance etc. is accounted in the year of recovery.

7. Insurance Claims

Insurance claims are accounted "as and when settled" basis.



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8. Foreign Currency Transactions

Foreign exchange transactions are recorded at the rates of exchange prevailing on the date of transactions. Exchange differences arising on foreign exchange differences settled during the period are recognized in the income and expenditure accounts. Assets acquired against foreign currency are capitalized at the time of transaction.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is recorded in the income and expenditure account.

B. NOTES TO ACCOUNTS:

1. During statutory audit for the financial year 2013-14, the C&AG auditors objected to transfer of Grant utilized from Schedule 2 "Govt. Grant" to Schedule 1 "Corpus/Capital Fund". It was advised that Plan Funds received from the Govt. are required to be shown under the distinct category instead of booking the same in Corpus/Capital Fund. The C&AG observation has been accepted and implemented in 2014-15. Accordingly, Schedule 1 & Schedule 2 has been revised to include the capitalized government grant separately in "Schedule 2: Government Grants". Due to modification in formats, the previous year figures in annual accounts of 2013-14 have been regrouped. This has resulted in transfer of Rs.11,326.28 lakhs being Grant Capitalized during 2013-14 and Rs.53,781.89 lakhs being Grant Capitalized up to financial year 2012-13, from Corpus/Capital Fund (Schedule 1) to Govt. Grant (Schedule 2).
2. Various state governments have provided Land to NIFT campuses either free of cost or at concessional rate for establishment of the campus in their State. The Land has been recorded as fixed asset at the amount actually paid or nominal value (say Rs. 1 / Rs. 100 / Rs.1000) whichever is higher following "Accounting Standard 10 : Accounting for Fixed Assets" issued by ICAI. However, in case of campuses which have recorded the land value at Rs.1/-, Rs.100/- or Rs.1,000/- the land is not appearing in their fixed assets Schedule 5A due to rounding off of figures in lakhs. The campus wise detail of land recorded is furnished here as under:-

Campus	Book Value in Rs.	Leasehold / Freehold	Area of Land
NIFT Mumbai	Rs. 25,253,924	-	
NIFT Kolkata	Rs. 9,78,000	Leasehold	
NIFT Chennai	Nil *	Leasehold	7.5 Acres
NIFT Bhopal	Rs. 1	Freehold	
NIFT Hyderabad	Rs. 1	-	
NIFT Bengaluru	Nil **	Leasehold	
NIFT Raibareli	Nil ***	-	
NIFT Jodhpur	Rs. 1	-	
NIFT Gandhi Nagar	Rs. 1	Freehold	20,000 Sq. Meters
NIFT Shillong	Rs. 100	Leasehold	20.13 Acres
NIFT Kangra	Rs. 1	Leasehold	26 Acres
NIFT Kannur	Rs. 1000	Leasehold	3.774 Hectares
NIFT Patna	Rs. 210	-	



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NIFT Bhubaneshwar	Rs. 1	-	
NIFT Srinagar	Nil	-	Land is not yet in possession of Srinagar Campus
NIFT H.O.	Rs.11926762	-	-
NIFT New Delhi	Nil	-	In campus of HO
Total	Rs. 38160002		

*The land is not recorded as title has not been passed in favor of NIFT Chennai and there is no evidence to show that there is transfer of property from Govt. of Tamilnadu to NIFT, Chennai.

** Land is on 30 years of lease from Bangalore Development Authority.

*** Land is not allotted / given to NIFT Raebareli so not booked instead NIFT Raebareli is paying premises rental charges.

3. The fee from students has been recognized on accrual basis in current financial year in comparison to receipt basis in previous year. The fee from students was received semester wise i.e. in January, the fee was received for the semester January to June and in July, the fee was received for the semester July to December. Further, the fee received in January is bifurcated into fee for current financial year and advance fee pertaining to next financial year. The fee received in advance has been recognized as "Advance fee from student" which amounts to Rs. 3350.32 lakhs. This has resulted in reduced net surplus to that extent for the financial year 2014-15.
4. Government grants for Plan Funds received and utilized are shown in the Balance Sheet under "Schedule - 2: Government Grant" and the corresponding assets purchased out of the grants are depreciated. However transfer of proportionate amount for depreciation from Govt. grant to income and expenditure a/c was not carried out considering the Govt. Grant as Promoter's Contribution in terms of AS-12 issued by ICAI. This has been objected by C&AG in their separate audit report (para B.1) of previous years 2012-13 and 2013-14. In current year, a letter has been written to Ministry of Textile (MOT) for granting permission for charging of depreciation on such assets without transferring proportionate amount to Income & Expenditure A/c from grants. Till the reply of MOT is received, the existing practice is being continued.
5. The interest income on investment of the earmarked / endowment fund is being credited to the related fund. As a result an amount of Rs. 1457.80 lakhs has been credited to Earmarked Fund.
6. Similarly, an interest income on investment of the Government Grant is being credited to the Government Grant Account. As a result an amount of Rs.328.37 lakhs has been credited to Government Grant A/c.
7. In the opinion of the management, the current assets and loans and advances as on 31.03.2015 have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet as on that date.

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8. All known and ascertained liabilities and all income and expenses relating to the financial year ended on 31.03.2015 have been duly provided / accounted for in the accounts as per the accounting policy consistently followed by the Institute.
9. No provision towards Income Tax is provided for the financial year as the Institute's income is exempt under section 11 of the Income Tax Act, 1961 and other relevant provisions of the said Act.
10. Generally, the contribution / transfer to various earmarked funds such as DDF, CDF, NDF etc. was made directly in to the fund, without routing from Income and Expenditure a/c. However, in case of DDF/CDF, certain campuses have routed the transfer to DDF/CDF through Income and Expenditure A/c, which amounts to Rs. 381.55 lakhs.
11. In 2014-15, the provision of Gratuity & Leave encasement has been made as per FR/SR and as per policy of NIFT and not on the basis of actuarial valuation as referred in "AS-15 (Revised) - Employee Benefit". However, the NIFT is in process of getting the actuarial valuation for these two liabilities i.e. gratuity and leave encashment and the provision in 2015-16 shall be made based on actuarial basis after taking approval from the competent authority.
12. The Institute has capitalized Rs. 7685.65 Lakhs during the financial year 2014-15 in respect of grant utilized out of funds provided by State Government and Central Government. Campus wise grant capitalized is as under-

Campus	Rs. in Lakhs
Bhopal	151.24
Bhubaneswar	696.64
Chennai	834.11
Gandhinagar	81.75
Hyderabad	1.98
Kangra	148.28
Kannur	427.22
Kolkata	203.83
Mumbai	1246.86
New Delhi	1300.00
Patna	917.72
Raebareli	123.22
Shillong	1519.14
Srinagar	33.56
Total	7685.65

13. The Loans & Advances (Schedule-7) includes Rs.1000 Lakhs recoverable from Ministry of Textile in respect of block grant recoverable due to implementation of 6th Central Pay Commission (CPC) as per force majeure clause mentioned in the




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block grant scheme, which is outstanding from the financial year 2009-2010. NIFT management believes that the grant will be realized soon.

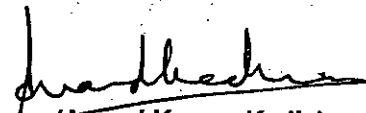
14. There are 45 legal cases pending in different courts/tribunal pertaining to different campuses for which the contingent liability is Rs. 99.93 lakhs. However, NIFT does not anticipate any liability of these legal cases.
15. Regrouping / reclassification / clubbing have been made in certain items of current year or previous year whenever required i.e. Current Liabilities and Provision, Current Assets and Loans & Advances, Expenses and Incomes, Fixed Assets and Capital Fund etc.
16. The balances in accounts under current assets and loans & advances, sundry creditors and liabilities are subject to confirmation and reconciliation. The impact, if any, subsequent to the confirmation and reconciliation will be taken upon their confirmation and reconciliation.
17. The figures in Balance Sheet, Income and Expenditure, Receipts & Payment A/c and Schedules have been shown in lakhs of rupees. For this purpose, the figures have been rounded off in lakhs with two decimal points. In some places an adjustment (addition / deduction) of Rs. 0.01 lakhs has been done to match / tally the figures.

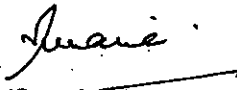
For Gianender & Associates
Chartered Accountants
(FRN-004661N)


(CA Manju Agrawal)
Partner
(M. No. 083878)




(Abdul Malik)
Deputy Director (F&A)


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Place: New Delhi
Date: June 3, 2015

CAMPUS WISE SUMMARY OF NET SURPLUS / DEFICIT FOR THE YEAR 2014-15

Rs. In Lakhs

S. No.	Campuses	Total Income	Total Expenditure	Surplus / (Deficit)	Adjustment for prior period items and DDF	Net Surplus / (Deficit) Transferred to Corpus / Capital A/c
1	Bengaluru	1,363.47	1,334.50	28.97	(22.29)	6.68
2	Bhopal	492.86	677.52	(184.66)	(3.74)	(188.40)
3	Bhubaneshwar	501.71	647.88	(146.17)	(21.36)	(167.53)
4	Chennai	1,074.02	1,397.83	(323.81)	(46.36)	(370.17)
5	Gandhinagar	1,523.76	1,297.49	226.27	(41.96)	184.31
6	Head Office	2,740.95	1,542.13	1,198.82	(154.60)	1,044.22
7	Hyderabad	1,287.58	1,356.01	(68.44)	48.46	(19.98)
8	Jodhpur	392.37	396.92	(4.55)	(2.24)	(6.79)
9	Kangra	754.89	712.71	42.18	(23.74)	18.44
10	Kannur	680.34	725.02	(44.68)	18.30	(26.37)
11	Kolkata	1,070.95	1,096.48	(25.53)	(73.84)	(99.37)
12	Mumbai	1,745.26	1,464.17	281.09	(85.53)	195.56
13	New Delhi	2,111.92	2,031.18	80.74	(128.52)	(47.78)
14	Patna	516.48	545.88	(29.39)	(0.06)	(29.46)
15	Rae Bareli	643.45	613.43	30.02	(6.96)	23.06
16	Shillong	273.83	548.55	(274.72)	(8.78)	(283.50)
17	Srinagar	44.43	43.11	1.32	(1.32)	-
	Total	17,218.27	16,430.81	787.46	(554.54)	232.92

CAMPUS WISE SUMMARY OF NET SURPLUS / DEFICIT FOR THE YEAR 2014-15

Rs. In Lakhs							
Sr. No.	Campuses	Total Revenue #	Total Expenditure	Fees for 3 months	Surplus / Deficit	Adjustment for prior period items and DDF	Net Surplus / Deficit
1	2	3	4	4A	5=3-4+4A	6	7=5-6
1	Bengaluru	1,363.47	1,334.50	358.07	387.04	22.29	364.75
2	Bhopal	492.86	677.52	80.77	(103.89)	3.74	(107.63)
3	Bhubaneshwar	501.71	647.88	119.23	(26.94)	21.36	(48.30)
4	Chennai	1,074.02	1,397.83	276.77	(47.04)	46.36	(93.40)
5	Gandhinagar	1,523.76	1,297.49	430.38	656.65	41.96	614.69
6	Hyderabad	1,287.58	1,356.01	285.29	216.86	166.36	50.50
7	Jodhpur	392.37	396.92	48.40	43.85	(59.99)	103.84
8	Kangra	754.89	712.71	177.86	220.04	2.01	218.03
9	Kannur	680.34	725.02	169.80	125.12	23.74	101.38
10	Kolkata	1,070.95	1,096.48	298.64	273.11	48.47	224.64
11	Mumbai	1,745.26	1,464.17	360.35	641.44	95.85	545.59
12	New Delhi	2,111.92	2,031.18	461.93	542.67	83.07	459.60
13	Patna	516.48	545.88	107.08	77.68	42.20	35.48
14	Rae Bareli	643.45	613.45	107.50	137.50	0.06	137.44
15	Shillong	273.83	548.55	63.86	(210.86)	10.98	(221.84)
16	Head Office	2,740.95	1,542.13	4.39	1,203.21	4.76	1,198.45
17	Srinagar	44.43	43.11	-	1.32	1.32	0.00
Grand Total		17,218.27	16,430.83	3,350.32	4,137.76	554.54	3,583.23

includes tuition fee for 12 months

Analysis of Actual Capital Expenditure for 2014-15 Vs. RE 2014-15

1. As against the RE 2014-15 for Capital Expenditure of Rs.13,738.86 lakhs the actual expenditure incurred for procuring capital items is Rs.9,987.00 lakhs, hence there is a shortfall of Rs.3,751.86 lakhs.

2. Head wise break up of actual capital expenditure vis-a-vis RE 2014-15:

(Figures in Rs. Lakhs)					
Sl. No.	Head	RE 2014-15	Actual expenditure incurred in year 2014-15	Variance	Variance (in %age)
1	2	3	4	5=(4-3)	6=(5/3)X100
1	IT Items	1612.86	906.86	706.00	44%
2	Non-IT Items	3542.42	1791.23	1751.19	49%
3	Building	8583.58	7288.91	1294.67	15%
	Total	13738.86	9987.00	3751.86	27%

3. The reason for shortfall in actual expenditure incurred is as below:**3.1 IT items:**

The Shortfall of Rs.706.00 lakh (44%) in IT items as compared to RE 2014-15 for IT items is mainly contributed by shortfall in IT spending at Head Office (Rs.303.24 lakh), Kangra (Rs.125.09 lakh), Bhopal (Rs.94.62 lakh), Gandhinagar (Rs.88.15 lakh) and Chennai (Rs.64.44 lakh) campuses.

Head Office Shortfall Rs.303.24 lakh- Head Office had budgeted Rs.300 lakhs for establishing the Video Conferencing facility across all campuses of NIFT. The work is almost complete, final testing of the facility is going on and is expected to be completed by June end. Payment would be made after completion of the work and the expenditure would be booked in year 2015-16.

Kangra campus shortfall Rs.125.09 lakhs- Kangra campus could not procure IT items (Desktop- Rs.37 lakhs, UPS- Rs.13 lakhs) due to delay in completion of the construction of the building by DSII DC during the year. Now, it is expected that DSII DC will hand over 6 storey CATS building, 2 Storey M,M2 and A2 buildings by June 2015. The campus had also provisioned for Video Conferencing facility (Rs.35 lakh) which is being procured centrally by Head Office, therefore this amount is not required to be included in the campus budget.

Bhopal campus shortfall Rs.94.62 lakh- Bhopal campus had provisioned for Video Conferencing facility (Rs.34 lakh) which is being procure centrally by Head Office, therefore this amount is not required to be included in the campus budget. Graphic work station (Rs.24 lakh) were ordered at the end of the year, which are delivered in 2015-16. Further, procurement of computers for F & LA dept (Rs.20 lakh) is under process and will be completed by 30.06.2015.

Gandhinagar Campus shortfall Rs.88.15 lakh- Gandhinagar campus had made provision for the various IT software items (Rs.20 lakh) which Head Office is procuring centrally. Window operating software 8.1 (Rs.10.45 lakh) which were ordered in 2014-15 have been delivered in 2015-16. Installation of new network setup and Wi-fi system (Rs.42 lakh) is under process for procurement out of Endowment fund.

Chennai campus shortfall Rs.64.44 lakh - The Campus had provisioned for purchase of Shiema Seiki machines and video conferencing facility (Rs.20 lakh) which are being procured centrally by Head Office, the procurement by HO is expected to be completed by June end. Desktops and laptops (33.86 lakh) ordered in 2014-15 are being delivered in 2015-16, some items are being procured (Rs.23 lakh) out of interest on endowment fund and the procurement would be completed by 30.06.2015.

3.2 Non-IT items:

The Shortfall of Rs.1751.19 lakh (49%) in Non-IT items as compared to RE 2014-15 for Non-IT items is mainly contributed by Jodhpur (Rs.791.47 lakh), Mumbai (Rs.396.40 lakh), Kangra (Rs.317.62 lakh) and Patna(Rs.198.33 lakh) campuses.

The main reason in Jodhpur, Kangra and Patna is delay in completion of construction of building of the permanent campuses by the construction agencies. Further, in case of Patna campus, the goods (Rs.67 lakh) are being delivered in 2015-16 against the purchase order placed at the end of 2014-15. Jodhpur is not starting new courses till the permanent campus is being handed over. In Patna only foundation courses have been started. Both Patna and Kangra are using existing infrastructure to cope up with the shortfall.

In case of Mumbai, DG Set (Rs.100 lakh) could not be procured due to poor response to tender, whereas class room equipment (Rs.76 lakh) could not be procured due to space constraints for setting F&LA Design department. The purchase of ACs (Rs.40 lakh) for newly hostel building was deferred due to non-occupation of building. Further, Shima Seiki (Rs.50 lakh) will be procured centrally by Head Office, which is likely to be procured by June end. The campus is taking steps to procure these items in year 2015-16.

3.3 Building:

The Shortfall of Rs.1294.67 lakh (15%) under Building head as compared to RE 2014-15 for Building head is mainly contributed by Kangra (Rs.441 lakh), Patna (Rs.251.29 lakh), Chennai (Rs.237.37 lakh), Mumbai (Rs.186.25 lakh) and Gandhinagar (Rs.174.23 lakh) campuses.

Against RE 2014-15 of Rs.8.6 crores for buildings, Kangra campus has booked provisional expenditure of Rs.4.2 crore under CWIP-building on the basis of expenditure statement received from DSIIDC. The budget could not be utilized fully due to slow progress of Construction by DSIIDC. DSIIDC was supposed to hand over all buildings i.e. 6 story CATS Building (Academic), Two Story M1 (Academic), M2 (Academic) & A2 (Academic/Administrative) blocks, by end of June 2015. As per decision of State Level Advisory Committee (SLAC) headed by Chief Secretary, Govt. of Himachal Pradesh, the remaining work of construction of permanent Campus i.e. A1, B1, B2, C1, C2 and D blocks, Boys hostel, Residential block, Amphitheatre and Development work will be taken up further by H.P. PWD.

Against RE 2014-15 of Rs.8.51 crore, Patna campus has booked an expenditure of Rs.5.99 crore. At present, the construction of Admin Block, Academic Block-A & B, Hostel Block, and Staff Quarters has been completed. The Final handing over is expected by first week of August, 2015. The construction of auditorium work has been left at foundation level due to lack of additional fund required from State Government for which NIFT Patna has placed request with State Government.

Against RE 2014-15 of Rs.15.41 crore, Chennai campus has booked an expenditure of Rs.13 crore. The construction of SMAC building has been completed during the year 2014-

15. Due to slow progress of work by CPWD, construction of Girls & boys hostel could not be completed and the same is expected to be completed by July 2015, i.e. before start of academic session.

Against RE 2014-15 of Rs.11.79 crore, Mumbai campus has booked an expenditure of Rs.9.93 crore. The Project Management Consultant (PMC) charges (payable to CIDCO) of Rs 148 lakh was due in March 2015 and work for additional amount of Rs. 50.00 Lakh was also done by 31st March 2015. However, the payments for these works were not made upto March 2015 due to overall slow progress of work. NIFT Mumbai has released a sum of Rs 50.00 Lakh on 28.04.2015 towards construction work. The PMC charges of Rs.148 lakh payable to CIDCO is still withheld. Further, as per the decision taken in the JAC Meeting, heavy penalty is being imposed on the contractor or delayed work.

In Gandhinagar, against RE 2014-15 of Rs.2.9 crore the campus has booked an expenditure of Rs.1.16 crore. The work of Construction of 200 bedded Girls Hostel / Canteen at Gandhinagar Campus has been completed; however CPWD has not provided Building Utilisation permission and final bill in this regard, accordingly an amount of Rs 50 Lakhs was not booked during the year. Further Out of the approved budget of Rs 119.00 lacs in respect of Air conditioner work for Institute building & student activity Centre, Rs 105.27 has been paid to CPWD as advance , but CPWD has not yet started the work.

AGENDA ITEM NO. 3304

ANY OTHER ITEM WITH THE PERMISSION OF CHAIR