

Project Financial Audit Report

PEC University of Technology

**Project: Technical Education Quality Improvement
Programme Phase III**

Audit Period: 1 April 2018 to 31 March 2019

Lochan & Co.
Chartered Accountants

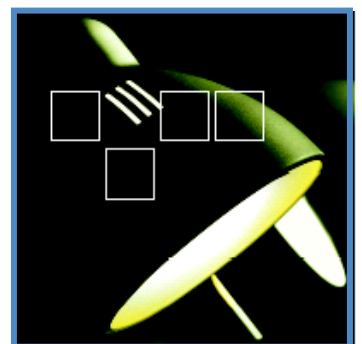
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1. Acronyms & Abbreviations

PEC	:	Punjab Engineering collage
TEQIP	:	Technical Education Quality Implementation Programme
SA	:	Standards on Auditing
PMSS	:	Procurement management Support System

2. Financial Audit Report

Audit opinion on the project financial statements

Report of the Independent Auditors to the PEC University of Technology

We have audited the accompanying financial statements of ‘ Technical Education Quality Improvement Programme Phase III’ (“the Project”), which comprises Balance sheet, Receipt and Payment Account, Income and Expenditure Account, Statements of Sources and Applications of Funds, Reconciliation of Claims to Total Applications of Funds for the year ended 31 March 2019 and Notes to the Financial Statements, including significant accounting policies.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial statements of the project “ Technical Education Quality Improvement Programme Phase III” as executed by the PEC University Of Technology for the period from 1 April 2018 to 31 March 2019 for Twelve- month period in conformity with Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI) and the requirements of the PEC University of Technology Financial Management Manual and in accordance with requirements of the signed Memorandum Of Understanding Between Union Territory Of Chandigarh and PEC University of Technology under component 1.3 for implementation of institutional Development Plan under Technical Education Quality Improvement Programme Phase III.

Basis for opinion

We conducted our audit in accordance with Engagement and Quality Control Standards promulgated by the Institute of Chartered Accountants of India (ICAI) and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the PEC for the financial statements

The PEC (Project Management) is responsible for the preparation and fair presentation of the financial statements in accordance with the signed Memorandum Of Understanding between Union Territory of Chandigarh and PEC University of Technology under component 1.3 for implementation of institutional Development Plan under Technical Education Quality Improvement Programme Phase III and for such internal control as the PEC determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Rajeev Lochan FCA



Partner

Lochan & Co

Chartered Accountants

Firm registration no: 008019N

UDIN No. 19086742AAAAAL1459

Date: 10 July 2019

Place: New Delhi

Management Assertion Letter

MANAGEMENT ASSERTION LETTER

Lochan & Co
B-1, Dharma Apartments,
Indraprastha Extension,
New Delhi – 110092, India

This assertion letter is provided in connection with our audit of the financial statements of the **Punjab Engineering Collage (Deemed to be University) TEQIP-III Project** for the year ended 31.03.2019.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Project, and we confirm, to the best of our knowledge and belief, the following representations made to you during our audit:

1. The Project Financial Statements are free of material misstatements, including omissions.
2. Project Funds have been used for the purposes for which they were provided.
3. Project Expenditures are eligible for financing under the Credit agreement.
4. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
5. We have made available to you all books of account and supporting documentation relating to the Project.
6. The Project has complied with the conditions of all relevant legal agreements, including the Credit Agreement, the Project Appraisal Document, the Minutes of Negotiations, The borrower's Project Implementation Plan, and Memorandum of Understanding.



Coordinator (TEQIP-III)

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Punjab Engineering College
(Deemed to be University)
Chandigarh**



AC (F&A)

**Assistant Controller (F&A)
Punjab Engineering College,
(Deemed to be University)
Chandigarh**



Director 26/6/19

**Director
Punjab Engineering College
(Deemed to be University)
Chandigarh**

Utilization Certificate



NAV & CO
CHARTERED ACCOUNTANTS

Cert No. 2019-20/33

UTILIZATION CERTIFICATE
PEC UNIVERSITY OF TECHNOLOGY (TEQIP-III) SECTOR-12, CHANDIGARH
TECHNICAL EDUCATION QUALITY IMPROVEMENT PROGRAMME (TEQIP-III)
for the Financial Year 2018-19

S No	Particulars	Amount (Rs.)	Total (Rs.)
1	Opening Balance as on 1st April 2018 (A)	18,92,646	18,92,646
2	Funds received		
2.1	As per expenditure in PFMS	74,23,204	
2.2	PEC Project Fund (Government share for Project Sustainability)	402,64,000	476,87,204
3	Other Income		
3.1	Bank Interest	1,58,692	1,58,692
	Total Income (B) (2+3)	Total	478,45,896
4	Loan Received from Faculty Development Fund(C)	80,00,000	80,00,000
4.	Total Expenditure (D)	1,68,94,538	1,68,94,538
5.	Closing Balance/Unspent Balance (E)= (A) + (B)+(C) -(D)		4,08,44,004
6.	Loan Repayable (C)		80,00,000

It is certified that an amount of Rs 1,68,94,538 (Rupee One crore sixty eight lacs ninty four thousand five hundred thirty eight) has been utilized by the Institution for the purpose for which it was sanctioned.

It is further certified that an unspent balance of Rs.4,08,44,004 is being carried forward for utilization in the next year.

Further, it has been informed that Loan amounting to Rs 80,00,000 from PEC is repayable in financial year 2019-2020.

We further certify that the conditions on which the grant was sanctioned have been fulfilled and where there have been any deviation from the sanctioned amount it is with prior approval of the concerned authority. We have exercised reasonable checks to see that amount has been actually utilized for the purpose for which it was sanctioned.

Place: Chandigarh
Dated: 28th June, 2019

For NAV & CO
Chartered Accountants

Bansal
CA. Vikas Bansal
Partner

Membership No. 522747
UDIN: 19522747AAAAAQ4144 - 023866N



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Project Financial Statements

3.1 Balance sheet

**BALANCE SHEET
As At 31st March 2019**

(Amount in Rs.)

S No	Particulars	Schedule No	Current Year 31st March 2019	Previous Year 31st March 2018
A	Source of Fund			
	1) Amount Received from			
	Loan from PEC*		8,000,000	-
	PEC Project Fund (Government share for Project Sustainability)		40,264,000	
	2) Contribution from			
	3) Excess of income over expenditure	III	-7,419,996	1,892,646
	Total		40,844,004	1,892,646
B	Application of Funds			
	1) Fixed Assets			
	2) Work in Progress- Scheme Work under Implementation			
	3) A. Current Assets Loans & Advances			
	a. Cash Balance		-	-
	b. Balance with Bank	IV	40,844,004	607,901
	c. Advance for Capital goods		-	-
	d. Loans and Advances	V	-	1,284,745
	B. Less: Current Liabilities		-	-
	Net Current Assets (A-B)			
	Total		40,844,004	1,892,646

Loan received from Faculty Development Fund-

It includes sum of Rs 5,000,000.00 received in the month of October'2018 and Rs 3,000,000.00 received in the month of January'2019 after due approval from NPIU.



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3.2 Receipt and Payment Account

RECEIPT AND PAYMENT ACCOUNT
For the year ended 31st March 2019

(Amount in Rs.)

Particulars	Current Year 31st March 2019	Previous Year 31st March 2018	Particulars	Current Year 31st March 2019	Previous Year 31st March 2018
Opening balances			Procurement of Goods	5,155,757	-
a) Cash	-	-	Improvement in Teaching, Learning & Research co.	10,375,823	1,730,858
b) Bank	607,901	-	Incremental Operating Cost	448,663	217,479
Received from (Fund Allocated)	7,423,204	3,839,543	Loans & Advances	-	1,284,745
Other receipts, if any			Closing balances		
a) Bank Interest	158,692	1,440	a) Cash		
b) Loan from Faculty Development Fund*	8,000,000	-	b) Bank	21,580,004	607,901
c) PEC Project Fund (Government share for Project Sustainability)	40,264,000	-	Investment (FDR-Indian Bank)	19,264,000	-
d) Loans and Advances (Amount received back as given previous year)	370,450	-			
TOTAL	56,824,247	3,840,983	TOTAL	56,824,247	3,840,983

Notes: -

1. Loan received from Faculty Development Fund-

It includes sum of Rs 50,00,000 received in the month of October'18 and Rs 30,00,000 received in the month of January'2019 after due approval from NPIU

2. **Loans and Advances (Amount received back as given previous year)**

It includes advance received Back from following staff: -

Name	Amount
Anil Kumar	40,020
Naveen Kumar	145,840
Naresh Chawla	4,401
Tushar Siag	66,765
Kuldeep Singh	113,424
Total	370,450

The amount received back during the financial year 2018-19 is required to be transferred to NPIU (National Project Implementation Unit) along with the sum of Rs 3,238 as given to Mr. Mahesh Kalia (being unspent amount for f/yr. 2019-2020)

3. **Bank Interest ***

The interest received during the financial year 2018-19 is required to be transferred to NPIU (National Project Implementation Unit)



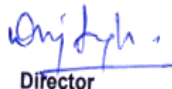
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3.3 Income and Expenditure Account

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31st March 2019

EXPENDITURE				INCOME			
S No	Particulars	Current Year 31.03.2019	Previous Year 31.03.2018	S No	Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
A)	Procurement of Goods	5,155,757	-	A)	Funds Allocated	7,423,204	3,839,543
B)	Improvement in Teaching, Learning & Research co.	11,239,989	1,730,858	B)	Bank Interest *	158,692	1,440
C)	Incremental Operating Cost	498,792	217,479				
	Excess Income over Expenditure	-	1,892,646		Excess Expenditure over Income	9,312,642	
	Total	16,894,538	3,840,983		Total	16,894,538	3,840,983

Bank Interest *

The interest received during the financial year 2018-19 is required to be transferred to NPIU (National Project Implementation Unit)
Provision for Taxation is not done during the current financial year as merged with financial statements of PEC Institute (PAN No. AABTP1179L)

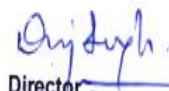


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3.4 Statement of Sources and Applications of Funds

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS For the year ended 31st March 2019

(Amount in Rs.)

Particulars	Current Year 31st March 2019	Previous Year 31st March 2018	Project up to date i.e. 31st March 2019
Opening Balance (A)	1,892,646	-	-
Receipts			
Funds equivalent to expenditure shown in PFMS (Funds made available by MHRD)	7,423,204	3,839,543	11,262,747
Bank Interest	158,692	1,440	160,132
Loan from PEC*	8,000,000	-	8,000,000
PEC Project Fund (Government share for Project Sustainability)	40,264,000	-	40,264,000
Less: Debit failures			-
Total Receipts (B)	55,845,896	3,840,983	59,686,879
Total Sources (C = A + B)	57,738,542	3,840,983	59,686,879
Expenditures by Component			
Procurement of Goods	5,155,757	-	5,155,757
Improvement in Teaching, Learning & Research co.	11,239,989	1,730,858	12,970,847
Incremental Operating Cost	498,792	217,479	716,271
Total Expenditures (D)	16,894,538	1,948,337	18,842,875
Investment (FDR-Indian Bank) (E')	19,264,000	-	19,264,000
Closing Balance, (C-D-E)	21,580,004	1,892,646	21,580,004

Notes:

- The above figures will be based on accounts prepared by the accounts compiling officers, duly reconciled, with details of un-reconciled amounts to be furnished.
- Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.

3. Other Notes.

3.1 Bank Interest *


The interest received during the financial year 2018-19 is required to be transferred to NPIU (National Project Implementation Unit).

3.2 Loan received from Faculty Development Fund-

It includes sum of Rs 50,00,000 received in the month of October'18 and Rs 30,00,000 received in the month of January'2019 after due approval from NPIU.


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Privileged Information

3.5 Notes to Project Financial Statement

PEC University of Technology (TEQIP-III) Sector-12, Chandigarh
Technical Education Quality Improvement Programme (TEQIP-III)

Accounting Policies and Notes to the Accounts

Schedule I Project Information:

TEQIP III is a Central Sector Scheme of the Ministry of Human Resources Development (MHRD) and covers around 26 States and 200 institutions. The Central Government will finance 100% cost.

GENERAL

The Financial Statement of Account is prepared in three parts i.e. receipt and payment of accounts, Income and Expenditure along with other statements as per requirement of NPIU.

The Annual Accounts of TEQIP-III are prepared as per the format prescribed in Financial Management Manual of NPIU of TEQIP-III.

Schedule II Significant Accounting Policies:

1. The significant Accounting policies adopted in the preparation of Annual Accounts of the Institute (TEQIP-III) are as follows: -
 - a. The accounts are prepared under double entry system of bookkeeping following the cash system of accounting
 - b. Accounting policies not specially referred to are consistent and in consonance with generally accepted accounting principles.
 - c. Expenses and income to the extent paid and received respectively are accounted for on cash basis.
 - d. The quarterly action plan prepared by the Institute has been uploaded in the PFMS by NPIU for expenditure after taking its approval of MHRD for the expenditure to be incurred by the Institute. The Ministry of Finance, under Department of expenditure, Government of India has developed Direct Transfer of Fund to the beneficiaries in the PFMS.
2. **Investments:** - Investments are valued at cost. That Fixed Deposit amounting to Rs 192.64 Lacs has been done in Indian Bank. That no interest is credited/received during the current financial year.
3. **Fixed Assets and Depreciation:** - Fixed assets are stated at Cost and No depreciation has been provided on Fixed Assets required under the project as per the provision contained in Financial management Manual of TEQIP-III.
4. **Grant/Loan Accounting:** -
 - a. Since the Direct Transfer of Fund to the beneficiary is done through the PFMS, the institutes are not getting any fund directly, therefore, the expenditure incurred as per the PFMS shall be considered as grant received and accounted for accordingly after reconciling the figures.
 - b. That sum of Rs 80.00 Lacs is received from PEC during the current financial year and are grouped under Loan (Liability)
 - c. That amount received from PEC Project Fund i.e. Rs 402.64 Lacs on account of Government share for Project Sustainability are grouped under Loan (Liability):
5. **Contingent Liability**
There is no contingent liability in respect of claims against the project not acknowledged as debt.
6. **Purchase Procedure**
The procurement under the project has been made as per procedure laid down in the Procurement Manual of TEQIP-III and material purchased have been charged off to the relevant project expenditure head at the time of purchase itself.

7. Project Payments

All payments have been charged off to the relevant project's activity account head at the time of making payments except advance payments, if any.

8. Advance Payments

The advance payment to staff has been charged off to the relevant project activity account head at the time of receipt of invoice/bill after the approval from the competent authority.

9. Previous Year Figures

Previous year figures have been regrouped and rearranged to make them comparable with current year figures wherever considered necessary.

10. Receipts and Payments

The Receipts and Payments Accounts carry the figure of allocation of funds and actual payments of funds and actual payments of the project during the current financial year 2018-19.

11. Income and Expenditure/ Balance Sheet

The Income & Expenditure and Balance Sheet have been drawn from Receipts of payments Account duly accounting for all advances as at the end of the accounting year.

12. Provision for Taxation

That no provision for taxation is done during the current financial year as there is excess of expenditure over Income.

That the Financial statements of TEQIP-III are required to be clubbed with the financial statements of PEC Institute.

13. Schedules and Receipts and Payments Accounts form an integral part of accounts and have been duly authenticated.

SCHEDULE III- Excess of Income over Expenditure

Particulars	Current Year 31st March 2019	Previous Year 31st March 2018
<u>Opening Balance</u>		
Balance at the beginning of the year	1,892,646	-
Add: Addition during the year	-9,312,642	1,892,646
<u>Balance as at the Year End</u>	-7,419,996	1,892,646

SCHEDULE IV-Bank Balance

Particulars	Current Year 31st March 2019	Previous Year 31st March 2018
Bank Balance (PNB A/c No 6060000100019986) *	21,580,004	607,901
Fixed Deposit -Indian Bank	19,264,000	-
<u>Total</u>	40,844,004	607,901

Bank Balance (PNB A/c No 6060000100019986) *

There is Bank Balance of Rs 215,51,697 as on 31/3/2019. The difference is on account of cheque deposited as on or before 31/03/2019 but credit after 31/03/2019

SCHEDULE V-Loans and Advances

Particulars	Current Year 31st March 2019	Previous Year 31st March 2018
Anil Kumar	-	63,000
Ashish Rawat	-	5,000
Karanvir Singh Bains	-	198,800
Kuldeep Singh	-	200,000
Naresh Chawla	-	14,500
Naveen Kumar	-	409,480
Prof. Tushar	-	250,000
Sanjeev Kumar	-	18,965
Vinod Kumar	-	125,000
Total	-	1,284,745



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Reconciliation of claims to total applications of funds


RECONCILIATION OF CLAIMS TO TOTAL APPLICATION OF FUNDS
For the year ended 31st March 2019

TEQIP Phase-III


Particulars	(Amount in Rs.)		
	Current Year 31st March 2019	Previous Year 31st March 2018	Project up to date i.e. 31st March 2019
Bank fund claimed during the Year(A)	7,423,204	3,839,543	11,262,747
Total Expenditure made during the year (B)	16,894,538	1,948,337	18,842,875
Less: Outstanding bills (C)	-	-	-
Ineligible expenditures (D)	-	-	-
Expenditures not claimed (E)	-	-	-
Total Eligible Expenditures Claimed	-	-	-
(F)=(B)-(C)-(D)-(E)	<u>16,894,538</u>	<u>1,948,337</u>	<u>18,842,875</u>
World Bank Share 100% of (F) above (G)	<u>16,894,538</u>	<u>1,948,337</u>	<u>18,842,875</u>

Notes:

- Total expenditure made during the year (B above) must be the same as the Total Expenditures shown on the Statement of Sources and Applications of Funds (D on the Statement of Sources and Applications of Funds).
- Expenditures not claimed (E above) may reflect timing differences for eligible expenditures incurred during the year but claimed after the year end.


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Annex-5

**Report-1: PFMS Reconciliation Statement
Financial Year 2018-19**

Sl. No.	Particulars		Amount (Rs.)
A	Expenditure as per PFMS Statement (According to M-32 Report)		8,760,373
B	<u>Add:</u>	Advance of Prof. Tushar Siag adjusted in the books but not shown in FMR	37149
		Expenses made from loan taken from institute	7951275
		Expense of Mr. Karanvir Singh Bains adjusted in the books but not shown in FMR	198800
C	<u>Less:</u>	Expenses booked in this quarter in PFMS and booked in 4th quarter of 2017-18 in books of accounts	25554
		Payment made to Ms. Vageesha but not credited to her account	2500
		Payment made to Mr. S. C. Sharma wrongly on 11.03.2019 which was repaid to NPIU through cheque no. 456650 dated 18th March 2019.	25005
D	Expenditure as per books of accounts (A+B-C)		16,894,538


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Status of advance

**Report-2: Status of Advances
Financial Year 2018-19**

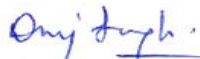
Sl. No.	Particulars	Amount (Rs.)
A	Opening Balance as on first day of the year	1,284,745
B	<u>Add:</u> Advances Paid in the year	3,288,400
C	<u>Less:</u> Adjustment/ Settlement of Advances (including received back)	4,573,145
D	Balance as on last date of the year	0



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