

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:

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| 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, infrasturcture 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 31stDecember, 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.