

**INDIAN INSTITUTE OF INFORMATION TECHNOLOGY DESIGN AND MANUFACTURING, KURNOOL**

**DRAFT copy of the MINUTES OF MEETING**

**The First meeting of the Finance committee was held on 17th May 2019 at University of Hyderabad and the following were present.**

Prof . H A Ranganath	-Chairman
Prof. Y Narasimhalu	- Member
Prof. D V L N Somajayulu	- Member/Director
Sh. GoverdhanaRao	- Member
Sh. A.chidambaram	- Member
Dr. Murali	- Secretary

Sh. PrasanthAgarwal , Director (TS) , MHRD & Sh. Anil Kumar Director( Finance) could not attend the meeting and leave of absence was granted to them.

**General Discussion**

The Chairman, Finance committee welcomed the members to the first meeting of the Finance committee and thanked UGC, HRDC, University of Hyderabad for agreeing to host the first committee meeting.

1. The Finance committee placed on record its appreciation to Director and his team of IIITDM Kancheepuram in mentoring the Institute for the last four years and bringing up the facilities and managing the affairs of the Institute in the temporary and in the permanent campus smoothly.
2. The Finance committee discussed the requirements of the Institute and advised the director in exploring the possibility of new approach road to the institute from the Nandyal Road Bye pass for better visibility and easy approach to the Institute. The committee advised that the District Collector, Kurnool may be approached for alignment of land to the Institute.
3. The chairman remarked that the Institute should adhere to the canons of financial propriety in all activities and simultaneously look into the Human resources of the Institute. The Chairman advised the institute to look for leaders for every department in the level of professor either working or retired so that the young faculty may be groomed to take up more active research in furtherance of the objective. The chairman suggested the Institute to submit an action plan for the man power addition to address the issue and the same should be completed within 03 months.
3. The committee took up the agenda for discussion

FC-1(2019)-01

**To discuss and Inform the Board about the SFC/CEE approval of the Institute and the release of funds by MHRD.**

It is informed to the Finance committee that the SFC had approved a total outlay of Rs.297 cores (**Annexure – 1**) to the Institute with the capital amount of Rs.256.00 crores and an amount of Rs.41.00 crores towards Revenue.

Further MHRD had released the grant in aid to the Institute for each year are given below:

S No	Financial Year	Amount released in crores (Rs)
1	2015-2016	03.10
2	2016-2017	16.91
3	2017-2018	Nil
4	2018-2019	23.36
<b>Total Received</b>		<b>42.37</b>

Out of the grants received from MHRD, the Institute had deposited an amount of Rs.30.25 crores to CPWD for various infrastructure works executed by them as advance and further amount will be released to them on receipt of funds from MHRD/HEFA.

Further, it is also informed that the Annual Accounts of the Institute have been audited till FY 2017-18 by the Office of the Principal Director of Audit (Central ), Chennai since the Institute was functioning in Chennai (copy of the certified annual accounts for the FY 2017-18 enclosed as **Annexure -2**)

The certification and transaction audit of the Institute from the FY 2018-19 will be carried out by The Principal Director of Audit, Andhra Pradesh Hyderabad.

The committee discussed the same and noted that MHRD had commented that “ *the capital cost includes provision for equipment,labs,library, furniture in addition to the cost of infra development. Therefore a clear-cut internal allocation of the approved capital cost of Rs.256.00 crores may be worked out to avoid any escalation cost.*”

The Director explained to the committee that the advice of the MHRD is taken note of and the Institute had proposed an amount of Rs. 218.00 crores is only proposed to be utilized and HEFA application is prepared accordingly inclusive of provision for equipment at a cost of Rs.10.00 crores. Further, to avoid time and cost escalation in infra works, the EPC mode will be implemented in the future AAES to CPWD and parallel development of the campus will be initiated and no cost escalation is anticipated.

**The Finance committee discussed the same and noted the SFC/CEE approval of the Institute by MHRD and audit of the annual accounts of the Institute by the office of CAG till FY 2017-18.**

FC-1(2019)-02	<p><b>To recommend to Board of the General Financial rules (GFR 2017) for the procurement activities of the Institute and formation of Stores and Purchase committee for procurement activities.</b></p>
	<p>The Government of India, Ministry of Finance had formulated the General Finance Rules (GFR 2017) , which are compilation of the rules and orders issued by Government of India to be followed while dealing with matters involving public Finances.</p> <p>Further, the MHRD had informed about the applicability of GFR 2017 to all IIITS vide their letter No. F.No.54-2/2017 TS -1, dated 06.06.2017. <b>(Annexure-3)</b></p> <p>Accordingly, it is submitted that the provisions of GFR 2017 is applicable to the Institute and the Institute will follow the norms for procurement of Goods and services to the Institute.</p> <p>Further, it is submitted that the Institute had constituted a Stores and Purchase committee (SPC) to scrutinize the Indents, quotations and the purchase proposals and make recommendation to Director for placement of purchase orders <b>(Annexure-4)</b>.</p> <p>The Finance committee discussed the same and</p> <ol style="list-style-type: none"> <li>1.Advised the Institute to develop a Purchase manual and other relevant forms in consultation with other Institute for information and compliance by the staff for better understanding and implementation of the provisions of the GFR. The manual and the purchase forms may be uploaded in the Institute intranet for knowledge and use by faculty and staff.</li> <li>2. The Finance committee also advised the director in decentralization of the powers with in the ambit of rules for more autonomy with responsibility and use of online platforms of purchase for ease and quick procurement since Kurnool is situated far away from city location.</li> </ol> <p><b>The Finance committee may recommend to Board for adoption of GFR 2017 and ratify the Constitution of Stores and Purchase committee.</b></p>
FC-1(2019)-03	<p><b>To consider and approve to submit the HEFA application for financial support to complete the on-going construction activities and proposed construction activities.</b></p>
Res 01/ 2019	<p>Currently CPWD has taken up the following construction activities i) Hostel-I, ii) Dining Block, iii) Hostel II, iv) Vertical extension of Academic buildings and v) development and bulk services. Director has requested MHRD to release funds for completing the above balance works before June 2019 vide IIITDMK/DIR/MHRD/2019/March/01, dated 28.3.2019.</p> <p>In order to receive funds for new institutes, from 2019-20 onwards MHRD has advised to submit the duly filled in HEFA application along with necessary documents in order to get further funds for construction works. In this connection, copy of HEFA application form is prepared by the Institute is enclosed in <b>Annexure -5</b>.</p> <p>BWC has approved the proposal and suggested to submit the proposal to HEFA as per MHRD guidelines by obtaining approvals from FC and BoG.</p> <p>The Finance committee reiterated the observation of MHRD for compliance by the institute to prevent any cost escalation.</p> <p>The Director explained the steps taken by him and also informed the committee that as per the instruction of MHRD , EPG mode will be implemented in the future contracts and CPWD will be</p>

intimated about the MHRD directive for incorporation of the same in their tender documents. The Finance committee advised the institute to have time chart for monitoring of the progress of construction and director had agreed for the same. The Director informed the committee that the infra development will be taken up simultaneously for all the buildings in view of the assurance of funds from HEFA and the buildings are expected to be completed on time. The Director had requested approval of finance committee for signing and approving of any documents pertaining to HEFA by the director and chairman in view of the urgency and release of funds for commencement of construction.

**The Finance committee discussed and resolved to recommend to Board the submitted HEFA proposal at a cost of Rs. 218.00 crores and also recommends to Board for signing and approval of any HEFA documents by the Director and chairman. The same shall be placed in the subsequent Finance committee and BoG for ratification.**

**FC-1(2019)-04**

**To discuss and recommend to Board for approval of the delegation of financial powers to the officials of the Institute.**

It is submitted to Finance committee to delegate financial powers to officials of IIITDM Kurnool. This point is also discussed in the first BWC meeting held on 11<sup>th</sup> May 2019 as agenda item no BWC-1(2019)-10. Based on discussion BWC has resolved to follow the powers currently adopted by IIITDM Kancheepuram for administrative, financial and other works at IIITDM Kurnool. In this connection a copy of the delegation of financial powers for various activities of IIITDM Kancheepuram is enclosed as **Annexure 6**. A copy of the BWC agenda is enclosed for your reference in **Annexure 7**.

**The Finance committee may deliberated the same and noted that the submitted IIITDM KANCHEEPURAM documents may not be applicable in totality and advised the director to submit a revised proposal as is necessary for IIITDM Kurnool.**

**FC-1(2019)-05**

**To inform about Budget Estimate 2019-20 for the Institute.**

It is submitted that Integrated Finance, MHRD vide their letter No. F.No.23017/14/2018-IF.I Dt. 19<sup>th</sup> September 2018 had requested the details from the Institutes for finalization of Revised Estimate 2018-19 (Plan & Non Plan) and the Budget Estimate 2019-20 (Plan & Non Plan merged) in respect of the Department of Higher Education. Further the Ministry had requested the details to be submitted immediately before 28<sup>th</sup> September 2018. The Institute had proposed the following in the Budget Estimate 2019-20.

**Budget Estimate 2019-20:**

Head	Amount (Rs. in
OH 35 Creation of Capital Asset	134.59
OH 31 Grants in Aid General	6.41
OH 36 Grant in Aid Salaries	2.93
<b>TOTAL</b>	<b>Rs.143.93</b>

It is submitted that the Institute had shifted to Kurnool and only the Academic Block work is completed and the hostel construction works are under progress. The students are

	<p>accommodated in the rental building since the hostel and dining works are not ready. The funds were requested to complete the pending works for the transit campus works and permanent building works.</p> <p>The Budget Estimate 2019-20 was forwarded to Ministry on 03.10.2018 with the approval of Mentor Director and was approved by the Finance committee of IIITDM Kancheepuram being the mentor Institute. ( <b>Annexure-8</b>)</p> <p><b>The Finance committee discussed the same noted the comments of MHRD on the proposal. Budget estimate submitted to MHRD and to prepare detailed activity chart to expend the money received on salaries, revenue and capital heads judiciously.</b></p>
<p><b>FC-1(2019)-06</b></p>	<p><b>To inform about the corpus funds rules of the Institute.</b></p>
	<p>The CAG audit team in their transaction audit for the financial year 2016-17 had pointed out about the operation of corpus fund without laying down the rules approved by the Board of Governors. Hence, the Mentor Director had constituted a committee for formulation of corpus fund rules consisting of internal and external members. The committee formulated a draft corpus fund rules and the same was approved by the Finance committee of IIITDM Kancheepuram and is called the IIITDM Kurnool corpus fund rules (<b>Annexure-9</b>).</p> <p>The Finance committee discussed the same and noted that the draft rules presented is a good idea to have reserve to meet any contingency. The Finance committee noted that the utilization of funds need a relook and the corpus fund needs to be spent on the area where MHRD grant is not forthcoming and advised the Institute to submit a revised proposal for utilization of money only for the areas of development of faculty/staff and student like participation/organization of workshops /conferences etc.</p> <p><b>The Finance committee advised the institute to submit a revised proposal accordingly.</b></p>
<p><b>FC-1(2019)-07</b></p>	<p><b>To discuss and increase the Tuition, Hostel and other fees collections if any for 2019-20 admitted students.</b></p>
	<p>As per Item No 5 of minutes of Second IIIT Council meeting held on 12.7.2016, the council has reiterated its earlier decision to raise tuition fee component by 10% every for UG programmes.</p> <p>In addition, the institute has compared the existing other fees with other CFTIs located in AP, it was decided to reorganize various sub-components with proper nomenclature along with caution deposits for library, lab and hostels.</p> <p>The details of fee structure for UG students of 2019-20 batches is enclosed in <b>Annexure 10</b>.</p> <p>The Finance committee deliberated the same and noted that the Tuition fee and its revision is within the preview of the IIIT council only and advised the Institute to follow the norms accordingly.</p> <p>The Director explained about the need of increase in other heads of fee and the committee advised the Institute to group the multiple heads into two or three heads to avoid confusion.</p> <p><b>The committee accordingly resolved to recommend the fee for the students admitted in 2019-20 and suggested to group various heads based on need. Also advised to take approval from Chairman, BoG and the same may be ratified in next BoG meeting.</b></p>

FC-1(2019)-08	To appoint chartered account for the Institute.
Res. 02/2019	<p>It is submitted to Finance committee that Eswar&amp;Co Chartered accountants is having more than 10+ years experience in the fields of concurrent audits, stock audits, credit audits, internal audits, statutory audits and taxation and other consultancy services. This company was established in September 2007 having its head office located at Hyderabad and two branch offices located one at Hyderabad and other at Kadapa. The details of the experience in handling various works are enclosed as <b>Annexure 11</b>. For empanelment of the auditor for the Institute.</p> <p>The Director explained about non availability of Regular officers and staff in the Institute for purchase and Accounts section of the Institute and need for the external agency for compliance to the rules, finalization of accounts, internal audit of the accounts etc.</p> <p>The Finance committee discussed the same and as a special case agreed for the proposal of the Institute for engagement of M/s Eswar &amp; Co for a period of one year only to tide over the crisis. The Finance committee advised the Institute to include all the required works to be completed in the award letter to avoid any ambiguity and the number of visits by the firm to the Institute may also be finalized so that the work is completed on time .</p> <p><b>The Finance committee resolved to recommend to Board for engagement of M/s Esawr&amp; co for a period of one year only.</b></p>