1. **INTRODUCTION:**
   We have audited the attached Balance Sheet of National Book Trust (NBT) as at 31 March 2018, the Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. The audit has been envisaged for the period upto 2022-23. These financial statements include the accounts of four regional offices of the NBT. These financial statements are the responsibility of the Trust’s Management. Our responsibility is to express an opinion on these financial statements based on our audit.
   
   **NBT’s Replies:**
   Statement of fact, needs no comments from NBT.

2. **This separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-compliance aspects, etc., if any are reported through Inspection Reports/CAG’s Audit Reports separately.

   **NBT’s Replies:**
   Statement of fact, needs no comments from NBT.

3. **We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.**

   **NBT’s Replies:**
   Statement of fact, needs no comments from NBT.

4. **Based on our audit, we report that:***

   i. **We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.**

   **NBT’s Replies:**
   Statement of fact, needs no comments from NBT.

   ii. **The Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report have been drawn up in the format prescribed by the Ministry of Human Resource Development except as stated in the report.**

   **NBT’s Replies:**
   Statement of fact, needs no comments from NBT.

   iii. **In our opinion, proper books of accounts and other relevant records have been maintained by the National Book Trust in so far as it appears from our examination of such books.**

   **NBT’s Replies:**
   Statement of fact, needs no comments from NBT.
## Annual Report 2017-2018

### A. We further report that:
#### A.1 As per MHRD format of accounts, separate NPS accounts are to be maintained by the organisation. However, NBT has not maintained NPS accounts which is in contravention of format of accounts prescribed by MHRD.

#### A.2 As per the cash book closing balance as on 31/03/2018 of Canara Bank Account No. 0021 and No. 0299 is Rs. 3,66 crores and zero respectively whereas as per the bank certificate the closing balance is Rs. 17.30 lakhs and Rs. 1.76 lakhs. NBT has not prepared the Bank Reconciliation Statement for the difference as stated above.

### B. Grants-in-Aid

During the year 2017-18, National Book Trust received grants in aid of Rs. 5,566.71 lakhs (Non-NER Rs. 5,331.00 lakhs and NER: Rs. 2,355.71 lakhs) from the Ministry of Human Resource Development of Higher Education. It also generated its own income of Rs. 2,285.90 lakhs (Non-NER Rs. 2,285.70 lakhs and NER Rs. 0.20 lakhs). The Trust had an unspent balance of Rs. 4,535.61 lakhs (Non-NER Rs. 4,288.11 lakhs and NER Rs. 6.80 lakhs) of the previous year also. It utilized Rs. 7,933.85 lakhs (Non-NER Rs. 7,198.27 lakhs and NER Rs. 1,735.58 lakhs) leaving an unspent balance of Rs. 914.78 lakhs (Non-NER Rs. 847.25 lakhs and NER Rs. 67.53 lakhs) as on 31.3.2018.

### C. Management Letter

#### Deficiencies which have not been included in the Audit Report have been brought to the notice of the Chairman, NBT through a management letter issued separately for remedial action.

#### vi. In our opinion and to the best of our information and according to the explanation given to us, the said financial statements, read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India:

- **a.** In so far as they relate to the Balance Sheet of the trust for the year ended on that date.
- **b.** In so far as they relate to the income and Expenditure Account of the surplus for the year ended on that date.

**Places:** New Delhi  
**Dated:** 03.04.2019

For and on behalf of the C & AG of India

Addl. Dg, C&AG  
Central Expenditure
## ANNEXURE TO SEPARATE AUDIT REPORT OF NATIONAL BOOK TRUST FOR THE YEAR ENDED ON 31.3.2018

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Audit Observations</th>
<th>NBT’s Replies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Adequacy of internal audit system</td>
<td>No separate internal audit cell has been set up by NBT. The internal audit of three Regional Offices viz. Western Regional Office, Southern Regional Office and Eastern Regional Office for the year 2017-18 was conducted by a team from NBT Hqs. The internal audit of NBT Hqs. and Northern Regional Office is being conducted by Pt. PAO of MHRD. However, the internal audit by Pt. PAO of MHRD has been conducted for the period 2007-08 to 2011-12 only.</td>
</tr>
<tr>
<td>2.</td>
<td>Adequacy of internal control system</td>
<td>The internal control system of NBT is inadequate as: Bank reconciliation for the year 2017-18 not done by NBT Hqs.</td>
</tr>
</tbody>
</table>

### 3. System of physical verification of fixed assets
- Physical Verification of all fixed assets has been conducted upto 2017-18.
- Statement of fact, needs no comments from NBT.

### 4. System of physical verification of inventory
- Physical verification of inventory such as books & publications, stationery and consumables has been conducted upto 2017-18.
- Statement of fact, needs no comments from NBT.

### 5. Regularity in payment of statutory dues
- As per accounts, no payment over six months in respect of statutory dues was outstanding as on 31 March 2018.
- Statement of fact, needs no comments from NBT.
INTRODUCTION:
We have audited the attached Balance Sheet of the National Book Trust (NBT) as at 31 March 2019, the Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 201(1) of the Comptroller and Auditor General’s (Duties, Powers & Conditions of Service) Act, 1971. The audit has been entrusted for the period upto 2022-23. These financial statements include the accounts of four regional offices of the NBT. These financial statements are the responsibility of the Trust’s Management. Our responsibility is to express an opinion on these financial statements based on our audit.

Statement of fact, needs no comments from NBT.

Statement of fact, needs no comments from NBT.

We further report that:
A. Balance Sheet
A.1 Liabilities
A.1.1 Current Liabilities & Provisions (Schedule 3) – Rs.33.15 crore
The above does not include liabilities for expenses amounting to Rs.71.63 lakh pertaining to the year 2018-19 but not paid resulting in understatement of Current Liabilities & Provisions and overstatement of Capital Fund by Rs.71.63 lakh.

Statement of fact, needs no comments from NBT.

Statement of fact, needs no comments from NBT.

Based on our audit, we report that:

I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

II. The Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report have been drawn up in the format prescribed by the Ministry of Human Resource Development except as stated in the report.

III. In our opinion, proper books of accounts and other relevant records have been maintained by the National Book Trust in so far as it appears from our examination of such books.

Statement of fact, needs no comments from NBT.

IV. We further report that:

A. Balance Sheet
A.1 Liabilities
A.1.1 Current Liabilities & Provisions (Schedule 3) – Rs.33.15 crore
The above does not include liabilities for expenses amounting to Rs.71.63 lakh pertaining to the year 2018-19 but not paid resulting in understatement of Current Liabilities & Provisions and overstatement of Capital Fund by Rs.71.63 lakh.

Statement of fact, needs no comments from NBT.

V. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
Management Letter:
Deficiencies which have not been included in the Audit Report have been brought to the notice of the Chairman, NBT, through a management letter issued separately for remedial corrective action.

Statement of fact, needs no comments from NBT.

Subject to our observation in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

Statement of fact, needs no comments from NBT.

In our opinion and to the best of our information and according to the explanation given to us, the said financial statements, read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India:

In so far as they relate to the Balance sheet of the state of affairs of the National Book Trust as at 31 March 2019 and 

Statement of fact, needs no comments from NBT.

In so far as they relate to the Income and Expenditure Account of the deficit for the year ended on that date.

Statement of fact, needs no comments from NBT.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Audit Observations</th>
<th>Replies of NBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Adequacy of internal audit system</td>
<td>The separate internal audit cell has been set up by NBT. However, internal audit of Regional Offices is conducted by a team/deputed from NBT HQs. For the year 2018-19 internal audit of three Regional offices viz. Western Regional Office, Southern Regional Office and Eastern Regional Office was planned but audit was not done.</td>
<td>Internal Audit of two out of three Regional Offices of NBT at Mumbai and Bangalore for the Financial Year 2018-19 has been completed after the 2018-19 Certification Audit by the C&amp;AG Audit Team. The Internal Audit work could not be taken up earlier due to pre-occupation of personnel with annual closing of Accounts, compilation of Annual Accounts and thereafter with Audit of Accounts by the C&amp;AG team. Internal Audit of Eastern Regional Office at Kolkata will also be taken up shortly. The Audit Team deputed for Internal Audit of Regional Offices is treated as the Internal Audit cell. This is also to inform that engagement of a C&amp;AG empanelled firm of Chartered Accountants to conduct Internal Audit from the current Financial Year 2019-20 has been approved by the Competent Authority of NBT.</td>
</tr>
</tbody>
</table>

The internal audit of NBT HQs and Northern Regional Office is being conducted by Pr. AO of MHRD. However, the internal audit by Pr. AO of MHRD has been conducted for the period 2007-08 to 2011-12 only.

The Internal Audit has to be planned by the Pr. AO of MHRD. NBT cannot intervene in this matter. Hence, the above observations may please be dropped.
Management Letter:
Deficiencies which have not been included in the Audit Report have been brought to the notice of the Chairman, NBT through a management letter issued separately for remedial corrective action.

Subject to our observation in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

In our opinion and to the best of our information and according to the explanation given to us, the said financial statements, read together with the Accounting Polices and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India:

In so far as they relate to the Balance sheet of the state of affairs of the National Book Trust as at 31 March 2019 and In so far as they relate to the Income and Expenditure Account of the deficit for the year ended on that date.

Statement of fact, needs no comments from NBT.

Statement of fact, needs no comments from NBT.

Statement of fact, needs no comments from NBT.

Statement of fact, needs no comments from NBT.

Date: 31 October, 2019
Place: NEW DELHI
For and on behalf of C & AG of India
Director General of Audit
(Central Expenditure)

ANNEXURE TO SEPARATE AUDIT REPORT OF
NATIONAL BOOK TRUST FOR THE YEAR ENDED ON 31.3.2019

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Audit Observations</th>
<th>Replies of NBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Adequacy of internal audit system</td>
<td>No separate internal audit cell has been set up by NBT. However, internal audit of Regional Offices is conducted by a team deputed from NBT HQs. For the year 2018-19 internal audit of three Regional Offices viz. Western Regional Office, Southern Regional Office and Eastern Regional Office was planned but audit was not done.</td>
<td>Internal Audit of two out of three Regional Offices of NBT at Mumbai and Bangalore for the Financial Year 2018-19 has been completed after the 2018-19 Certification Audit by the CAG Audit Team. The Internal Audit work could not be taken up earlier due to pre-occupation of personnel with annual closing of accounts, compilation of Annual Accounts and thereafter with Audit of Accounts by the CAG team. Internal Audit of Eastern Regional Office at Kolkata will also be taken up shortly. The Audit Team deputed for Internal Audit of Regional Offices is treated as the Internal Audit cell. This is also to inform that engagement of a CAG empanelled firm of Chartered Accountants to conduct Internal Audit from the current Financial Year 2019-20 has been approved by the Competent Authority of NBT. The Internal Audit has to be planned by the Pr. AO of MHRD. NBT cannot intervene in this matter. Hence, the above observations may please be dropped.</td>
</tr>
</tbody>
</table>
| 2. Adequacy of internal control system | The internal control system of NBT is inadequate as:  
• Internal Audit of NBT Hqrs. and all four Regional Offices was not conducted.  
• 44 external audit paras were outstanding as on 31.03.2019.  
• NBT provides grant-in-aid to various NGOs for holding book fairs, seminars etc. The Utilisation Certificates for grants amounting to Rs.12.84 lakh (2015-16) Rs.3.17 lakh and 2016-17: Rs.5.68 lakh were outstanding as on March 2019. This was pointed out in last year SAR but no action has been taken so far.  
• Advances of Rs.33.47 lakh were outstanding since 2011-12.  
• Outstanding debtors of Rs.98.99 lakh pertaining to the year prior to 2010.  

Alredy replied under S.No.1 above.  
Two Audit committees have been constituted vide Office Order No.500/2019 dated 16.07.2019 to monitor settlement of Audit Paras. Action to compile replies with key documents will be completed during the current Financial Year. Therefore, this para may please be dropped.  
Utilisation Certificates to the tune of Rs.3.87 lakh have been obtained. Further follow-up with the concerned organisations is being made for submission of pending Utilisation Certificates.  

The matter is being pursued.  
Action to recover the realizable amounts and to write off the irrecoverable debts is being taken in phases. |
| 3. System of physical verification of fixed assets | Physical Verification of fixed assets has been conducted upto 2018-19.  

Statement of fact, needs no comments from NBT. |
| 4. System of physical verification of inventory | Physical Verification of inventory such as stationary and consumables has been conducted upto 2018-19 except Books & Publications.  

Statement of fact. Approval to defer Physical Verification of Books and Publications was provided during the course of Audit. |
| 5. Regularity in payment of statutory dues | As per accounts, no payment over six months in respect of statutory dues was outstanding as on 31.03.2019.  

Statement of fact, needs no comments from NBT. |