



**AUDIT REPORT
ON THE ACCOUNTS OF THE
ASSAM AGRICULTURAL UNIVERSITY, JORHAT**

FOR THE YEAR 2004-05

Audit Certificate

I have audited the attached Receipts and Payments Account Assam Agricultural University Jorhat, for the year ending 31 March 2005. This financial statement includes the accounts of forty four units. Preparation of these financial statements is the responsibility of the University management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. As audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, I believe that my audit provides a reasonable basis for my opinion.

Based on our audit, I report that:

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

2. Subject to the major observations given below and detailed observations in the Audit Report annexed herewith, I report that Receipts and Payments Account dealt with by this report are properly drawn up and are in agreement with the available books of records.

⇒ Balance Sheet and Income and Expenditure Account not prepared (Para 3.1.1)
⇒ Receipts of Rs.1.21 crore had not been accounted for in the accounts. (Para 3.2.1);

⇒ Investments of Rs 30.84 crore not exhibited in the accounts (Para 3.2.5);
⇒ GPF/CPF subscriptions and Income Tax recoveries etc., aggregating Rs.4.89 crore not deposited/remitted to the concerned fund/authority (Para 3.2.7);

⇒ Receipts and Payments Account irregularly included minus balances of Rs. 0.42 crore due to stock adjustment. (Para 3.2.8);

⇒ Assets and liabilities of the University remained unassessed, as of March 2005. (Para 4.1);


⇒ Significant accounting policy and notes on accounts had not been appended to the accounts. (Para 4.4);

3. In my opinion and to the best of my information and according to the explanation given to me:

(i) the accounts do not give the information required under the prescribed format of accounts;

(ii) the said Receipts and Payments Account subject to the significant matters stated above and other matters mentioned in the Audit Report annexed herewith, do not give a true and fair view of the affairs of the University.

Place: Guwahati
Date: 19 January 2007


Sword Vasum
Principal Accountant General (Audit)

**AUDIT REPORT ON THE ACCOUNTS OF THE ASSAM
AGRICULTURAL UNIVERSITY, JORHAT FOR THE YEAR 2004-05**

1. Introduction

The Assam Agricultural University (AAU-hereinafter referred to as the University) was established at Jorhat by the Government of Assam on 2 January 1969 under Assam Agricultural University Act, 1968. The University started functioning from 1 April, 1969. The major objectives of the University are imparting education in the field of Agricultural and Allied Sciences, undertaking Research Projects in the development of Agriculture and other allied fields and extension of agro-based services especially to the agriculture based rural population of the State.

The University is mainly financed through the grants-in-aid from the Government of Assam (GOA). Besides, the Government of India (GOI), the Indian Council of Agricultural Research (ICAR), the North Eastern Council (NEC), World Bank through its assisted project ARIASP¹ and others also provide funds to the University in the shape of grants-in-aid for specific purposes. During 2004-05, the University received grants-in-aid aggregating Rs.64.19 crore. Against the available funds of Rs.60.14 crore, the University spent Rs 60.76 crore resulting in excess spending of Rs.0.62 crore over available funds as given in the Table-1 below

Table-1

(Rupees in crore)

Sector	Opening Balance	Grants in aid and internal receipts during 2004-05			Total receipts (funds available)	Expendi--ture	Closing balance
		Grants-in-aid	Source	Internal receipts			
A. non-Plan	(-) 16.67	33.64	GOA	0.49	17.46	26.64	(-)9.18
B Plan	(-) 7.68	10.72	GOA	0.33	3.37	19.74	(-)16.37
	14.81	16.55	ICAR	0.03	31.39	11.08	20.31
	4.61	3.28	GOI and others	0.03	7.92	3.30	4.62
Sub total of B: Plan	11.74	30.55		0.39	42.67	34.12	8.56
Total A +B	(-)4.93 ²	64.19		0.88	60.14	60.76	(-) 0.62 ³

¹ Assam Rural Infrastructure and Agriculture Service Project

² Differs from the closing balance from the Audit Report of 2003-04 by Rs. 0.01 crore due to higher rounding of closing balance during that year

³ This does not include adjustment of minus balance under Stock: Rs. (-) 0.42 crore and recoveries from salary: Rs.4.89 crore

The excess spending over available resource during the year 2004-05 had, thus, resulted in a revenue deficit of Rs. 0.62 crore.

2 Scope of Audit

The accounts of the University are audited under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 in conjunction with Section 40(2) of the Assam Agricultural University Act, 1968. The entrustment for the audit of the accounts of the University has been received upto 2006-07.

3. Comments on Accounts

3.1 Balance Sheet and Income and Expenditure Accounts

3.1.1 Non-preparation of Balance Sheet and Income and Expenditure Accounts

Mention was made in the earlier Audit Reports on the accounts of the Assam Agricultural University, Jorhat regarding non-preparation of Balance Sheet and Income and Expenditure Account by the University, which violated Section 40(2) of the Assam Agricultural University Act, 1968. As the deficiencies still persisted (March 2005), the actual assets and liabilities and the fund accounts of the University remained undisclosed over the years.

3.2 Receipts and Payments Accounts

Receipts

3.2.1 Understatement of receipts

In the annual accounts, the receipts of the University remained understated by Rs1.21 crore due to non-accounting of receipts as shown in Table-2 below:

Table-2

Sl. No.	Source of receipts	Purpose	Amount received (Rs. in lakh)
1.	Director of Agriculture, Government of Assam	Conservation of Genetics Resources and development of Traditional Knowledge Repository of Assam	100.00
2.	22 Drawing and Disbursing Officers (DDOs) of Jorhat and outstations	Remittance of sale proceeds to Revolving Fund A/c No. 01170062004 of the University with SBI Jorhat	19.49
3.	5 Savings Bank A/cs with SBI, Jorhat	Interest earned on deposits	0.57
4.	Director, Physical Plant (DDP)	Forfeited amount of payment to contractor	0.76
Total			120.82=Rs. 1.21 crore

The University accepted the audit observation and assured for accounting of the left out receipts in the annual accounts for the year 2005-06.

3.2.2 Overstatement of receipts

The understatement of University receipts as mentioned at Para 3.2.2 was partly off-set by Rs.13.03 lakh being overstatement of receipts due to excess/short accounting of receipts in the annual accounts as shown in the Table-3 below:

Table-3

(Rupees in lakh)

Sl. No.	Head of receipts	Receipts as per annual accounts	Actual receipts as per records.	Excess (+) Less (-) accounted.	Remarks
1.	Precision Farming Development Centre	38.10	25.10	(+) 13.00	Time-barred cheque returned to the issuing authority 'The National Committee on Plastics had not been excluded from accounts
2.	Income of Rice Research and Experimental farm, Karimganj	4.19	4.07	(+) 0.12	...
3.	Sale proceeds from Chief Scientist Sugar Cane Research State on Burali Kson	0.01	0.10	(-) 0.09	...
Total		42.30	29.27	(+) 13.03	

The University accepted (November 2006) the audit observation and assured for rectification of the errors in the annual accounts of 2005-06

Expenditure

3.2.3 Overstatement of expenditure

Expenditure under NATP-RRPS-17: Rs.4.79 lakh

The above expenditure was overstated by Rs.0.23 lakh due to non-accounting of refunds of unutilised permanent imprest by two officers and non-exclusion thereof from expenditure.

3.2.4 Diversion of scheme and other funds

The Receipts and Payments Account disclosed unutilised balance of the Central Sector and ICAR Schemes Funds as well as un-discharged liability on account of recoveries

from staff amounting to Rs.29.82 crore⁴, where as the actual overall closing balance as on 31 March 2005 was shown as Rs.3.85 crore. The exhibition of reduced closing balance in the accounts indicated that the entire unutilised grant and other receipts of Rs.25.97 crore⁵ received from the Government of India, ICAR, and others was unauthorisedly diverted by the University over the years to meet State Sector's non-Plan and Plan expenditure.

The University stated that the temporary transfer of Central Sector Schemes funds would be recouped on receipt of grants in aid from the State Government.

3.2.5 Non-exhibition of investments

Non accounting of investments/reinvestments had resulted in understatement of receipts by Rs 30.84 crore as detailed in the Table-4 below:

Sl. No.	Particulars of investment/reinvestment.	Nos. of Scripts	Amount (Rs in Lakh).
1.	AAU Foundation Fund STDR/TDR.	15	114.80
2.	Revaluing fund for HB Advance	3	126.77
3	CPF	35	1,173.61
4.	GPF	50	1,645.99
5	GIS	1	23.17
	Total:	101	3,084.34 =Rs.30.84crore

Closing balance (overall): Rs.3.85 crore

Overstatement of closing balance

3.2.6 Non-refund of loan from Specific Funds

A mention was made in Para 4.1 of the Audit Report of the University for the Year 2003-04 regarding unauthorised withdrawal of Rs.1.91 crore from CPF and Foundation Fund account to meet obligatory expenses on salaries and wages etc. The accumulated balance of such unauthorised withdrawal from the specified funds as on 31 March 2005, stood at Rs.5.74 crore. The University had not taken any steps to refund the amount to the specific funds, which resulted in overstatement of closing balance by Rs.5.74 crore.

⁴ Central sector & others' plan fund: Rs.4.62 crore + ICAR: Rs.20.31 crore + recoveries made from salaries of staff: Rs.4.89 crore =Rs.29.82 crore

⁵ Rs.29.82 crore (-) Rs.3.85 crore = Rs.25.97 crore

3.2.7 Non-deposit/non-remittance of amount recovered from salaries

The closing balance of the University remained further overstated by Rs.4.89 crore due to non remittance/ non-deposit of Rs.4.89 crore recovered from the salaries of the staff towards subscription contribution to GPF, CPF, GIS, Income tax and Professional Tax etc. to the concerned authority. This was in violation of the statutory provision of the University Act as well as specific funds.

The University stated (November 2006) that non-remittance/non-deposit of Rs.4.89 crore was due to receipt of net funds from the Government. The contention of the University was not tenable, as the same amounts to its failure to get gross fund for salaries from the State Government.

Understatement of closing balance

3.2.8 Non-adjustment of minus balance under stock

Despite observations made in the earlier Audit Reports, adjustment of a minus balance of Rs. 0.42 crore under stock adjustment had not been carried out. Consequently, the amount had been included as part of the summary of Receipts and Payments Accounts and thereby overall Receipts and Payments Accounts as on 31 March 2005 remained understated by Rs.0.42 crore.

3.2.9 Non-accounting of closing balance in a Savings Bank (SB) account

Closing balance of the Chief Scientist, RARS, Titabor as well as that of the University remained understated by Rs.0.25 lakh due to non-accounting of balance in a SB A/c (No.4481) with U.B.I, Titabor in the annual accounts.

4. General

4.1 Non-maintenance of assets register

The University had not maintained the register of fixed assets since inception. No physical verification of the assets was also conducted so far.

4.2 Non-reconciliation of Cash balance

The Assam Agricultural University is maintaining 8 Savings/Current Accounts with SBI, Jorhat into which all receipts are credited and from which all expenditure are met for regular function and for implementation of Projects/Schemes etc. The balance held in the Bank Accounts as on 31 March 2005 were not reconciled with the balance

shown in the Annual Accounts resulting in huge discrepancy of Rs.4.36 crore between the two set of records as shown in Table-5 below:

Table-5

		<i>(Rupees in crore)</i>
Closing balance as on 31/03/05 as per Annual Accounts (Rs in lakh)	Closing balance as on 31/03/05 as per Bank Accounts (Rs. In lakh)	Discrepancy
3.85	8.21	4.36

4.3 Non-maintenance of Cash book

The cash book is the basic document to record all transactions relating to all receipts and payments of an office/organisation and it is therefore, mandatory for all offices/organisations to maintain cash book as required under the Financial Rules of the Government. The University in violation of the mandatory provisions did not write and maintain cash book for all transactions. Of late though the University started preparing and maintaining cash books in respect of ICAR, GOI and other schemes from 1 December 2004, these lacked transparency. In respect of NATP scheme, no cash book has yet been prepared and maintained by the University.

4.4 Non-disclosure of significant accounting policy and notes on accounts

Despite pointing out this deficiency in earlier Audit Reports, significant accounting policies and notes on accounts were not appended to the Annual Accounts for 2004-05. This resulted in lack of transparency in the Annual Accounts.

5. Accounting and other procedural lapses

On accounting and other procedural lapses as well as on minor irregularities, a management letter is being separately issued for compliance.

Pr. Accountant General (Audit)