



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

FOR THE YEAR 2007-08

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Assam Agricultural University, Jorhat for the year ended 31 March 2008

We have audited the attached Receipts & Payment Account of Assam Agricultural University, Jorhat (AAU) for the year ended 31 March 2008 under Section 19(3) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 40(2) of the Assam Agricultural University Act, 1968. The audit has been entrusted for the period upto 2011-12. These financial statements include the accounts of 54 units of the University. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This separate Audit Report contains the comments of the Comptroller & 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-cum-performance aspects, etc., if any are reported through Inspection Reports/CAG's Audit Reports separately.

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 misstatements. An audit includes examining, on a test basis, evidences 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.

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;
- ii The Annual Accounts dealt with by this report have not been drawn up in the format as envisaged under Section *ibid* of the Act.

iii In our opinion, proper books of accounts and other relevant records have been maintained by the Assam Agricultural University except those commented below as required in so far as it appears from our examination of such books.

iv. We further report that:

A Balance sheet and Income and Expenditure:

Mention was made in the earlier Audit Reports on the accounts of the University regarding non-preparation of Balance Sheet and Income and Expenditure Accounts by the University in violation of section 40(2) of the Assam Agricultural University Act, 1968. The deficiencies still persist (March, 2008) and hence the actual assets and liabilities and the fund accounts of the University remained undisclosed in the Annual Accounts for the year 2007-08.

B. Receipt and Payment Account:

B.1 Receipts:

B.1.1. Total receipt of Rs.25.11¹ lakh from four organizations were accounted for under D (I) Government of India Scheme (Rs.22.11 lakh) and D (V) other Misc Scheme (Rs.3 Lakh) which were actually not received during the year. This resulted in overstatement of receipt and closing balance by Rs.25.11 lakh.

In reply the University stated (October 2009) that the receipt of the above has been accounted in terms of sanction and release order to which the funds pertain.

The reply is not accepted as Receipt and Payment Account has to be prepared on actual basis.

B.1.2 The Director, Physical Plant and Librarian under AAU, Jorhat did not deposit sale-proceeds of Rs.0.71 lakh² during the year as a result, the same were not accounted for in the annual accounts. Thus receipts and closing balance were understated to that extent.

¹ (a) Tea Board, Kolkata being Grants-in-aid for Disease Management of nursery tea : Rs.3.00 lakh

(b) National Bee Board, New Delhi for Apiculture training programme : Rs.5.00 lakh

(c) Ministry of Health and Family Welfare for Extension Education:Rs.12.00 lakh

(d) Ministry of Science and Technology for Entrepreneurship Development Programme :Rs.5.11 lakh

² a) Director,Physical Plant : Rs.0.67 lakh

b) Librarian ,AAU :Rs.0.04 lakh

B.2 Payments:

B.2.1 University issued 17 cheques amounting Rs.75.54 lakh during March 2008 to different DDOs³ of the University which were though taken as expenditure but actually not paid to the suppliers. This resulted in overstatement of payment and corresponding understatement of closing balance (Bank Account) by Rs.75.54 lakh.

B.2.2. Expenditure of Rs.34.82 crore⁴ on five schemes accounted for in the 'Abstract of Annual Accounts (B-3)' included Rs.9.98 crore⁵ which were actually not expended till March 2008 and retained in the Bank Account. This resulted in overstatement of payment and understatement of closing balance(Bank Account) by Rs.9.98 crore

B.2.3 Despite observation made in earlier Audit Report on adjustment of a minus balance of Rs.41.73 lakh under stock, the same was included as part of summary of the Receipts and Payment Account and thereby overall Receipts and Payments Account remained understated by Rs.41.73 lakh.

B.2.4 Mention was made in earlier Audit Reports on unauthorized withdrawal/loan of Rs.5.72 crore from specific fund account like Contributory Provident Fund (CPF) and Foundation fund account to meet the obligatory expenses on salaries and wages. The University had not refunded/deposited the said amount to the specific fund accounts as of March, 2008.

B.2.5. The University has been maintaining a pension fund account (No.0253820566) with SBI, Jorhat for payment of pension/family pension. The account remained inoperative for last few years. The balance of Rs.18.14 lakh as on 31st March 2008 lying in the Bank account was not disclosed by way of notes on accounts.

³ Dean, Faculty of Agriculture, AAU, Jorhat, (Rs.49.52 lakh) & Director of Research, (Agril) AAU, Jorhat (Rs.26.02)

⁴ Krishi Vigyan Kendryas : Rs.8.49 crore

Setting up[of facilities for hands on training :Rs0.90 crore

Niche area excellence (production potential of Bio fertilizer) :Rs.0.29crore

AICRP(Agricultural and Veterinary research scheme) :Rs.8.37 crore

strengthening and development of AAU :Rs.16.77 crore

⁵ Krishi Vigyan Kendryas : Rs.3.68 crore

Setting up of facilities for hands on training :Rs0.60 crore

Niche area excellence (production potential of Bio fertilizer) :Rs.0.05crore

AICRP(Agricultural and Veterinary research scheme) :Rs.0.16 crore

strengthening and development of AAU :Rs.5.40 crore

In reply, the university stated (October 2009) that the receipt was shown in corresponding year of receipts, further accounting would inflate receipt side

The reply is not accepted as the fact should have been disclosed by way of notes on accounts.

B.2.6. A total balance of Rs. 43.94 crore⁶ of six earmarked funds remained invested in the form of Term Deposit Receipts (TDR) during the year as noticed during test check of records but neither the fund balances nor the investments were disclosed by way of notes on accounts .

University stated (October 2009) in reply that earmarked fund were created out of the Government Grants and shown as receipt during the corresponding years. Further, fund under Sl. No.2.3.4 and 5 are the employees deduction out of the Govt. grant received and can not be shown as receipt of the University.

The reply is not accepted as the balances of earmarked should have been disclosed by way of notes on accounts.

B.2.7 Significant Accounting Policy.

Significant accounting policies on accounts were not spelt out in the Annual Accounts for the year 2007-08. Accounts were neither prepared as per accepted accounting principles and practices ie., double entry system nor the adopted principle was defined .For a proper

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Sl. No.	Fund Account	Nos. of Scrip	Amount of investment (Rs. in lakh)
1	AAU Foundation Fund STDR/TDR	16	121.09
2	Revolving Fund for HB Advances STDR/TDR	4	151.95
3	Contributory Provident Fund STDR/TDR	16	1358.39
4	General Provident Fund STDR/TDR	15	1884.38
5	Group Insurance Scheme (GIS) STDR/TDR	19	378.57
6	AAU other Misc Fund	5	500.00
Total			4394.38

understanding of the financial statement, disclosure of significant accounting policies, on the basis of which statements were prepared, is essential.

B.2.8 Accumulated balance.

The annual accounts of the University for the year 2007-08 disclosed an unutilised/unspent accumulated balance of Rs.201.87 lakh⁷ under Central sector and other miscellaneous schemes. The scheme wise details of the unutilised balances were neither exhibited in separate statement/annexure to the annual accounts nor was any record maintained to show the details.

C Grants in aid

During 2007-08, the University received Grants-in-aid aggregating Rs.118.21 crore. Out of available fund of Rs.109.18 crore (which included minus opening balance of Rs.11.42 crore and University's own receipt/refund received Rs.2.39 crore), the University spent Rs.112.14 crore and refunded Rs.0.12 crore which resulted in excess spending of Rs.3.10 crore⁸. This excess spending over receipt had, resulted in revenue deficit of Rs.3.10 crore.

D. Management letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of the Comptroller, AAU through a management letter issued separately for remedial / corrective action

⁷ Central Sector Scheme.

1	AICRP(Agriculture)	Rs. 2.77lakh
2	AICRP (Vety)	Rs.12.28 lakh
3.	ICAR (Adhoc)	Rs.47.57 lakh
4*	Govt. Of India Scheme	Rs.28.14 lakh
5.	NEC Scheme	Rs.4.30 lakh
6.	Others Misc.Scheme	Rs106.80 lakh
	TOTAL	Rs.201.86 lakh

⁸

Rupees. in Crore

	Opening Balance	Grants In aid	Internal receipt	Total Fund available	Expenditure	Refund	Closing Balance
Non-Plan Govt of Assam	(-) 24.25	42.18	-	17.93	42.41	-	(-)24.48
Plan Govt of Assam	(-) 2.82	30.13	-	27.31	30.23	-	(-)2.92
ICAR	7.44	40.48	0.02	47.94	35.66		12.28
Govt of India	4.90	5.42	0.01	10.33	3.58	0.12	6.63
University receipt	3.31		2.36	5.67	0.28		5.39
Total	(-) 11.42	118.21	2.39	109.18	112.16	0.12	(-) 3.10

v. Subject to our observations in the preceding paragraphs, we report that the Receipt & Payment Account dealt with by this report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant matters stated above and other matters mentioned in Annexure to this Audit Report, do not give a true and fair view in conformity with accounting principles generally accepted in India.

For and on behalf of the C&AG of India



Principal Accountant General

Place Guwahati

Date:- 10 February 2010