



**SEPARATE AUDIT REPORT ON THE ACCOUNTS OF THE
ASSAM AGRICULTURE UNIVERSITY, JORHAT**

FOR THE YEAR 2016-17

Separate Audit Report of the Comptroller & Auditor General of India on the accounts of Assam Agricultural University, Jorhat for the year ended 31 March 2017.

We have audited the attached 'Receipt & Payment Account' of 'Assam Agricultural University' (University/AAU), Jorhat for the year ended 31 March 2017 under section 19 (3) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Services) Act, 1971 read with section 40(2) of The Assam Agricultural University Act, 1968. The Audit has been entrusted for the accounting period up to 2021-22. These financial statements include the accounts of 58 units of the University and preparation of these financial statements is the responsibility of the University's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 Report separately.

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 the Management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

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 a proper format generally acceptable for an Educational Institution to ensure proper accountability, financial discipline, end-use of funds and also to make these accounts transparent and comparable.**
- iii. In our opinion, proper books of accounts and other relevant records **have not been maintained by the University** as required in so far as it appears from our examination of such books and as further elaborated under paragraph iv (A), iv (B) and iv (D1) below.
- iv. We further report that:

A. Balance sheet

Despite being regularly pointed out in the Audit Reports of earlier years, **the University has not prepared the Balance Sheet** which is in violation of section 40(2) of the Assam Agricultural University Act, 1968. Thus, assets and liabilities of the University remained undisclosed due to non-adherence to statutory requirements.

B. Income and Expenditure Account

The Annual Accounts prepared by the University for 2016-17 **did not include 'Income and Expenditure Account' for the year**. Thus, the net result of the activities of the University i.e. Surplus or Deficit, as the case may be, for the year ended 31st March 2017 remained undisclosed to its stakeholders.

The Comptroller, AAU assured (January 2021) that the Balance sheet and Income & Expenditure Account will be prepared in proper format from 2017-18 and onwards.

C. Receipt and Payment Account

C.1 Receipts

C.1.1 Indian Council of Agricultural Research (ICAR) (Grants received during the year): ₹ 90.37 crore

C.1.1.1 Opening balance as on 1 April 2016 (₹ 2.91 crore) under the above head was overstated¹ by ₹ 0.48 crore due to incorrect accounting of funds received during current year (2016-17) in Annual Accounts for the previous year (2015-16). Similarly, during the current year (2016-17), the University accounted the ICAR grants of ₹ 0.15 crore received (April 2017) during 2017-18 as receipts for the current year (2016-17). This resulted in understatement of ICAR grants received during 2016-17 by ₹ 0.33 crore (net) with corresponding overstatement of opening and closing balances of Grants by ₹ 0.48 crore and ₹ 0.15 crore respectively.

C.1.1.2 The University had received (April 2017) the grant of ₹ 0.34 crore against All India Coordinated Research Project (AICRP) during 2017-18 and accounted the same as receipts for during the current year (2016-17). This resulted in overstatement of receipts under AICRP for the current year (2016-17) to the same extent.

C.1.2 Government of India and Others (Grants received during the year): ₹ 25.70 crore

C.1.2.1 Opening balance as on 1 April 2016 (₹ 16.91 crore) under the above head was overstated² by ₹ 0.74 crore due to incorrect accounting of funds received during current year (2016-17) in Annual Accounts for the previous year (2015-16). Similarly, the University accounted ₹ 1.58 crore

¹ Vide Para C.1.1 of SAR for the year 2015-16

² Vide Para C.1.2 of SAR for the year 2015-16

receipts for the current year (2016-17), though the receipts were actually received during 2017-18. Further, grants of ₹ 0.17 crore received during current year (May 2016 to December 2016) were not accounted in the Annual Account for the year 2016-17.

This resulted in overstatement of opening balance by ₹ 0.74 crore as well as overstatement of receipts during the year and closing balance as on 31 March 2017 by ₹ 0.67 crore and ₹ 1.41 crore respectively.

C.1.2.2 The closing balance under the above head is further overstated by ₹ 0.08 crore due to double accounting of receipt of ₹ 0.12 crore and payment of ₹ 0.04 crore in the Annual Accounts.

C.1.3 University Receipt/Earning (during the year): ₹10.19 crore

The above includes ₹ 0.97 crore towards interest received from five³ bank account against actual receipt of ₹ 0.87 crore, which resulted in overstatement of above head by ₹ 0.10 crore.

C.3. ICAR and Government of India & Others (Closing balance): ₹ 30.67 crore

C.3.1 The University did not include transactions pertaining to GPF, GIS and CPF in the Annual Accounts. This resulted in understatement of overall Closing balance by ₹ 15.17⁴ crore.

C.3.2 Despite being pointed out in the Separate Audit Reports (SARs) for earlier years, the negative balance of ₹ 0.42 crore under stock, was adjusted in the Receipt and Payment Account which led to understatement of closing balance by that amount.

D.1 Receipt and Payment Account not in proper format

Receipt and Payment Account is a summarized position of Cash Book, under which a summary of the cash transactions appearing in the Cash Book are analysed and classified under suitable heads, including the Opening and Closing Cash and Bank Balances. Though, the University has prepared Receipt and Payment Account; separate details of Cash and Bank balances were not included in this Account. The Opening and Closing balances shown in Receipt and Payment Account, are scheme-

³ Account No 10253825316: ₹ 31.12 lakh, Account No 10253820769: ₹ 36.52 lakh, Account No 10253820770: ₹ 18.22, Account No 10253821300: ₹ 0.52 lakh, Account No 10253820566: ₹ 1.07 lakh

Particulars of accounts	Opening Balance	Recovery from Employee	Value of matured STDR / TDR	Employer's contribution	Total receipt	Final payment/NR A/Advance	Value of amount invested	Balance at Bank
GIS	17.24	34.22	155.77		207.23	115.5	47.77	43.96
GPF	29.66	1428.11	551.56		2009.33	1789.85	150	69.48
CPF	32.56	67.21	1102.44	42.54	1244.75	39.14	1200	5.62
Sub total							1397.77	119.06
Total	79.46	1529.54	1809.77	42.54	3461.31	1944.49		1516.83

ise and not as per Cash/Bank accounts. **Thus, the Receipt and Payment Account for the year 2016-17 prepared by the University, does not reflect the actual Opening and Closing balance of Cash/Bank accounts.** The deficiency persisted despite this being pointed out in the Separate Audit Reports for previous years too.

D.2 Grants-in Aid

Out of the total available Grants of ₹136.60⁵ crore, the University utilised ₹ 105.93 crore (including refund of grants of ₹ 0.27 crore) leaving unutilized balances of ₹ 30.67 crore as on 31 March 2017.

E. Management Letter

Deficiencies which have not been included in the Audit report have been brought to the notice of the Comptroller of the University through a Management Letter issued separately for remedial corrective action.


v. Subject to our observations in the preceding paragraphs, we report that the Receipt & Payment Account dealt with by this Report is 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

Place : Guwahati

Date:-


Principal Accountant General

⁵ Opening Balance: ₹19.82 crore; Grants received ₹116.07 crore (including ₹87.47 crore received during March 2017) and University receipt of ₹0.71 crore

Annexure

1. Adequacy of internal audit system:

The Internal Audit wing of the University had sanctioned post of one Assistant Comptroller, four Audit Officers and 10 Deputy Audit Officers. As on date, however, there was only one Assistant Comptroller manning the Wing. Although, the existing Internal Audit wing was strengthened by engagement of a Chartered Accountant, the role of the Chartered Accountant was restricted mainly to compilation of Annual Accounts of the University. Further, the Wing did not prepare any annual audit plans to conduct internal audit in a planned and scientific manner. There was no system of checking records of different departments/sections, issue of Inspection Reports by the Internal Audit wing and follow up action for pursuance of internal audit findings, which is indicative of inadequate and ineffective functioning of the internal audit wing of the University.

2. Adequacy of internal control system:

The Financial Management of the University is managed by the Comptroller of the University who is assisted by one Deputy Comptroller⁶ and four Assistant Comptrollers⁷ (AC). As regards the salaries and other entitlements of the staff, the AC (Bills) authorizes the payments after exercising necessary checks subject to allocated budget provisions. In respect of non-salary payments, the department concerned forwards the proposal along with supporting documents to the AC (Budget), who, after exercising necessary checks, forwards it to the AC (Bills) for disbursement after obtaining necessary approval from the Comptroller. Despite the existence of above control mechanism, it was observed that the University under the State Sector, had incurred expenditure in excess of available funds which indicates lack of prudent fiscal planning by the University.

3. Regularity in payment of statutory dues:

No significant delay in payment of statutory dues was observed.

4. System of physical verification of fixed assets/inventory etc.:

Physical verification of assets/inventory was not undertaken by the University during the year.

Deputy Accountant General (AMG.III)

⁶ He monitors the overall financial position and apprises the Comptroller from time to time

⁷ (1) AC (Budget)-responsible for preparation of the Budget of the University. (2) AC (Bill)-functions as the DDO and is responsible for settlement of all claims of the University, including the claims and bills pertaining to outstation campuses of the University (3) AC (Pension)- responsible for settlement of Pension cases pertaining to employees of the University (4) AC (Audit) who is also responsible for internal audit