



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

**FOR THE YEAR 2005-06**

## Audit Certificate

I have audited the attached Receipts and Payments Account Assam Agricultural University Jorhat, for the year ending 31 March 2006. This financial statement include 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. An audit includes examining, on a test basis, evidence supporting to 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 the Receipts and Payments Account dealt with by this report are not properly drawn up and are not in agreement with the available books of records;
  - ⇒ Balance sheet and Income and Expenditure Account not prepared **(Para 4.1.1)**.
  - ⇒ Overstatement of receipts by Rs.0.94 Crore **(Para 4.2.1)**.
  - ⇒ Overstatement of expenditure under strengthening and Development of Agricultural Education and Krishi Vigyan Kendra (KVK) of ICAR/Adhoc scheme Rs.3.46 Crore **(Para 4.2.3.1 & 4.2.3.2)**.
  - ⇒ Understatement of overall closing balance by Rs.39.47 Crore **(Para 4.2.4.1)**.
  - ⇒ Overstatement of closing balance by Rs.5.71 Crore due to non-refund of loan from Specific fund **(Para 4.2.4.4)**.
  - ⇒ Non exhibition of investments resulted in understatement of receipts by Rs.35.38 Crore **(Para 4.2.5)**.
  - ⇒ Non-disclosure of significant accounting policy on accounts **(Para 5.4)**.
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.



Sword Vashum

Principal Accountant General (Audit)

Place: Guwahati

Date: 10 December 2007

## AUDIT REPORT ON THE ACCOUNTS OF THE ASSAM AGRICULTURAL UNIVERSITY, JORHAT FOR THE YEAR 2005-06

### 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.

### 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.

### 3. Finance and expenditure

The University is financed mainly 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 ARIASP<sup>1</sup> and others also provide funds to the University in the shape of grants-in-aid for specific purposes. During 2005-06, the University received grants-in-aid aggregating Rs.80.31 crore. Out of the available funds of Rs.76.25 crore which included minus opening balance and University's own receipts, the University refunded Rs.2.90 crore and spent Rs.78.25 crore resulting in excess spending of Rs.2.28 crore over available funds as given in the Table-1 below:

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<sup>1</sup> Assam Rural Infrastructure and Agriculture Service Project

**Table-1***(Rupees in crore)*

Sector	Opening Balance	Grants in aid and internal receipts during 2005-06			Total receipts (Funds available)	Expenditure	Refund	Closing balance
		Grants-in-aid	Source	Internal receipts				
<b>A. Non-Plan Grants</b>	(-)14.89 <sup>a</sup>	37.06	GOA	0.71	22.88	43.03		(-) 20.14
<b>Grant for retirement claims</b>		6.31	GOA		6.31	0.62		5.69
<b>Sub-total A</b>	(-)14.89	43.37		0.71	29.19	43.64		(-) 14.45
<b>B. Plan</b>	(-)16.31 <sup>b</sup>	12.40	GOA	0.51	(-)3.40	10.27		(-) 13.67
<b>C. ICAR</b>	20.25 <sup>c</sup>	21.15	ICAR		41.40	21.45	2.75	17.20
<b>D. GOI and others</b>	4.62	3.39	GOI & others		8.01	3.18	0.15	4.68
<b>Sub total of B,C &amp; D</b>	8.56	36.94		0.51	46.01	34.90	2.90	8.21
<b>E Other Receipt</b>				1.06	1.06			1.06
<b>Total A to E</b>	(-) 6.33 <sup>2</sup>	<b>80.31</b>		<b>2.28</b>	<b>76.26</b>	<b>78.54</b>	<b>2.90</b>	(-) 5.18 <sup>3</sup>

The excess spending over available resource during the year 2005-06 had, thus, resulted in a revenue deficit of Rs.5.18 crore.

#### **4. Comments on Accounts**

##### **4.1 Balance Sheet and Income and Expenditure Account**

##### **4.1.1 Non-preparation of Balance Sheet and Income and Expenditure Accounts**

Mention was made in the earlier Audit Reports on the accounts of the University 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 2006), the actual assets and liabilities and the fund accounts of the University remains undisclosed.

##### **4.2 Receipts and Payments Account**

##### **4.2.1 Overstatement of receipts**

The University's receipts were overstated by Rs.0.94 crore due to erroneous accounting of grants-in-aid of Rs.4.20 crore pertaining to 2006-07 during 2005-06 which was partly offset by grants in aid of Rs.3.26 crore relating to 2005-06 not accounted for in the accounts of 2005-06.

<sup>2</sup> Differs from the closing balance from the audit Report of 2004-05 due to the following reasons:

<sup>a</sup> Closing balance as on 31-3-2004: Rs.(-) 9.18 crore plus adjustment of Rs.(-)5.71 crore shown separately during 2005-06 being loan taken from CPF and Foundation Fund and were not accounted for in the Annual accounts of 2004-05

<sup>b</sup> Closing balance as on 31-3-2004: Rs.(-) 16.37 crore plus adjustment of Rs.(+)0.06 debited to ICAR.

<sup>c</sup> Closing balance as on 31-3-2004: Rs.20.31 crore plus adjustment of Rs.(-)0.06 credited to State Plan.

<sup>3</sup> This does not include adjustment of minus balance under stock: Rs.(-)0.42 crore, recoveries from salary: Rs.6.18 crore and loan from CPF and foundation fund: Rs.5.71 crore.



#### 4.2.2 Understatement of receipts

In the annual accounts, the receipts of the University remained understated by Rs 5.81 lakh 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.	Government of Tripura	Fee for Rural Awareness Work Experience Programme	0.26
2.	College of Veterinary Science, Khanapara	Income of the College	5.55
<b>Total</b>			<b>5.81</b>

The University assured to account for receipts of Rs.5.81 lakh in the annual accounts for the year 2006-07.

#### Payments (expenditure)

#### 4.2.3 Overstatement of expenditure

##### 4.2.3.1 Under Strengthening and Development of Agricultural Education, AAU, Jorhat and construction of Girls Hostel at Khanapara' Rs.6.76 crore

Expenditure under the above heads was overstated by Rs.2.72 crore due to booking of the amount in the annual accounts of the University as expenditure under 'Repair and renovation of hostels, labs and academic blocks', Jorhat (Rs.2.05 crore) and 'Construction of Girls Hostel at Khanapara'(Rs.0.67 crore) though no part of grants-in-aid (Rs.2.72 crore) received from ICAR during 2005-06 was utilized for the purpose, as of 31 March 2006. The overstatement of Rs.2.72 crore was partly offset by net understatement of expenditure by Rs.0.20 crore due to non-accounting of expenditure of Rs.0.48 crore incurred during 2005-06 which was reduced by Rs.0.28 crore being expenditure of 2006-07 accounted for during 2005-06.

##### 4.2.3.2 Expenditure under 'Krishi Vigyan Kendra (KVK) of ICAR (Adhoc) scheme: Rs.4.12 crore

This was overstated by Rs.0.74 crore being expenditure incurred on procurement of 15 vehicles during 2006-07(May 2006) under Extension Education but erroneously accounted for under the aforesaid scheme during 2005-06.

##### 4.2.3.3 Overstatement/understatement of expenditure

The records of Chief Librarian, AAU, Jorhat exhibited Plan and non-Plan expenditure under University library as Rs.7.14 lakh and Rs.42.66 lakh respectively. In the annual accounts of the University, the said expenditure was exhibited as Rs.0.25 lakh (Plan) and Rs.47.44 lakh (non-Plan) respectively. This resulted in overstatement and

understatement of Plan and non-Plan expenditure by Rs.6.89 lakh<sup>2</sup> and Rs.4.78 lakh<sup>3</sup> respectively.

#### **4.2.4 Closing balance (overall): Rs.6.29 crore**

##### **4.2.4.1 Understatement of closing balance due to exhibition of reduced closing balance**

Against overall closing balance amounting to Rs.45.76 crore<sup>4</sup>, the University exhibited closing balance of Rs.6.29 crore in the Receipts and Payments Account of 2005-06 resulting in understatement of overall closing balance by Rs.39.47 crore. The depiction of reduced closing balance was due to unauthorised diversion of the unutilised balance under the Central Sector and ICAR Schemes funds as well as un-discharged liability on account of recoveries from staff amounting to Rs.39.47 crore<sup>5</sup> by the University over the years to meet State Sector's Plan and non-Plan expenditure.

The University stated (February 2007) that the matter was considered in Board of Management's meeting (30 November 2006) and the State Government was moved for release of the funds to recoup the scheme and other funds diverted so far.

##### **4.2.4.2 Understatement of closing balance due to 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 Account and thereby overall Receipts and Payments Account, as on 31 March 2006, remained understated by Rs.0.42 crore.

##### **4.2.4.3 Understatement of closing balance due to non-accounting of balances with field units**

Closing balance of Rs.1.61 crore with different Drawing and Disbursing officers of field units in their savings and current bank accounts had not been accounted for in the Receipts and Payments Account of the University. Thus, the closing balance of the University remained further understated by Rs.1.61 crore.

<sup>2</sup> Rs.7.14 - Rs.0.25 lakh = Rs.6.89 lakh

<sup>3</sup> Rs.42.66 lakh - Rs.47.44 lakh = (-) Rs.4.78 lakh

<sup>4</sup> GOI & other: Rs.4.68 crore + ICAR fund: Rs.17.20 crore + University Receipt: Rs.1.06 crore + undisbursed pension: Rs.5.69 crore + recoveries from salary: Rs.6.18 crore + CPF & Foundation fund Rs.5.71 crore + undischarged balance of arrears of non-teaching employees: Rs.2.69 crore; Sericulture college Rs.0.01 crore and Agriculture Research: Rs.2.05 crore = Rs.45.75 crore

<sup>5</sup> Rs.45.76 crore - (-) Rs.6.29 crore = Rs.39.47 crore

#### **4.2.4.4 Overstatement of closing balance due to non-refund of loan from specific fund**

The University obtained Loan from Contributory Fund (CPF) and Foundation Fund account through unauthorised withdrawal from these fund accounts to meet obligatory expenses on salaries and wages etc. The accumulated balance of such unauthorised withdrawal from the specified funds, as on 31 March 2006, stood at Rs.5.71 crore. The University had not taken any steps to refund the amount to the specific funds despite having been pointed out in Para 3.2.6 of the Audit Report of the University for the Year 2004-05. This resulted in overstatement of the closing balance by Rs.5.71 crore.

#### **4.2.5 Non-exhibition of investments**

Non accounting of investments/reinvestments had resulted in understatement of receipts on investment by Rs.35.38 crore as detailed in the Table below:

Sl. No.	Particulars of investment/reinvestment.	Nos. of Scripts	Amount (Rs in crore).
1.	AAU Foundation Fund STDR/TDR.	15	1.19
2.	Revaluing fund for HB Advance	3	1.34
3	CPF	34	12.00
4.	GPF	47	17.40
5	GIS	1	3.45
<b>Total:</b>		100	35.38

#### **4.2.6 Non-deposit/non-remittance of amount recovered from salaries**

The closing balance of the University remained further overstated by Rs.6.18 crore due to non-remittance and non-deposit of Rs.6.18 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 provisions of the University Act as well as specific funds.

The University stated that the amount of Rs.6.18 crore would be adjusted on receipt of fund from the State Government.

### **5. General**

#### **5.1 Non-maintenance of assets register**

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



## **5.2 Non-maintenance of Cash book**

The cashbook 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 cashbook for all transactions. Of late, the University started preparing and maintaining cash books in respect of transactions relating to funds received from ICAR and GOI as well as for other schemes from 1 December 2004.

## **5.3 Utilisation of grant in excess of permissible limit**

Stipend under the Rural Awareness Work experience Programme (RAWEP) during internship of studies in Agriculture, Home and Fishery Science @ Rs.750.00 per student for a period of six months during a year was reimbursable from ICAR as grant. During 2002-03 to 2005-06, stipends were paid to 473 students for which Rs.0.21 crore was receivable as grant. Grant of Rs.0.41 crore under RAWEP during 2002-03 to 2005-06 was received and accounted for as utilized. Thus, grants-in-aid of Rs.0.20 crore was utilized in excess of permissible limit.

## **5.4 Non-disclosure of significant accounting policy on accounts**

Despite pointing out this deficiency in earlier Audit Reports, significant accounting policies on accounts were not appended to the Annual Accounts for the year 2005-06. This indicated not only non-compliance with statutory requirement but also lack of transparency in the Annual Accounts. Besides, for a proper understanding of the financial statements, disclosure of significant accounting policies on the basis of which the statements are prepared is a must.

## **6. 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.



**Principal Accountant General (Audit)**