



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

FOR THE YEAR 2006-07

**DRAFT SEPARATE AUDIT REPORT ON THE ACCOUNTS OF THE ASSAM
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1. Introduction:

The Assam Agricultural University (AAU) was established at Jorhat by the Government of Assam on 2nd January 1969 under Assam Agriculture University Act, 1968. The University started functioning from 1 April 1969. The major objectives of the University are imparting education in the field of Agriculture and allied Science, undertaking of Research Projects in the development of Agriculture and other allied fields extension of agrobased 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, Power and Condition of Service) Act, 1971 in conjunction with Section 40(2) of the Assam Agriculture 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) and others also provide funds to the University in the shape of grants-in-aid for specific purposes. During 2006-07, the University received grants-in-aid aggregating Rs.101.23 crore¹. Out of the available fund of Rs.101.11 crore² which included minus opening balance (Rs.2.46 crore) and University's own receipt/refund received (Rs.2.34 crore), the University refunded Rs.6.81 crore and spent Rs.105.73 crore³ resulting in excess spending of Rs.11.43 crore. This excess spending over receipt had thus, resulted in revenue deficit of Rs.11.43 crore.

¹ Government of Assam: Rs.68.81 crore, ICAR: Rs.27.98 crore, GOI: Rs.4.44 crore

²

	GOA (Plan/Non Plan)	ICAR/GOI	University's Receipt	Total:
Opening balance	(-) 25.42 Crore	21.90	1.06	(-) 2.46 Crore
Grants in aid	68.81	32.42	2.34	103.57 Crore
			Available Fund	Rs 101.11 Crore

³

	GOA (Plan/Non Plan)	ICAR/GOI	University's Receipt	Total:
Expenditure	64.07 Crore	41.61 Crore	0.05 Crore	105.73 Crore

4. Comments on Accounts:

4.1 Balance Sheet and Income and Expenditure Account

Mention was made in earlier Audit reports on the accounts of the University regarding non-preparation of Balance Sheet and Income and Expenditure Account by the University in violation of Section 40(2) of the Assam Agricultural University Act, 1968. The deficiencies still (March 2007) persisted and hence the actual assets and liabilities and the fund accounts remained undisclosed.

4.2 Receipt and Payment Accounts:

Receipts:

4.2.1 As per cashbook and the Grants-in-aid Register, an amount of Rs.60.00 lakh was received from the Directorate of A.H. & Vety. , Government of Assam under “109-Extension and Training (Non-Plan)” and paid to Dean. F.V. Sc, Khanapara during 2007-08 but the same was accounted for in the annual accounts of the University for the year 2006-07. This resulted in overstatement of both receipts and payment to that extent.

4.2.2 The University during 2007-08 received Rs.27.50 lakh being grants of pay allowances etc. under 4 cheques from Project Co-ordinator, AICRP on Post Harvest Technology (PHT), Ludhiana but the same was accounted for in the annual accounts for the year 2006-07 resulting in overstatement of receipt to the tune of Rs.27.50 lakh.

4.2.3 The Dean, Faculty of Agriculture AAU during 2006-07 refunded Rs.0.53 lakh being unspent advances under various schemes/projects. The said amount was accounted for in the annual accounts as receipts of the University instead of taking the same as reduction of expenditure of the concerned schemes. This resulted in overstatement of receipts to that extent.

4.2.4 The receipts of different departments of Khanapara Campus under State Sector Scheme during 2006-07 was Rs.12.89 lakh against which the University exhibited Rs.16.22 lakh in the annual accounts resulting in overstatement of receipts by Rs.3.33 lakh.

The excess exhibition was due to inclusion of refund amount of Salaries (Rs.3.30 lakh), Internship (Rs.0.02lakh) & Telephone bill (0.01 lakh).

4.2.5 The College of Fisheries (COF), Roha during 2006-07 deposited Rs.1.12 lakh to AAU's General Fund Account being receipt/income from Admission Fees (Rs.1.03 lakh) and Misc. receipts (Rs.0.09 lakh) but the University as against the same exhibited Rs.1.93

lakh under State Sector Scheme. This resulted in overstatement of receipts/income to the extent of Rs.0.81 lakh.

The excess exhibition was due to furnishing of wrong information by the COF, Roha (in their Annual Accounts) and incorporation of the same by the University without any check.

4.2.6 Under 3 All India Co-ordinated Research Programme (AICRP), the University during 2006-07 received Rs.25.42 lakh from ICAR but the same were accounted for in the annual accounts for the year 2005-06 resulting understatement of receipts to that extent.

4.2.7 The university earned interest of Rs.78.15 lakh during 2006-07 on maturity of 28 no. of scrips totalling investment of Rs.409.76 lakh. The matured amount of Rs.487.91 lakh was again re-invested during the year. The income of Rs.78.15 lakh out of the investments was, however, not accounted for in the annual accounts of the University for the year 2006-07. This resulted in understatement of receipts to that extent.

Payments:

4.3.1 The University during 2006-07 incurred an expenditure of Rs.150.03 lakh in respect of 21 ICAR/GOI Schemes which included an amount of Rs.21.66 lakh being Institutional Charge payable to the University's account. The University's account, however, disclosed Institutional charge only for an amount of Rs.10.55 lakh in respect of 16 schemes. This resulted in overstatement by Rs.11.11 lakh.

4.3.2 The annual accounts (2006-07) and the Utilisation Certificates alongwith Statements of Expenditure (SOE) furnished to the Funding agencies disclosed that the University during 2006-07 incurred an expenditure of Rs.586.55 lakh towards construction/repairing of building in respect of (i) 18 KVKs (Rs.305.68 lakh) (ii) Farmer's Hostel at AAU Campus under "Strengthening of DEE" (Rs.50.00 lakh) and (iii) Mega Seed Project (Rs.230.87 lakh) through the Director of Physical Plant (DPP) AAU, Jorhat. The DPP's record, however, disclosed that Rs.13.37 lakh was spent only under "Mega Seed Project" during the year. This resulted in overstatement of expenditure to the tune of Rs.573.18 lakh.

4.3.3 22 no. of cheques for a total amount of Rs.156.56 lakh issued on 31/03/07 to the Dean, Faculty of Agriculture, AAU, Jorhat (Rs.89.46 lakh), the Director of Research (Agril) AAU, Jorhat (Rs.56.08 lakh) and the Dean, Home Science AAU, Jorhat (Rs.11.02 lakh) for onward payments to firms/suppliers against their proforma bills for supply of

machineries & equipments under different schemes, had not been released even till the date of audit (March 2008) because of non receipt/non-installation of machineries & equipments ordered for. The invalid cheques lying in the cash chest of the DDOs concerned had neither been returned nor revalidated but the amounts were booked as expenditure in the annual accounts (2006-07) resulting in overstatement of expenditure to the extent of Rs.156.56 lakh.

4.3.4 Rs.25.00 lakh was provided to the Dean, Home Science under “Experimental learning – Setting up of facilities for Hands on Training” and of which Rs.24.99 lakh was shown spent during 2006-07. The expenditure included Rs.1.00 lakh allocated for meeting expenditure on recurring contingencies, which was not actually spent but kept in short Term Deposit till the date of Audit (March 2008). Thus the expenditure was overstated by Rs.1.00 lakh.

4.4 Opening Balance

4.4.1 The University had a closing balance of (-) Rs.1446.28 lakh as of March 2006 under “A-Non-Plan” but in the annual accounts for the year 2006-07, the same was exhibited as (-) Rs.1173.16 lakh in the opening balance under the said head resulting in overstatement of opening balance by Rs.273.12 lakh.

4.5 Closing Balance

4.5.1 Despite observations made in earlier Audit Reports regarding adjustment of a minus balance of Rs.41.73 lakh under Stock, the adjustment had not been carried out as of March 2007 and included as part of summary of the Receipts and Payments Account and thereby overall Receipts and Payments Account remained understated by Rs.41.73 lakh.

4.5.2 Mention was made in earlier Audit Reports regarding unauthorised withdrawal/loan of Rs.571.50 lakh 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 in the specific fund accounts as of March 2007.

4.5.3 The University has been maintaining a Savings Bank Account (No.10253821300) for all receipts from Tea Board and payments thereof. The account showed balance of Rs.3.73 lakh as on 31 March 2007 which had not been disclosed in the annual accounts of the University resulting in understatement of closing balance to that extent.

4.5.4 The University has been maintaining a Pension Fund Account (No.0253820566) with SBI, Jorhat for payment of pension/family pension. The account remained in-operative for last few years. The balance of Rs.17.42 lakh as on 31st March 2007 lying in the Bank account was not disclosed in the annual accounts of the University for the year 2006-07 which resulted in understatement of closing balance to that extent.

4.5.5 Non exhibition/disclosure of investments of Rs.3656.38 lakh (as detailed in table below) made by the University in long term and short term deposits with SBI, Jorhat in the accounts resulted in understatement of closing balance to that extent.

Sl. No.	Fund Account	No. of Scripts	Amount of Investment (Rs. in lakh)
1.	AAU Foundation Fund STDR/TDR	15	121.17
2.	Revolving Fund (Seed Money) STDR/TDR	1	16.85
3.	Revolving Fund for HB Advances STDR/TDR	3	141.78
4.	Contributory Provident Fund (CPF) STDR/TDR	36	1234.79
5.	General Provident Fund (GPF) STDR/TDR	48	1775.38
6.	Group Insurance Scheme (GIS) STDR/TDR	19	366.41
Total:			3656.38

4.5.6 The closing balance of the University remained further overstated by Rs.601.40 lakh due to non-remittance/non-deposit of Rs.601.40 lakh 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.

5. General:

5.1 Despite pointing out the deficiency of non-disclosure of significant accounting policies on accounts in earlier Audit Reports, the same were not appended to the Annual Accounts for the year 2006-07. This indicated not only the 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 statements are prepared, is a must.

5.2 The annual accounts of the University for 2006-07 disclosed that the University had an income/receipts of Rs.195.39 lakh during the years. The DDO wise details of income/receipt, however, as used to be, was not disclosed in the Receipts and Payments accounts of the DDOs. The statement showing details of DDO wise and Scheme wise income, had not also been appended to annual accounts. Even the matter of discontinuance of furnishing details of receipts was not stated in the notes on accounts.

5.3 The annual accounts of the University for the year 2006-07 disclosed an unutilised/unspent accumulated balance of Rs.197.28 lakh under Central Sector Schemes (ICAR/GOI/NEC). The scheme wise details of the unutilised balances were neither exhibited in separate statements/annexures appended to the annual accounts nor any record was maintained to show the details. As such actual accumulated balance remained unchecked. Thus, the receipts and payments Account of the University did not give a true and fair view.

5.4 Mention was made in earlier Audit Reports about non-assessment of assets and liabilities and other obligations of the University. The deficiencies still persists (March 2007).

5.5 The cashbook, Ledger/Journal etc. are the basic documents to record all transactions relating to all receipts and payments of an office/organisation. The University had not maintained ledger. A cash book in the Budget Branch of the University found maintained w.e.f. 01 December 2004 to record all receipts of the University including Grants from State Government/ICAR/GOI etc. Payments shown in the cashbook included payments made to Out Station DDOs and advance payments of T.A. etc. The payments made to different Station DDOs under different schemes were not recorded in the said cashbook. The same were recorded in a cheque Issue Register maintained in the Bill Branch. Thus, the cashbook of the University was not acceptable since not maintained as per provisions of Financial Rules.

5.6 The University paid huge advances to the Professors, Chief Scientists, Scientists, firms, officers and staff for various purposes from the Comptroller's establishment as well as from the establishment of both Station and Out Station DDOs, which remained unadjusted for years together. Advance payment to a firm on Bank Guarantee remained unadjusted even after a considerable period.

5.7 The University invested a huge sum (Rs.3656.38 lakh) in short Term/Long Term Deposit under 6 different accounts the scripts of investments are kept in the safe

custody of the Bank (SBI, AAU Campus, Jorhat). The scripts, as required, were not physically verified and no certificate to that effect recorded in the Investment Register by the University.

5.8 The AAU Act, 1968 do not provide any clause relating to way of utilisation of internal receipts/income of the University. No policy was also framed for the said purpose. It is high time for modification/amendment of the Act as well as incorporation of such matters as found to be deemed fit. The MOU reiterated the same but no action has been taken as yet.

5.9 The University has been executing civil works under different scheme through contractors under the supervision of the Executive Engineer, DPP Jorhat and Khanapara. The system of furnishing Material Utilisation Statement alongwith Contractor's Bill are not in practice and in absence of which the actual quantities of materials brought to site and utilised *vis-a-vis* execution of works executed as per specification, could not be checked in audit.

5.10 The system of recovery of Forest Royalty (for utilisation of forest materials like wood/plank, sand, boulder/aggregate etc.) from the Contractor's bill remained absent. This caused loss to State Government.

5.11 There was a huge difference between Book Balance (Annual Accounts) and balance as per bank accounts. The University had not made any effort to reconcile and ascertain the causes of difference.

5.12 The MOU, entered into with the Government, disclosed that the University has huge excess Staff. The University had not carried out assessments of its requirement of manpower under teaching and non-teaching staff. The functional study as regards existing Grade-III & IV employees and Muster Roll workers, as required under Clause-5 of the MOU, had not been done.



Principal Accountant General (Audit)