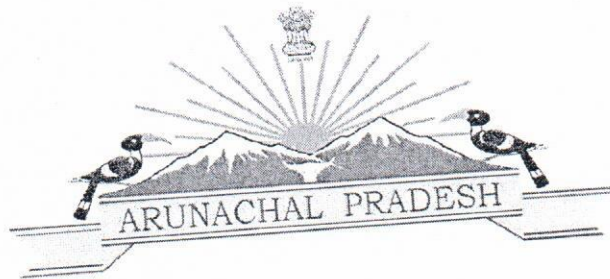




**SEPARATE AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

**ON THE ACCOUNTS OF THE
NORTH EASTERN REGIONAL INSTITUTE OF
SCIENCE AND TECHNOLOGY (NERIST)
NIRJULI
ARUNACHAL PRADESH**



**FOR THE YEAR ENDED
31 MARCH 2018**

**Separate Audit Report of the
Comptroller & Auditor General of India
on the accounts of the
North Eastern Regional Institute of Science &
Technology, Nirjuli for the year ended 31 March 2018**

We have audited the attached Balance Sheet of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli as at 31 March 2018 and the Income & Expenditure Account and the Receipt & Payment Account for the year ended on that date under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. These financial statements are the responsibility of NERIST's management and 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 (C&AG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety & 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 our audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test-check basis, evidences supporting the amounts and disclosures 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 except for verification of fixed assets for which connected records relating to handing over of assets were not produced;
- ii. The Balance Sheet and Income & Expenditure Account/Receipt & Payment Account dealt with by this report have been drawn up in the format approved by Ministry of Human Resource Development, Government of India vide order No. 29-4/2012-FD dated 17 April 2015.
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the NERIST, as required under Rule 33 of NERIST, in so far as it appears from our examination of such books.
- iv. We further report that:

A. Balance Sheet

Assets

1. Fixed Assets (Schedule 4) - ₹ 26.34 Crore.

The above includes ₹ 60.74 lakh being the depreciation not charged on the additions to the buildings valuing ₹ 5615.00 lakh made during the year resulting in overstatement of "Fixed Assets" and understatement of "Depreciation" and Deficit to the extent of ₹ 60.74 lakh.

2. Grant (Schedule 7) - ₹ 71.75 Crore.

The above includes grant amounting to ₹ 1982.71 lakh sanctioned during March 2018 but received during April 2018. It has resulted in understatement of "Grant Receivable" and overstatement of "Grant" to the extent of ₹ 1982.71 lakh.

B. Income and Expenditure Account

Income

1. Other Income (Schedule 10) – ₹ 78.84 lakh.

The above includes ₹ 1.91 lakh being the differential amount of rentals booked under Hire charges of auditorium/playground/convention centre. An amount of ₹ 6.65 lakh was booked towards Hire charges of auditorium/playground/convention centre (SBI rent) as against the actual amount of ₹ 4.74 lakh during the year 2017-18 which resulted in overstatement of "Other Income" and understatement of "Deficit" to the extent of ₹ 1.91 lakh.

E. Grant in Aid

Out of the total funds of ₹ 13006.19 lakh consisting of opening balance of (-) ₹ 345.30 lakh, Grant-receipt of ₹ 13001.61 lakh received during the year, other receipt of ₹ 349.88 lakh; the Institute could spend ₹ 12677.26 lakh leaving a balance of (-) ₹ 328.93 lakh as on 31st March 2018.


- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income & Expenditure Account/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 explanation given to us, the said financial statements read together with this Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:
 - a. In so far as it relates to the Balance Sheet, of the state of affairs of the NERIST as at 31 March 2018; and

- b. In so far as it relates to the Income & Expenditure Account of the deficit for the year ended on that date.

Place: Itanagar

Dated: 24th December 2018

For and on behalf of the C&AG of India


Principal Accountant General
Arunachal Pradesh

Annexure

1. Adequacy of Internal Audit and Internal Control Mechanism

The Institute did not have any Internal Audit Manual. The Institute has not maintained the ledger of individual fixed assets due to which depreciation charged on the fixed assets during the year could not be verified.

2. Adequacy of Physical Verification of Fixed Assets and Inventories

Physical verification of assets and inventories was not done during the period 2017-18.

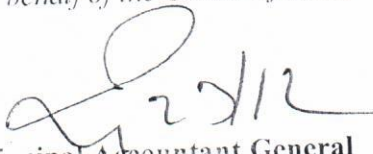
3. Regularity in Payment of Statutory Dues.

The Institute was regular in payment of Statutory Dues.

Place: Itanagar

Dated: 24th December 2018

For and on behalf of the C&AG of India


Principal Accountant General
Arunachal Pradesh

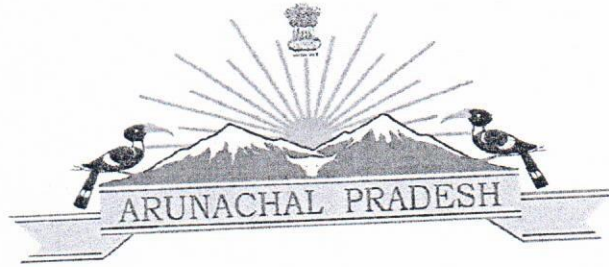


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**SEPARATE AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

**ON THE ACCOUNTS OF THE
NORTH EASTERN REGIONAL INSTITUTE
OF SCIENCE & TECHNOLOGY (NERIST),
NIRJULI
ARUNACHAL PRADESH**



**FOR THE YEAR ENDED
31 MARCH 2019**

**Separate Audit Report of the
Comptroller & Auditor General of India
on the accounts of the
North Eastern Regional Institute of Science & Technology, Nirjuli for the year
ended 31 March 2019**

We have audited the attached Balance Sheet of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli as at 31 March 2019 and the Income & Expenditure Account and the Receipt & Payment Account for the year ended on that date under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. These financial statements are the responsibility of NERIST's management and 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 (C&AG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety & 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 our audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test-check basis, evidences supporting the amounts and disclosures 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 except for verification of fixed assets for which connected records relating to handing over of assets were not produced;
- ii. The Balance Sheet and Income & Expenditure Account/Receipt & Payment Account dealt with by this report have been drawn up in the format approved

- by Ministry of Human Resource Development, Government of India vide order No. 29-4/2012-FD dated 17 April 2015.
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the NERIST, as required under Rule 33 of NERIST, in so far as it appears from our examination of such books.
- iv. We further report that:

A. Balance Sheet

Corpus/Capital Fund and Liabilities

1. Earmarked/Endowment Funds (Schedule 2) - ₹ 83.77 lakh.

The above does not include Earmarked Funds amounting to ₹ 17.08 crore. The Institute received ₹ 17.08 crore as Earmarked/Endowment Funds (specific grants) from the Ministry of Human Resource Development (MHRD), Government of India during 2018-19. However, it was disclosed under Corpus Fund instead of disclosing under Earmarked/Endowment Funds which resulted in overstatement of Corpus Fund and understatement of Earmarked/Endowment Funds by ₹ 17.08 crore.

2. Current Liabilities & Provisions (Schedule 3) - ₹ 727.50 lakh.

As per Schedule 10 of the MHRD Format of Accounts, unspent balance of grants appears under Current Liabilities in the Balance Sheet and will become the opening balance next year. The Institute does not include unspent grants amounting to ₹ 1717.69 lakh as on 31 March 2019 in Current Liabilities Provisions.

The unspent grants amounting to ₹ 1717.69 lakh was not disclosed due to non compilation of Schedule 10 as per MHRD Format of Accounts. As a result, Current Liabilities & Provisions was understated by ₹ 1717.69 lakh. Subsequently, capital fund was also overstated.

3. Current Liabilities & Provisions (Schedule 3) - ₹ 7.27 crore.

The above does not include closing balance of ₹ 5.99 crore against sponsored projects as on March 2019.

As per para 11 of the illustrative significant accounting policies of the Uniform Format of Accounts, the amount received from sponsors against the projects are credited to the head "Current Liabilities and Provisions – Receipt against ongoing

sponsored projects". As and when expenditure is incurred/advances are paid against such projects, or the concerned project account is debited with allocated overhead charges, the liability account is debited.

The Institute did not disclose the above sponsored projects fund in the accounts. Subsequently, the closing balance against the above projects amounting to ₹ 5.99 crore as on March 2019 could not be disclosed in the accounts which resulted in understatement of Current Liabilities and Current Assets by ₹ 5.99 crore.

B. Income and Expenditure Account

Income

1. Grants from MHRD (Schedule 7) - ₹ 9015.09 lakh.

The above include revenue expenditure amounting to ₹ 8155.78 lakh which was to be disclosed as income in the Income and Expenditure Account during the year.

As per Schedule 10 of the Uniform Format of Account, utilized for revenue expenditure appears as income in the Income and Expenditure Account.

The Institute utilized ₹ 8155.78 lakh on revenue expenditure which was to be disclosed as income in the Income and Expenditure Account. However, due to non compilation of accounts in the Uniform Format of Accounts, the Institute disclosed the total receipt of recurring grants of ₹ 9015.09 lakh as income in the Income and Expenditure Account, instead of disclosing ₹ 8155.78 lakh which resulted in overstatement of income by ₹ 859.31 lakh (₹ 9015.09 - ₹ 8155.78 lakh). Subsequently, excess of income over expenditure and corpus fund was overstated by ₹ 186.75 lakh.

D. General

1. Non compliance with Uniform Format of Accounts in compilation of Annual Accounts.

As per Schedule 23, Section 3 (3.2) of the MHRD Format of Financial Statement, gifted/donated assets should be valued at the declared value where available; if not available, the value should be estimated based on the present market value adjusted

with reference to the physical condition of the assets. They should be set-up by credit to Capital Fund and merged with the Fixed Assets of the Institutions. Audit observed that the Institute has 515.27 acres of donated land. However, the Institute is yet to ascertain the value of the donated land and neither was it disclosed in the accounts. Further, the classification of revenue and capital expenditure is to be disclosed as per MHRD Format of Accounts. However, it could not be made in the accounts.

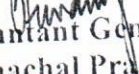
E. Grant in Aid

Out of total funds of ₹ 12030.46 lakh, which included Opening Balance of ₹ 858.06 lakh, Grants-in-Aid of ₹ 10723.09 lakh received during the year, other receipts of ₹ 449.31 lakh. The Institute could spend ₹ 9949.48 lakh leaving a balance of ₹ 2080.98 lakh as on 31 March 2019.

- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income & Expenditure Account/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 explanation given to us, the said financial statements read together with this Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India:
 - a. In so far as it relates to the Balance Sheet, of the state of affairs of the NERIST as at 31 March 2019; and
 - b. In so far as it relates to the Income & Expenditure Account of the deficit for the year ended on that date.

Place: Itanagar
Dated: 18 November 2019

For and on behalf of the C&AG of India


Accountant General
Arunachal Pradesh

Annexure

1. Adequacy of Internal Audit

The Institute has a Section Office for Internal Audit which checks the accounts and records of the Institute periodically.

2. Internal Control Mechanism

Internal Control Mechanism was adequate.

3. Adequacy of Physical Verification of Fixed Assets and Inventories

Physical verification of assets and inventories was not done during the period 2018-19.

4. Regularity in Payment of Statutory Dues

The Institute was regular in payment of Statutory Dues.

Place: Itanagar

Dated: 18 November 2019

For and on behalf of the C&AG of India

Chiv. Jais
18/11/2019
Sr. Dy. Accountant General (Audit)
Arunachal Pradesh



SEPARATE AUDIT REPORT

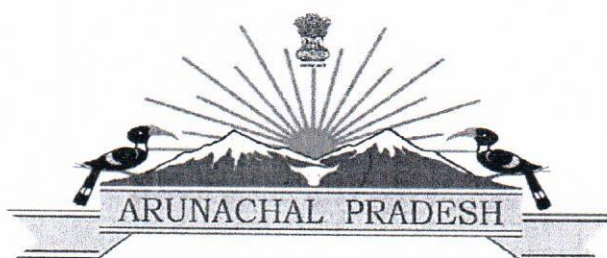
OF THE

**COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

ON ACCOUNTS OF THE

**NORTH EASTERN REGIONAL INSTITUTE
OF SCIENCE & TECHNOLOGY (NERIST),
NIRJULI**

ARUNACHAL PRADESH



FOR THE YEAR ENDED
31 MARCH 2020

**Separate Audit Report of the Comptroller & Auditor General of India
on Accounts of North Eastern Regional Institute of Science & Technology,
Nirjuli, for the year ended 31 March 2020**

We have audited the attached Balance Sheet of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli, as at 31st March 2020 and the Income & Expenditure Account/Receipt & Payment Account for the year ended on that date under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. Financial Statements are the responsibility of NERIST Management and our responsibility is to express an opinion on the Financial Statements, based on our Audit.

2. This Separate Audit Report contains comments of the Comptroller & Auditor General of India (C&AG) on the accounting treatment only with regard to classification, conformity with the best Accounting Practices, Accounting Standards, disclosure norms, etc. Audit Observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety & 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 our Audit to obtain reasonable assurance about whether the Financial Statements are free from material mis-statements. An Audit includes examining, on a test-check basis, evidences supporting the amounts and disclosures 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.

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, except for verification of Fixed Assets, for which connected records relating to handing over of assets were not produced;
- ii. The Balance Sheet and Income & Expenditure Account/Receipt & Payment Account dealt with by this Report have been drawn up in the format approved by the Ministry of Human Resources Development, Government of India, vide Order No: 29-4/2012-FD dated 17th April 2015.

- iii. In our opinion, proper Books of Accounts and other relevant records were maintained by the NERIST, as required under Rule 33 of NERIST, in so far as it appears from our examination of such books.
- iv. We further report that:

A. Balance Sheet

I. Application of Fund

Fixed Assets

Capital Work-in-Progress: ₹ 101.46 crore

The above includes completed works of ₹ 7.70 crore¹ (VIP Guest House). Audit observed that the Institute completed construction of the VIP Guest House at a cost of ₹ 7.84 crore on 30.12.2019. Out of total cost of ₹ 7.84 crore, the Institute transferred only ₹ 0.14 crore to *Fixed Assets* and the balance amount of ₹ 7.70 crore was disclosed under *Work-In-Progress* in the Accounts. As a result, *Work-In-Progress* was over-stated and *Fixed Assets* was under-stated by ₹ 7.70 crore.

B. General

As per Schedule 23, Section 3 (3.2) of the New Uniform Format of Financial Statement, gifted/donated assets should be valued at the declared value, where available. If not available, the value should be estimated, based on present market value, adjusted with reference to physical condition of the assets. They should be set up by credit to Capital Fund and merged with Fixed Assets of the Institution.

Audit observed that the Institute has 515.27 acres of donated land and is yet to ascertain the value of the donated land, which was not disclosed in the Accounts, resulting in under-statement of *Fixed Assets* and *Corpus Fund*. Thus, Audit could not establish the actual understated value of land due to non-availability of declared/ present market value of donated land. The same was also commented on and reflected in the Separate Audit Report of 2018-19. The Institute is yet to comply with CAG comments.

¹ Total Cost - ₹ 7.84 crore (-) Capitalized during the year - ₹ 0.14 crore = ₹ 7.70 crore

C. Grants-in-Aid

Out of the total fund of ₹ 16171.98 lakh, which included Opening Balance of ₹ 2080.98 lakh, *Grants-in-Aid* of ₹ 12384.00 lakh and *Other Receipts* of ₹ 1707.00 lakh, were received during the year. The Institute could spend ₹ 10857.35 lakh, leaving a balance of ₹ 5314.63 lakh as on March 2020.

D. Management Letter

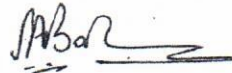
Deficiencies which have not been included in the Separate Audit Report have been brought to the notice of the Institute (NERIST) through a management letter issued separately for remedial/corrective action.

- v. Subject to our Observations in the preceding paragraphs, we report that the Balance Sheet and Income & Expenditure Account/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 explanations given to us, the said Financial Statements, read together with Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in the Annexure to this Audit Report, give a true and fair view in conformity with Accounting Principles generally accepted in India:
 - a. In so far as it relates to the Balance Sheet, of the state of affairs of NERIST as at 31st March 2020; and
 - b. In so far as it relates to the Income & Expenditure Account of the deficit for the year ended on that date.

Place: *Itanagar*

Dated: *18th December 2020*

for and on behalf of the C&AG of India



**Principal Accountant General
Arunachal Pradesh**

Annexure

1. Adequacy of Internal Audit

Internal Audit was yet to be conducted till Audit.

2. Internal Control Mechanism

Internal Control Mechanism of the Institute was adequate.

3. Adequacy of Physical Verification of Fixed Assets and Inventories

Physical verification of Fixed Assets and Inventories was not done during 2019-20.

4. Provision of Retirement Benefits

Provision for Retirement Benefits of the staff was made as per actuarial valuation.

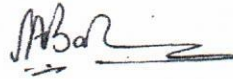
5. Regularity in Payment of Statutory Dues

The Institute was regular in payment of Statutory Dues.

Place: Itanagar

Dated: 18th December 2020

for and on behalf of the C&AG of India



**Principal Accountant General
Arunachal Pradesh**