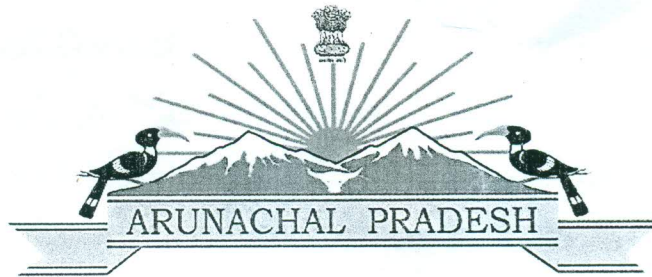




**SEPARATE AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

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



**FOR THE YEAR ENDED
31 MARCH 2016**

**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 2016**

We have audited the Balance Sheet of North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli for the year ended 31 March 2016, 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, read with Rule 5(a) (xv) and Rule 33 (v) of NERIST, framed under the Memorandum of Association of NERIST (Under Section 3 of the UGC Act, 1956). 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 their 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;
- 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 Resources 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) – ₹195.34 crore

The above does not include ₹ 0.45 crore being the cost of furniture and equipments purchased during 2015-16 out of the grant received from All India Council of Technical Education (AICTE), New Delhi and as the grant is demanded back by AICTE due to non-execution of the programme and resolved (31st May 2016) to be refunded in the Board Meeting, necessary accounting in respect of the assets purchased and liability made should have been created in the accounts. Non booking of the furniture and equipments purchased and non creation of equivalent liability has resulted in understatement of “Fixed Assets” and understatement of “Current Liabilities and Provisions” to the extent of ₹ 0.45 crore.

2. Current Assets, Loans, Advances etc. (Schedule- 6)- ₹43.34 Crore

The above does not include Plan and Non-Plan grants amounting to ₹ 49.58 crore under the head “Grant Receivable” received during April 2016 out of total grant amounting to ₹ 132.73 crore sanctioned for the year 2015-16. The non booking of the grant receivable amount under the head “Grant Receivable” and advance booking of total sanctioned amount of grant in the current years cash book resulted in understatement of “Grant Receivable” and overstatement of “Cash at Bank” in the Balance sheet to the extent of ₹ 49.58 crore.

Current Liabilities

1. Current Liabilities & Provisions (Schedule- 3)- ₹5.66 crore

The above does not include ₹ 0.68 crore being the amount spent on purchase of furniture and establishment expenses out of the grant received from AICTE and is resolved (31st May 2016) to be refunded out of the annual budgetary allocation of the institute. Non creation of liability on account of the decision to refund the amount resulted in understatement of "Current Liabilities & Provisions" and understatement of "Deficit" to the extent of ₹ 0.68 crore.

B. Income and Expenditure Account

Expenditure

1. Establishment Expenses (Schedule- 11)- ₹46.72 crore

This does not include ₹ 0.23 crore being spent on establishment expenditure during 2015-16 out of the grant received from AICTE. Non booking of the expenditure resulted in understatement of "Establishment expenses" and understatement of "Deficit" to the extent of ₹ 0.23 crore.

C. Receipt & Payment Account

1. Any Other receipt (schedule- 15)- ₹6.04 crore

The above does not include ₹ 0.13 crore collected by State Bank of India on behalf of the institute during 12.06.2015 to 31.03.2016 and credited into the accounts. These collections are reflected in the transaction statements of account of the institute but were not taken into the receipts side of "Receipt &

Payment” accounts which understated “Cash receipts” and “Cash at Bank” to the extent of ₹ 0.13 crore. Due to non-ascertainment of source and head of receipts, the comments on Income & Expenditure Accounts with regard to deficit/surplus could not be made in audit.

D. Significant Accounting Policies

1. The Nomenclature “**Accounting Policies**” indicating the policies adopted by the institute should be named as **Significant Accounting Policies**. So the nomenclature is deficient to this extent.
2. A reference is invited to Point No 4 of Accounting Policy and Notes where in it is stated that fixed assets have been depreciated adopting Straight Line Method on pro-rata basis at the rates applicable for educational institutes. However it is observed that depreciation on addition of fixed assets during the year is calculated for full month in case of installation of assets in the middle of the month. As per Accounting Standard, depreciation should be charged proportionately for the period of use of the assets. Due to non-availability of the date of addition of fixed assets during the year, the financial involvement could not be quantified. Hence the accounting policy is deficient to this extent.
3. The provision for retirement benefits was to be made as per actuarial valuation. The method of treatment/provision for retirement was not disclosed in Significant Accounting Policy.

E. Grant in Aid

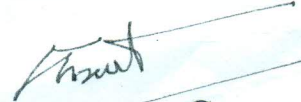
Out of the total funds of ₹ 157.36 crore consisting of opening balance of ₹ 15.61 crore, grants-in-aid of ₹ 132.73 crore received during the year, internal revenue generation of ₹ 9.02 crore; the Institute could spend ₹ 116.75 crore leaving a balance of ₹ 40.62 crore as on 31st March 2016.

- 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 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 2016; and
- b. In so far as it relates to the Income & Expenditure Account of the Institute for the year ended on that date.

Place: **Itanagar**

Dated: **31st October 2016**

For and on behalf of the C&AG of India


**Principal Accountant General
Arunachal Pradesh**

Annexure

1. Adequacy of Internal Control Mechanism

The Institute did not have any Internal Audit Manual. For Internal Audit purposes, the Institute appointed an assistant to work as an auditor who performed the task of pre-checking of bills only. No Internal Audit was conducted till date of Audit (July, 2016).

2. Adequacy of Physical Verification of Fixed Assets and Inventories

Adequate physical verification of assets and inventories has been conducted.

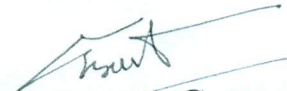
3. Regularity in Payment of Statutory Dues.

The Institute was regular in payment of Statutory Dues.

Place: **Itanagar**

Dated: **31st October 2016**

For and on behalf of the C&AG of India


**Principal Accountant General
Arunachal Pradesh**