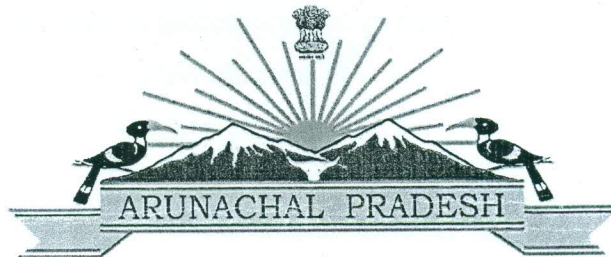




**SEPARATE AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

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



**FOR THE YEAR ENDED
31 MARCH 2017**

**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 2017**

We have audited the attached Balance Sheet of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli as at 31 March 2017 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;
- 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

Liabilities

1. Current Liabilities & Provisions (Schedule 3)- ₹ 468.14 lakh.

The above does not include an amount of ₹ 5.06 lakh being the amount of work executed by the suppliers in respect of EPBAX System up-gradation but not paid by the Institute till 31st March 2017.

This has resulted in understatement of sub head "Office Equipments" under "Fixed Assets" and understatement of "Current Liabilities" to the extent of ₹ 5.06 lakh.

B. Income and Expenditure Account

Income

1. Other Income (Schedule 10) – ₹ 66.15 lakh.

- a) The above does not include ₹ 0.74 lakh being the differential amount of rentals not booked under Hostel Room Rent/Guest House Rent. An amount of ₹ 25.94 lakh was booked towards Guest House seat rent as against the actual amount of ₹ 26.68 lakh during the year 2016-17. Non-booking of the differential amount of ₹ 0.74 lakh resulted in understatement of "Other Income" and overstatement of "Deficit" to the extent of ₹ 0.74 lakh.
- b) The above does not include ₹ 1.23 lakh being rentals receivable from State Bank of India for the year 2016-17. Non-accountal of rentals receivable from the bank resulted in understatement of "Other Income" as well as "Current Assets– Sundry Debtors" and overstatement of "Deficit" to the extent of ₹ 1.23 lakh.

2. Other Income (Schedule 10) – ₹ 66.15 lakh.

The above includes ₹ 5.91 lakh being the excess electricity charges booked from various consumers for the year 2016-17. As against the Electricity charges of ₹ 24.51 lakh receivable for the year, ₹ 30.41 lakh has been booked which resulted in

overstatement of "Electricity & Water Charges" and understatement of "Deficit" to the extent of ₹ 5.91 lakh for the year 2016-17.

Expenditure

3. Establishment Expenses (Schedule 11)- ₹ 4733.73 lakh.

The above includes an amount of ₹ 4.52 lakh being the excess amount of salary and wages booked under the head "Salary & Wages" as an amount of ₹ 3701.72 lakh has been booked against the actual amount of salary amounting to ₹ 3697.20 lakh for the year 2016-17. The excess booking has resulted in overstatement of "Establishment Expenses" and overstatement of "Deficit" to the extent of ₹ 4.52 lakh.

C. Receipt & Payment Account

1.Receipt

Other Receipts (Schedule 15) – ₹ 623.65 lakh.

The above does not include ₹ 24.25 lakh being the amount directly credited by the banks into the accounts of the Institute during 2016-17 but not accounted for in the Receipt & Payment Account.

Non-booking of the above receipts has resulted in understatement of "Other Receipts" and understatement of "Closing Bank Balance" to the extent of ₹ 24.25 lakh.

2.Payment

Other Payments (Schedule 19) – ₹ 482.83 lakh.

The above does not include ₹ 1.95 lakh being the amount directly paid by the banks from the accounts of the Institute during 2016-17 but not accounted for in the Receipt & Payment Account.

Non-booking of the above payment has resulted in understatement of "Other Payments" and overstatement of "Closing Bank Balance" to the extent of ₹1.95 lakh.

D. General

1. Contingent Liabilities and Notes to Accounts.

A court case was filed against the Institution by the employees with the Gauhati High Court for conversion of CPF scheme to GPF scheme which was pending for

decision. The amount required for implementing the proposed scheme along with the projected liabilities has not been worked out by the Institute and disclosed under the appropriate head as on 31st March 2017.

2. The Institute has neither made any provisions for retirement benefits nor disclosed any accounting policy for the same in the schedule of Significant Accounting Policies in contravention of the Accounting Standard 15 issued by Institute of Chartered Accountants of India

E. Grant in Aid

Out of the total funds of ₹ 8187.54 lakh consisting of opening balance of ₹ 3818.35 lakh, Grants-in-aid of ₹ 4087.50 lakh received during the year, other receipt of ₹ 281.69 lakh; the Institute could spend ₹ 8532.85 lakh leaving a balance of ₹ (-) 345.31 lakh as on 31st March 2017.

- 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 2017; 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: 9th October 2017

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. For Internal Audit purposes, the Institute assigned the work of pre-checking the bills to a superintendent during the audit period and Internal Audit is yet to be conducted till date of Audit (August 2017).

2. Adequacy of Physical Verification of Fixed Assets and Inventories

Physical verification of assets and inventories has not been conducted during the period 2016-17.

3. Regularity in Payment of Statutory Dues.

The Institute was regular in payment of Statutory Dues.


4. Provision of Retirement benefits.

The provision of retirement benefit was not made as per actuarial valuation.

Place: Itanagar

Dated: 9th October 2017

For and on behalf of the C&AG of India


Principal Accountant General
Arunachal Pradesh