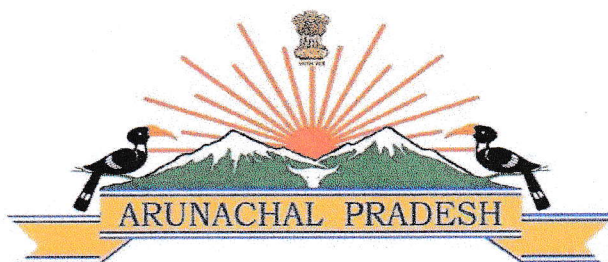




**SEPARATE AUDIT REPORT  
OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**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*

*Chv. Jip  
18/11/2019*

Sr. Dy. Accountant General (Audit)  
Arunachal Pradesh