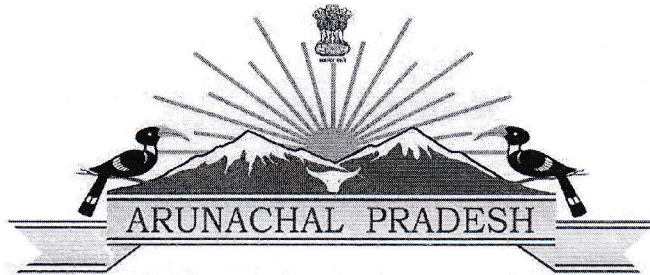




**SEPARATE AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

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



**FOR THE YEAR ENDED
31 MARCH 2021**

**Separate Audit Report of the
Comptroller & Auditor General of India
on the accounts of
North Eastern Regional Institute of Science & Technology, Nirjuli
for the year ended 31 March 2021**

We have audited the attached Balance Sheet of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli as at 31 March 2021 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

A. Sources of Funds

I. Current Liabilities (Sch. 3): ₹ 80.79 crore

The Institute disclosed internal revenue generation receipt of ₹ 4.09¹ crore in Schedule 10. However, there is no provision for disclosing internal revenue generation in Schedule 10. As a result, unutilized grants disclosed as ₹ 65.82 crore in Schedule 10 and which was taken in to

¹ ₹ 3.07 crore from Sch.9 + ₹ 0.59 crore from Sch.12 + ₹ 0.43 crore from Sch.13 = ₹ 4.09 crore

Schedule 3 was overstated by ₹ 4.09 crore and other liabilities was understated by ₹ 4.09 crore.

B. Application of Funds

I. Fixed Assets (Sch. 4): ₹ 188.02 crore

The above includes the value of three numbers of vehicles purchased in April 2021 and July 2021 amounting to ₹ 38.08 lakh.

The Institute disclosed the value of four numbers of vehicle as ₹ 59.56 lakh as additional purchased during the year. However, out of four numbers of vehicles, three numbers of vehicles valuing of ₹ 38.08 lakh was received in April 2021 and July 2021. As a result, fixed assets and corpus fund was overstated by ₹ 38.08 lakh. Subsequently, depreciation was overstated by ₹ 3.80 lakh and value of vehicles was over depreciated by ₹ 3.80 lakh, i.e., before vehicles were actually received. Further, deficit was also overstated by ₹ 3.80 lakh.

B. Income and Expenditure

A. Expenditure

I. Depreciation (Sch. 4): ₹ 7.53 crore

The Gross value of Lab and Scientific Equipment as on 1.4.2020 is ₹ 36.88 crore and the depreciation as at the beginning of the year is ₹ 34.30 crore. The rate of depreciation on Lab and Scientific Equipment is 8 *per cent*. Thus, the current year depreciation works out to ₹ 2.96 crore. However, the net value of the asset is ₹ 2.58 crore (₹ 36.88 crore - ₹ 34.30 crore). Thus, ₹ 2.58 crore depreciation is to be charged during current year. However, the Institute has not charged depreciation on opening balance but charged depreciation only on the equipment purchased during the year. This has resulted in understatement of

depreciation and expenditure by ₹ 2.58 crore and consequently, Corpus fund and Fixed Assets are overstated by ₹ 2.58 crore.

II. Prior Period Expenses (Sch. 22): Nil.

The above does not include ₹ 32.47 lakh against previous medical reimbursement bill paid during current year.

The Institute had paid ₹ 32.47 lakh against previous medical reimbursement bill during current year. However, this was disclosed under Schedule – 15 [Staff Payments & Benefits (Establishment Expenses)]. As a result, Prior Period Expenses was understated and Staff Payments & Benefits (Establishment Expenses) was overstated by ₹ 32.47 lakh.

C. General

The Institute has not made the provision of Retirement Benefits on actuarial basis which is in contravention of AS 15 as well as format of accounts approved by MHRD.

D. Grant in Aid

Out of total funds of ₹ 241.49 crore, which included Opening Balance of ₹ 53.15 crore, Grants-in-Aid of ₹ 172.53 crore received during the year, other receipts of ₹ 15.81 crore. The Institute could spend ₹ 158.92 crore leaving a balance of ₹ 82.57 crore as on 31 March 2021.

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 2021; 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: **10 November 2021**

For and on behalf of the C&AG of India

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**Principal Accountant General
Arunachal Pradesh**

Annexure

1. Adequacy of Internal Audit

Internal Audit is yet to be conducted

2. Internal Control Mechanism

Internal Control Mechanism was inadequate as there is no Internal Audit System

3. Adequacy of Physical Verification of Fixed Assets and Inventories

Physical verification of assets and inventories was not done.

Place: **Itanagar**

Dated: **10 November 2021**

For and on behalf of the C&AG of India

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21/11/21

**Principal Accountant General
Arunachal Pradesh**