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OFFICE OF THE ACCOUNTANT GENERAL
ARUNACHAL PRADESH, ITANAGAR

No. REP (AP)/NERIST/AR/2007-08/203

Dated 05.05.2009

To
The Secretary to the Government of India
Ministry of Human Resource Development,
(Department of Education),
New Delhi - 110001.

*Regd
For N.E.P.S
12/5/09*

Subject: - Separate Audit Report on the accounts of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli, for the year 2007-08.

Sir,

I am to forward herewith the Separate Audit Report on the accounts of the North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli, for the year 2007-08 along with a set of Annual Accounts of the University for the year 2007-08. The Hindi version of the Separate Audit Report will be prepared by the Institute.

2. The date(s) of placing of the Separate Audit Report sent herewith and Annual Accounts before both the Houses of Parliament may please be intimated in due course and ten copies of the Report may please be sent to this office for record.
3. The Separate Audit Report may please be treated as **Confidential** till it is placed before the Parliament.

Kindly acknowledge the receipt.

Yours faithfully,

Encl: As stated above.

Sd/-

Accountant General

SEPARATE AUDIT REPORT

**ON THE ACCOUNTS OF THE
NORTH EASTERN REGIONAL INSTITUTE OF
SCIENCE AND TECHNOLOGY, NIRJULI,
ARUNACHAL PRADESH**

FOR THE YEAR

2007-2008

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 2008.

We have audited the Balance Sheet of North Eastern Regional Institute of Science & Technology (NERIST), Nirjuli for the year ended 31 March 2008 and the Income and Expenditure Account/Receipt and Payment Account for the year ended on that date under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Rule 5(a) (xv) and Rule 33 (v) of NERIST framed under Memorandum of Association of NERIST (Under Section 3 of UGC Act 1956). The audit has been entrusted for the period upto 2011-12. These financial statements are the responsibility of the 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 and Auditor General of India (CAG) on the accounting treatment only with regard to their classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules and Regulations (Propriety and 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 misstatements. An audit includes examining, on a test 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 the 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 and Expenditure Account/Receipt and Payment Account dealt with by this report have been drawn up in the format approved by the Government of India, Ministry of Finance.
 - 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. Receipts and Payments Account:

Scrutiny of the CPF Account ledger maintained by the Institute revealed that the total receipt on interest on CPF Account during 2007-08 was Rs. 138.62 lakh, of which Rs.124.04 lakh was earned during the year and Rs.14.58 lakh was the interest for the previous year.

The amount was, however, not accounted for in the Accounts which led to the understatement of Rs.138.62 lakh under receipts in the Receipt and Payment Account and corresponding current year's income (Rs.124.04 lakh) and prior period income (Rs.14.58 lakh).

B. Accounting Policy:

Significant accounting policies and notes on accounts of the Institute were not attached to the Annual Accounts of the Institute for the year 2007-08 despite the suggestion given in the previous Audit Reports on the accounts of the Institute for the year 2004-05, 2005-06 and 2006-07.

C. Grants-in-aid:

Out of the grants-in-aid of Rs.22.50 crore received during the year, the organisation could utilize a sum of Rs. 20.37 crore leaving a balance of Rs. 2.13 crore as unutilized grants as on 31 March 2008.

D. Management letter:

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Institute through the Management letter issued separately for remedial / corrective action.

v. Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account/Receipt and 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.

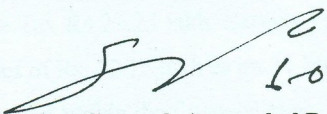
a. In so far as it relates to the Balance Sheet, of the state of affairs of the NERIST as at 31 March 2008, and

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

Place – Itanagar.

Date –

For and on behalf of the C & AG of India


1-05-08
Accountant General, Arunachal Pradesh

Annexure

1. Internal Control Mechanism:

The Institute did not have any Internal Audit Manual of its own and no periodical inspection of any of the branches/departments of the Institute was carried out by the Internal Auditor during the year 2007-08 as the Section Officer (Finance) of the Institute was confined to pre-audit only which falls within the routine work of the Institute.

Thus, evaluation of compliance to rules and regulation of the Institute was not done due to lack of proper control system in the Institute.

Mention was made in Separate Audit Report on the accounts of the Institute for the year 2005-06 and 2006-07 regarding lack of internal control mechanism but the same was not geared up in the current year also.

2. System of physical verification of fixed asset and inventories:

The physical verification of fixed assets and inventories is being done annually by constituting a Committee.

Though the Committee conducted physical verification during December 2007 and July 2008 for the year 2006-07 and 2007-08 respectively, for examining and recommending the condemnation of damaged/unserviceable materials lying with various departments of the Institute, the Physical Verification Report of both these years had not yet been submitted by the Committee as of November-2008. In absence of these reports, the extent of overstatement in the assets, if any, could not be pointed out in audit.

3. Regularity in payment of statutory dues:

As against total payable statutory dues of Rs. 49.14 lakh (Income Tax Rs 35.40 lakh, Service Tax Rs 0.27 lakh, Vat/Octroi Rs 13.47 lakh) pertaining to the year 2007-08 the management could clear the dues of Rs. 36.99 lakh (Income Tax Rs 23.25 lakh, Service Tax Rs 0.27 lakh, Vat/Octroi Rs 13.47 lakh) leaving a balance dues of Rs. 12.15 lakh as on 31 March 2008. Thus, the Management failed to clear up the statutory dues within the financial year.

For and on behalf of the C & AG of India


**Accountant General,
Arunachal Pradesh.**