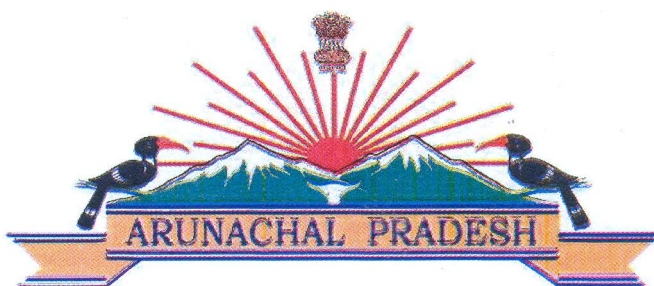




SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

**ON THE ACCOUNTS OF THE
RAJIV GANDHI UNIVERSITY (RGU)
RONO HILLS, DOIMUKH
ARUNACHAL PRADESH**



**FOR THE YEAR ENDED
31 MARCH 2015**

**Separate Audit Report of the Comptroller and Auditor
General of India on Accounts of Rajiv Gandhi
University, Rono Hills, Doimukh, Arunachal Pradesh,
for the year ended 31st March 2015**

We have audited the Balance Sheet of Rajiv Gandhi University, Rono Hills, Doimukh, Arunachal Pradesh, as at 31st March 2015, and the Income & Expenditure Account/Receipt & Payment Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, read with Section 34(1) of the Rajiv Gandhi University Act, 2006. These financial statements are the responsibility of the Rajiv Gandhi University's management. 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 the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. 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 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 the Ministry of Human Resource Development, Government of India.
- iii. In our opinion, proper books of accounts and other relevant records except Receipt & Payment Account have been maintained by the Rajiv Gandhi University, as required under Section 33 of the Rajiv Gandhi University Act, 2006, in so far as it appears from our examination of such books.
- iv. We further report that:

A. Balance Sheet

Application of Funds

- (i) **Fixed Assets-Tangible Assets (Schedule 7) - ₹ 7004.24 lakh.**

The above included an amount of ₹ 25.34 lakh shown under "Tangible Assets- Other fixed assets" which have accumulated over the years. Audit noticed that the University did not maintain Assets Register. Further, records

and ledgers could not be produced in support of “Other fixed Assets” and thus existence of the assets could not be ascertained.

(ii) Current Assets (Schedule 9) – ₹ 7205.25 lakh.

The above did not include ₹ 176.76 lakh towards closing stock of cement and steel lying in the store. Instead, the amount was shown in “Fixed Assets – Capital Work – in – Progress.” Thus, wrong classification of closing stock in work – in – progress resulted in overstatement of “Fixed Assets – Work – in – Progress” and understatement of “Current Assets – Stock” by ₹ 176.76 lakh. Further, audit observed that no physical verification of closing stock of cement and steel was conducted during 2014-15. In absence of physical verification the correctness of quantity available could not be ascertained in audit.

B. Accounting Policy

(i) As per the University’s Accounting Policy for Retirement Benefits, pension, gratuity and leave encashment are accounted for on cash basis as the University pension liability, like that of the Government, is not funded but follows the “Pay as you go” system, meeting the annual expenditure out of the annual revenue budget. However, Audit noticed that the University has been creating provisions for Gratuity, Pension and Accountable Leave Encashment at the rate of 10 *per cent*, which is added to the previous year’s provision without following Actuarial Valuation. In the absence of Actuarial valuation of Retirement Benefits, Audit could not ascertain the excess/shortage of provisions made towards Gratuity,

Pension and leave encashment by the University. Thus, there is a need to ascertain the extent of actual provisions required from the subject experts.

C. General

Net impact due to revision of accounts resulted in the increase of assets by ₹ 321.55 lakh and decrease of loss/deficit by ₹ 21.71 lakh.

D. Grants-in-Aid

Out of total available funds of ₹ 15,393.60 lakh, which included an opening balance of ₹ 8700.46 lakh, Grants-in-Aid of ₹ 4254.42 lakh received during the year and other receipts of ₹ 2438.72 lakh, the management could utilize a sum of ₹ 8188.34 lakh, leaving an unutilized balance of ₹ 7205.26 lakh.

- v. Subject to our observation 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 explanations given to us, the said financial statements and subject to the significant matters stated above and other matters mentioned in the 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 Rajiv Gandhi University as at 31 March 2015, and
- b. In so far as it relates to Income & Expenditure Account of the deficit for the year ended on that date.

Place: **Itanagar**

Dated: **14th December 2015**

for and on behalf of the C&AG of India


**Accountant General
Arunachal Pradesh**

Annexure

1. Adequacy of Internal Audit System

A system of Internal Audit has not yet been initiated in the University. Hence, Internal Audit System needs to be strengthened.

2. Adequacy of Internal Control System

The University had no separate Internal Audit Wing. However, internal audit matters in the Finance Branch was being looked after by one Section Officer and two Assistants, who scrutinised files and bills with relevant records for making payment. Hence, Internal Control System needs to be strengthened.

3. System of Physical Verification of Fixed Assets and Inventory

Physical verification of Fixed Assets and Inventory was not done for the year. Hence, system of verification of Fixed Assets and Inventory is weak and needs to be strengthened.

4. Payment of Statutory Dues

The University was regular in payment of Statutory Dues.


Accountant General
Arunachal Pradesh