

**REPLIES OF MANAGE TO SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF NATIONAL INSTITUTE OF AGRICULTURAL EXTENSION MANAGEMENT (MANAGE), HYDERABAD FOR THE YEAR ENDED 31 MARCH 2015.**

Sl.No.	Audit comments	Replies furnished
1	<p>We have audited the attached Balance Sheet of National Institute of Agricultural Extension Management (MANAGE), Hyderabad, as at 31<sup>st</sup> March 2015, the Income &amp; Expenditure Account and Receipts &amp; Payment Account for the year ended on that date under Section 20(1) of the Comptroller &amp; Auditor General's (Duties, Powers &amp; Conditions of Service) Act, 1971. The audit has been entrusted for the period upto 2017-18. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.</p>	<p>No reply is necessary</p>
2	<p>This separate Audit Report contains the comments of the Comptroller &amp; Auditor General of India (CAG) on the accounting treatment only with regard to 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 &amp; Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any are reported through Inspection Reports / CAG's Audit Reports separately.</p>	<p>No reply is necessary</p>

3	<p>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 misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure 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.</p>	No reply is necessary
4	<p>Based on our audit, we report that:</p>	No reply is necessary
i	<p>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;</p>	No reply is necessary
ii	<p>The Balance Sheet, Income &amp; Expenditure Account and Receipt &amp; Payment Account dealt with by this report have been drawn up in the format approved by Ministry of Finance, Government of India.</p>	No reply is necessary
iii	<p>In our opinion, proper books of accounts and other relevant records have been maintained by the MANAGE as required under Section 19 (a) of the Financial Bye-Laws of MANAGE.</p>	No reply is necessary
iv	<p>We further report that;</p>	

**A Consolidated Balance Sheet**

**A.1 Assets**

**A.1.1 Fixed Assets : Rs. 8.82 crore (Schedule-8)**

**A.1.1.1**

This includes unspent deposit amount of Rs. 37,22,781/- with CPWD for the ongoing works & works treated as completed, which was incorrectly classified as Capital-Works-in-Progress under Fixed Assets, instead of as 'Advance with CPWD for Deposit Works' under Current Assets, Loans and Advances etc. This resulted in understatement of Current Assets, Loans and Advances etc. and overstatement of Fixed Assets by Rs. 37.23 lakh.

It is submitted that the deposits with CPWD have been consistently showing under the head "Civil works in progress (CPWD)" under Fixed Assets in the balance sheet till completion of the entire work. The suggestion of the audit is noted and the same will be corrected in the annual accounts for the financial year 2015-16.

**B**

**General**

1

Despite previous Audit comment, no provision was made for the liquidated damages of Rs. 1.45 lakh, which was accounted as Suspense Contractors since 1997-98 and as 'Claims Receivable' under Current Assets, Loans and Advances etc. This has resulted in overstatement of Current Assets, Loans & Advances etc. and understatement of expenditure by Rs. 1.45 lakh.

The amount of Rs. 1,44,768/- under Suspense Contractors head has been appearing in the annual accounts in the past 18 years. The amounts represent the liquidated damages due for recovery from three agencies. The suggestion of the audit is noted and the provision will be made in the annual accounts for the financial year 2015-16.

2	<p>Despite previous Audit comment, the Institute persisted with the accounting of all retirement benefits on cash basis, which was in contravention of the Uniform Format of Accounts prescribed by Government of India, Ministry of Finance, and Accounting Standard-15, issued by Institute of Chartered Accountants of India, which states that all retirement benefits should be accounted for on accrual basis based on actuarial valuation.</p>	<p>MANAGE recognizes all retirement benefits on cash basis consistently and the same was indicated at Para 2.8 in the Schedule – 25 appended to the annual accounts. The suggestion of the audit is noted and the same will be adopted from the financial year 2015-16 onwards.</p>
3	<p>The Institute credited the amounts received as fees from sponsoring agencies in respect of (i) Consultancy Research Projects/Research Studies (ii) Consultancy Training Programmes, Seminars &amp; Workshops in its MANAGE account, instead of into a separate account called the "Consultancy Account", as mandated in Para 15, sub-clause (b) of Financial Bye-Laws of the Institute and also did not exhibit the transactions pertaining to Sponsored Training &amp; Consultancy Programmes distinctly in the annual accounts as an Earmarked Fund. This resulted in non-depiction of true and fair view of transactions in respect of Sponsored &amp; Consultancy Programmes.</p>	<p>A separate schedule pertaining to the Sponsored &amp; Consultancy Training Programmes will be appended to the annual accounts of MANAGE from the financial year 2015-16 onwards.</p>
<b>C</b>	<p><b>Grants-in-aid</b></p> <p>Out of grants-in-aid of Rs. 10.75 crore received during the year (Rs. 1.65 crore received in March 2015) together with previous year certified unutilized balance of Rs. 4.19 crore, totaling Rs. 14.94 crore, the Institute utilized a sum of Rs. 10.06 crore, leaving a balance of Rs. 4.88 crore unutilized as on 31<sup>st</sup> March 2015. Further, out of the total grants-in-aid of Rs. 19.41 crore received during the year in respect of AC&amp;ABC and PGDAEM (Rs. 3.41 crore received in March 2015), together with total previous year certified unutilized balance</p>	<p>Out of grants-in-aid of Rs. 10.75 crore received during the year together with opening balance of (-) Rs. 0.6256 crore, the institute utilized Rs. 10.0644 crore for MANAGE.</p> <p>Out of grants-in-aid of Rs. 19.00</p>

<p>of Rs. 2.29 crore, totaling Rs. 21.7 crore, a sum of Rs. 18.37 crore was utilized, leaving a balance of Rs. 3.33 crore unutilized as on 31<sup>st</sup> March 2015.</p>	<p>crore received during the year together with opening balance of (-) Rs. 0.2857 crore, the institute utilized Rs. 16.5713 crore for AC&amp;ABC.</p> <p>Out of grants-in-aid of Rs. 0.4074 crore received during the year together with opening balance of Rs. 2.5721 crore, the institute utilized Rs. 1.7914 crore for PGDAEM.</p>
<p><b>D</b></p> <p><b>Management Letter</b></p> <p>Deficiencies which have not been included in the Separate Audit Report have been brought to the notice of the Director General, National Institute of Agricultural Extension Management (MANAGE), Hyderabad, through a Management letter issued separately for remedial/corrective action.</p>	<p>The deficiencies pointed out in the management letter are in the nature of internal control mechanism and exhibition of the items pointed out therein the subsequent year's accounts. These instructions have been taken note of for implementation in the annual accounts for the next year.</p>
<p>(v)</p> <p>Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income &amp; Expenditure Account and Receipt &amp; Payment Account dealt with by this report are in agreement with the books of accounts.</p>	<p>No reply is necessary</p>

<p>(vi)</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the 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 :</p>	<p>No reply is necessary</p>
<p>a. In so far as it relates to the Balance Sheet, of the state of affairs of National Institute of Agricultural Extension Management (MANAGE), Hyderabad, as at 31 March 2015, and</p>	<p>No reply is necessary</p>
<p>b. In so far as it relates to Income &amp; Expenditure Account of the Surplus for the year ended on that date.</p>	<p>No reply is necessary</p>

**ANNEXURE TO SEPARATE AUDIT REPORT**

Sl.No.	Audit comments	Replies furnished
1	<p><b>Adequacy of Internal Audit System :</b></p> <p>The assignment of Internal audit was entrusted to a Chartered Accountants firm, which completed the audit for the year 2014-15 and submitted Quarterly Reports to the Management {fourth quarter report (January 2015 to March 2015) submitted in June 2015} However, fourth quarter report and action taken thereon by the Institute was not furnished to Audit. The system of internal audit was found to be adequate in audit.</p>	<p>Facts are confirmed.</p>
2.	<p><b>Adequacy of Internal Control System :</b></p> <p>Internal controls were adequate in areas seen in audit.</p>	<p>Facts are confirmed.</p>
3.	<p><b>System of Physical verification of Fixed Assets :</b></p> <p>Physical verification of fixed assets was completed for the year 2014-15 and no discrepancies were noticed in audit.</p>	<p>Facts are confirmed.</p>
4.	<p><b>System of Physical verification of Inventory :</b></p> <p>Physical verification of inventory was completed for the year 2014-15 and no discrepancies were noticed in audit.</p>	<p>Facts are confirmed.</p>
5.	<p><b>Regularity in payment of statutory dues :</b></p> <p>Statutory dues were paid regularly.</p>	<p>Facts are confirmed.</p>

  
 ASSISTANT ACCOUNTS OFFICER  
 19/08/2015

  
 DIRECTOR GENERAL  
 20/8/2015