



सत्यमेव जयते

कार्यालय महानिदेशक लेखापरीक्षा (केन्द्रीय व्यय)
Office of the Director General of Audit, (Central Expenditure)
इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110 002
Indraprastha Estate, New Delhi-110002

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दू.ले.प./4-20/पू.ले.प.प्र./SAU/2016-18/ 364

दिनांक: 25-07-2018

सेवा में,

विदेश सचिव, भारत सरकार,
विदेश मंत्रालय, साउथ ब्लॉक,
नई दिल्ली- 110 001

विषय: वर्ष 2017 के साउथ एशिया विश्वविद्यालय के लेखाओं पर लेखापरीक्षा प्रतिवेदन ।

महोदय,

मैं, साउथ एशिया विश्वविद्यालय, के वर्ष 2017 के प्रमाणित वार्षिक लेखे की प्रति, उसके प्रतिवेदन तथा लेखापरीक्षा प्रमाण-पत्र सहित की प्रति संसद के पटल पर रखने के लिए संलग्न करता हूँ ।

संसद को प्रस्तुत कर दस्तावेज कि दो प्रतियाँ उस तिथि को दर्शाते हुए, जब वे संसद को प्रस्तुत किए गए थे, इस कार्यालय को तथा भारत के नियंत्रक-महालेखापरीक्षक का कार्यालय को भेजी जाए ।

कृपया यह सुनिश्चित करें कि 2017 के लेखापरीक्षा प्रतिवेदन एवं लेखापरीक्षा प्रमाण-पत्र को संसद के पटल पर रखने से पहले सभी पूर्व वर्षों के लेखापरीक्षा प्रतिवेदन प्रस्तुत किये जा चुके हों ।

लेखापरीक्षा प्रतिवेदन का हिन्दी अनुवाद एवं इसे जारी करने से संबन्धित सभी कार्यों को आपके निकाय द्वारा किया जाना अपेक्षित है । पृथक लेखापरीक्षा प्रतिवेदन का हिन्दी अनुवाद जारी करते समय निम्नलिखित अस्वीकरण (disclaimer) अंकित करें ।

“प्रस्तुत प्रतिवेदन मूल रूप से अंग्रेज़ी में लिखित पृथक लेखापरीक्षा प्रतिवेदन का हिन्दी अनुवाद है । यदि इसमें कोई विसंगति परिलक्षित होती है तो अंग्रेज़ी में लिखित प्रतिवेदन मान्य होगा ।”

अनुलग्नक : यथोपरि ।

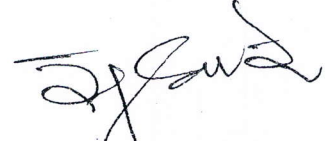
भवदीया,

—हस्ता—

महानिदेशक लेखापरीक्षा (केन्द्रीय व्यय)

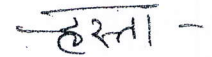
प्रति, प्रमाणित वार्षिक लेखे कि प्रति, उसके पृथक लेखापरीक्षा प्रतिवेदन तथा लेखापरीक्षा प्रमाण-पत्र सहित डॉ. कविता ए. शर्मा, प्रेसिडेंट, साउथ एशिया विश्वविद्यालय, अकबर भवन, चाणक्यपुरी, नई दिल्ली को आवश्यक कार्रवाई हेतु अग्रेषित की जाती है। प्रमाणित वार्षिक लेखे की हिन्दी की एक प्रति शीघ्र इस कार्यालय को भेजी जाए।

संसद को प्रस्तुत कर दस्तावेज कि दो प्रतियाँ उस तिथि को दर्शाते हुए, जब वे संसद को प्रस्तुत किए गए थे, इस कार्यालय को तथा भारत के नियंत्रक-महालेखापरीक्षक का कार्यालय को भेजी जाए।


उप-निदेशक (दूतावास)

प्रति, प्रमाणित वार्षिक लेखे कि प्रति, उसके लेखापरीक्षा प्रतिवेदन तथा लेखापरीक्षा प्रमाण-पत्र सहित श्री एस. आर. पटनायक, अवर सचिव, सार्क, विदेश मंत्रालय, जवाहरलाल नेहरू भवन, नई दिल्ली को आवश्यक कार्रवाई हेतु अग्रेषित की जाती है। प्रमाणित वार्षिक लेखे की हिन्दी की एक प्रति शीघ्र इस कार्यालय को भेजी जाए।

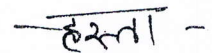
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उप-निदेशक (दूतावास)

प्रति, प्रमाणित वार्षिक लेखे कि प्रति, उसके लेखापरीक्षा प्रतिवेदन तथा लेखापरीक्षा प्रमाण-पत्र सहित वरिष्ठ प्रशासन अधिकारी (स्वा. नि.), भारत के नियंत्रक-महालेखापरीक्षक का कार्यालय, 9, दीन दयाल उपाध्याय मार्ग, नई दिल्ली को आवश्यक कार्रवाई हेतु अग्रेषित की जाती है।

यह पत्र महानिदेशक लेखापरीक्षा (केंद्रीय व्यय) के अनुमोदन से जारी किया जा रहा है।



उप-निदेशक (दूतावास)

Separate Audit Report of the Comptroller & Auditor General of India on the Capital Contribution Accounts of South Asian University for the year ended 31 December 2017

We have audited the attached Balance Sheet of Capital contribution of South Asian University (SAU) as at 31 December 2017, Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 20(1) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. The audit has been entrusted for the period up to 2020. These financial statements are the responsibility of the management of the SAU. 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 (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 & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc, if any, are reported through Inspection Report/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 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.

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, Income & Expenditure Account and Receipts & Payments Account dealt with by this report have been drawn up in the format prescribed 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 South Asian University except as pointed out in this report in so far as it appears from our examination of such books.

iv) We further report that:

A. Balance sheet

A.1 Capital fund

During the year 2017, the University had transferred bank interest of Rs. 172.22 lakh and penalty of Rs. 1.88 lakh received on capital funds account to Corpus Fund (Operational account) instead of adding it to capital contribution fund. This resulted in understatement of capital fund by Rs. 174.10 lakh and overstatement of corpus fund (operational) by the same amount.

A.2 Fixed Assets-capital work in progress (Electricity)

In the Balance Sheet under schedule-1 of fixed assets, opening capital work in progress – Electricity had been shown as Rs. 10.02 crore which included payment of Rs. 10 crore made to BSES Power Ltd. in November 2016 for installation of substation and permanent connection of electricity at Maidan Garhi Campus. The entire payment of Rs. 10 crore was treated as expenditure and shown as capital work in progress instead of depicting it as advance in the accounts. Audit observed that only Rs. 2.76 crore had been actually spent against the advance by BSES Ltd. till September 2017 as per the utilisation report. Thus advance to the extent of work done i.e. Rs. 2.76 crore should be depicted as capital work in progress (CWIP) and remaining should be depicted as advance. This resulted in understatement of advance and overstatement of Capital work in progress in the accounts by Rs. 7.24crore.

A.3 Fixed Assets-capital work in progress (Local Bodies)

In the Balance sheet under schedule-1 of fixed assets, capital work in progress – Local bodies had been shown as Rs. 14.15 crore which included payment of Rs. 5.88 crore made during the year to Forest Department for permission to cutting of trees. The above payment was however, in the nature of advance towards security for creation and maintenance of compensatory plantation for a period of five years as per the notification dated 28 April 2016 issued by the Forest and wild life Department. Thus payment of Rs. 5.88 crore should have been booked as advance instead of capital work in progress (CWIP). This resulted in understatement of advance by Rs.5.88 crore and overstatement of CWIP by same amount.

B. General

B.1 Fixed assets and other stock and store register were not provided to Audit. Physical verification report of the fixed assets and other stock & store items was also not provided to Audit. In the absence of above, it could not be ensure in Audit that assets acquired during the year actually received by the University and existed as on the date of balance sheet.

B.2 Earnest money deposit (EMD)

In the Balance Sheet under the head current liabilities EMD of Rs. 0.30 lakh had been shown as payable as on December 2017. Audit noticed that EMD received from M/s Fast Kitchen Equipment had been forfeited by the University in 2016 but not taken as income in the capital account for that year. This resulted in overstatement of current liabilities for 2017 and under statement of income of Rs. 0.30 lakh.

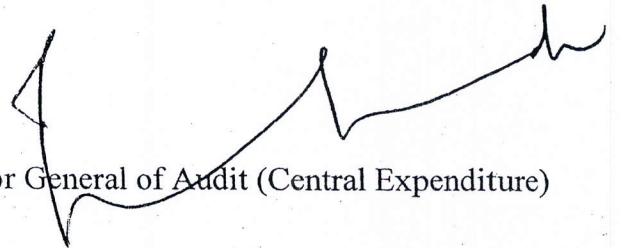
C. Grants-in-aid/Contribution

The opening balance of contribution receivable was Rs. 16.98 crore. The University received total contribution of Rs. 313.06 crore during 2017 from Government of India, Ministry of

External Affairs. Other receipts were Rs.5.31 crore as per the accounts. It utilized Rs. 221.57 crore during the year and Rs.79.82 crore were available as unutilised contribution.

- v) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure 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 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:
- a. In so far as it relates to the Balance Sheet, of the state of affairs of Capital Contribution Account of the South Asian University as at 31st December 2017; and
- b. In so far as it relates to Income and Expenditure Account for the year ended on that date.

For and on behalf of the C&AG of India



Director General of Audit (Central Expenditure)

Place: New Delhi

Date: 25.07.2018

Annexure

1. Internal control system

Internal control system was not found adequate as indicated below :

(i) Financial control management system in respect of performance Bank Guarantee (PBG) is inadequate to the extent that separate register of PBG for operational and capital had not been maintained due to which value of PBG as on the date of balance sheet could not be ascertained from the records. In the register, validity period of security and period of contract was not mentioned to ensure that PBG did not expire till completion of contract.

(ii) Accounting control system is inadequate to the extent that entries are being made by several people without security control to identify and determine different user's responsibility. In some cases adjustment entries were made during the year. The vouchers no. mentioned against the journal entries at the time of transaction does not tally with voucher no. mentioned in the final ledgers provided to Audit. Some entries were not supported with vouchers. Narration made under the journal entries were not proper and does not depict the correct transaction in some cases test checked.

2. Adequacy of internal audit system

There is no internal audit wing in the University. The internal audit of the University for the Year 2017 (upto September 2017) has been conducted by a chartered accountant.

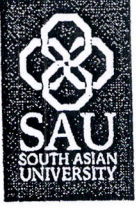
3. System of physical verification of fixed assets

Although physical verification of fixed assets said to be done, the physical verification report was not provided to Audit.

4. Regularity in payment of statutory dues

No statutory dues were outstanding for more than six months from the date they became payable.

Sr. Audit Officer (EA)



SOUTH ASIAN UNIVERSITY

Akbar Bhawan, Chanakyapuri, New Delhi – 110 021

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No. SAU/5/116/2016 [47]

Dated: 9th August, 2018

To,

The Sr. Audit Officer (EA)
Office of the Director General of Audit
Central Expenditures, A.G.C.R Building
I.P. Estate, New Delhi-110002

Subject: Separate Audit Report of the Comptroller & Auditor General of India on the Capital Contribution Accounts of South Asian University for the Years ended on 31 December, 2016 & 2017.

Reference to your letter No. दू.ले.प/4-19/पृ.ले.प.प्र/SAU/2016-18/300 & 304 dated 25-07-2018 on the above mentioned subject.

Please find enclosed South Asian University's response to the Audit observations raised in the subject Separate Audit Report, for your due consideration.

(Keshav Datt)
Deputy Director (Finance)

Enclosure: As above

Copy to:

- 1) Mr. S.R.Patnaik, Under Secretary (SAARC), Ministry of External Affairs, A-1056, Jawaharlal Nehru Bhavan, Maulana Azad Road, New Delhi 110 011.

Separate Audit Report-2017

The annotated replies to the Separate Audit Report for the year 2017 on the Capital Accounts of the University are as under:-

A. Balance sheet

A.1 Capital fund

Transfer of funds relating to interest earned from Capital Fund to Corpus Fund (Operational Account) was in accordance with the rules approved by the Governing Board of the University. Hence, it can't be deemed to be irregular.

In view of the above facts on record and also the approval of Corpus Fund Rules by the Governing Board, the matter needs reconsideration, the para may be dropped.

A.2 Fixed Assets-capital work in progress (Electricity)

A reference is made to the Report on Implementation of Accounting Standards in Educational Institutions of Department of Higher Education, Ministry of Human Resource Development, the pages 42 & 43 of which clearly mentioning that capital advance is to be included in the capital work in progress (photocopy of the referred pages are enclosed).

The above accounting treatments are duly in line with the Generally Accepted Accounting Principles (GAAP) applicable to the Educational Institutions referred above.

A.3 Fixed Assets-capital work in progress (Local Bodies)

A reference is made to the Report on Implementation of Accounting Standards in Educational Institutions of Department of Higher Education, Ministry of Human Resource Development, the pages 42 & 43 of which clearly mentioning that capital advance is to be included in the capital work in progress (photocopy of the referred pages are enclosed).

The above accounting treatments are duly in line with the Generally Accepted Accounting Principles (GAAP) applicable to the Educational Institutions referred above.

B. General

B.1 The physical verification report was received at the time of audit going on at SAU. But the reconciliation with asset registers was under progress and still going on. Under the circumstances may furnish the records in the next audit.

B.2 Earnest money deposit (EMD)

Since, we have initiated the process for forfeiting the EMD but still he can claim the same upto three years. In that scenario we may not unilaterally treat the same as forfeited. Hence, it is being depicted as EMD. Further, it is brought to your notice that it is not credited to the operational account but, transfer to the capital account by debiting the operational account and crediting the EMD- Fast Kitchen Equipments (FKE) vide voucher no. 72 dated 21st October, 2016. In view, of this para needs to be dropped.

C. Grants- in aid/ Contribution

As per financial statements submitted to audit.

Annexure – I

1. Internal Control System

(i) The PBG records are duly maintained in the respective departments. However, separate records for capital and operational were not kept in view the fact that the audit was conducted as a single unit by the Statutory Auditor, but for facilitating the CAG Auditors, we may now have separate records but this does not itself result into inadequate internal control system. Thus, comments may be dropped.

(ii) Since, the accounts are maintained in the tally software and vouchers are depicting correct numbers in the tally and the printed vouchers modified accordingly. The control is adequate and commensurate with the scale of activities and with the staff strength of 5 people in Finance, at present.

2. Adequacy of internal audit system

South Asian University is currently a small organization. Maintaining a permanent Internal Audit wing could be a very expensive. There are many established organizations which do not have an internal audit wing and it is carried out by certified chartered accountants. Therefore, we have been getting it done through a qualified Chartered Accountant Firm. This may not be construed as a deficiency in our system.

3. System of physical verification of fixed assets

The physical verification report was received at the time of audit going on at SAU. But the reconciliation with asset registers was under progress and still going on. Under the circumstances may furnish the records in the next audit.

4. Regularity in payment of statutory dues

No comments.

Report on Implementation of Accounting
Standards in Educational Institutions of
Department of Higher Education,
Ministry of Human Resource Development



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an act of Parliament)
NEW DELHI

4. Grants, unutilized or otherwise, should also be shown as a sub schedule to the above schedule in the following manner:

Balance brought forward	
Add : Receipts during the year	
Total	Utilised for Capital Expenditure
Less : Balance	Utilised for Revenue Expenditure
Less : Balance carried forward	

SCHEDULE 7 - FIXED ASSETS

Under this head, classification and disclosures shall be as follows:

Land	Includes freehold land and leasehold land.
Buildings	Include Institution's buildings like college buildings, office buildings, staff residential buildings, hostel buildings, temporary structures and sheds.
Plant and machinery	Include air conditioners, water air coolers, generator sets, television sets, fire extinguishers, etc.
Vehicles	Include buses, lorries, vans, cars, scooters, etc.
Office equipments	Include such items as fax machines, photocopiers, EPABX, typewriters, duplicating machines, etc.
Computers/Peripherals	Includes computers, printers and other peripherals like CDs, UPS & Software etc.
Furniture, fixtures and fittings	Includes items such as desks/benches, cabinets, almirahs, tables, chairs and partitions.


SOUTH ASIAN UNIVERSITY
CAPITAL CONTRIBUTION
BALANCE SHEET AS AT 31ST DECEMBER 2017


<u>CORPUS/CAPITAL FUND & LIABILITIES</u>	Schedule	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
Capital Fund	1	2,781,304,537	843,499,533
Current Liabilities	3	1,483,132,489	618,055,959
TOTAL		4,264,437,026	1,461,555,492
<u>ASSETS</u>			
Fixed Assets	1	2,939,281,211	979,237,175
Less: Depreciation		157,976,674	135,737,642
Net Assets		2,781,304,537	843,499,533
Current Assets	2	1,483,132,489	618,055,959
TOTAL		4,264,437,026	1,461,555,492
Significant Accounting Policies and Notes on Accounts	4		

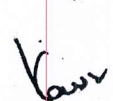
For South Asian University

Place: New Delhi

Date: 19/02/2018


(Dy. Director Finance)


(Director Finance)


(President)

SOUTH ASIAN UNIVERSITY

CAPITAL CONTRIBUTION

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2017

<u>INCOME</u>	Schedule	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
Capital Contribution from Host Member State	3(1)	255,067,014	242,860,517
Capital Fund Transferred (to the extent of Depreciation)	1	22,817,445	25,012,611
Other Income		44,069	13,188
TOTAL		277,928,528	267,886,31
<u><u>EXPENDITURE</u></u>			
Infrastructure Renovation of Akbar Bhawan		-	2,383,553
Rent Akbar Bhawan		255,084,529	240,168,029
Loss on sale of Assets		22,142	
Bank Charges		4,412	322,120
Depreciation		22,817,445	25,012,611
TOTAL		277,928,528	267,886,31

Significant Accounting Policies and Notes on Accounts 4

For South Asian University

Place: New Delhi

Date: 19/02/2018





(Dy. Director Finance) (Director Finance) (President)

**SOUTH ASIAN UNIVERSITY
CAPITAL CONTRIBUTION
RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017**

RECEIPTS		Current Year	Previous Year	PAYMENTS		Current Year	Previous Year
		Amount (Rs.)	Amount (Rs.)			Amount (Rs.)	Amount (Rs.)
I.	Opening Balances						
	a) Cash in hand						
	b) Bank Balances					6,869,871	13,569,709
	In Current accounts	62,595,206	854,701			620,475,684	303,307,554
II.	Contributions Received						
	Capital Contribution from SAARC Host Member State	2,875,481,434	501,181,725			1,157,920,288	139,624,025
III.	Interest Received						
	On Bank deposits	12,272,019	5,468,418				461,284
	Interest on Mobilization Advance						
IV	Temporary Borrowings from Operational Funds						
	Operational Account	616,872,787	376,093,399	a)	Payment as Advance to Civil Contractor	801,916,550	361,387,793
				b)	Advance to Service Provider/ Vendors	5,610,437	664,915
				c)	Refund of Security deposit to Vendors	626,608	12,719,440
				d)	Refund of Earnest Money deposit to Vendors	7,005,000	3,253,689
				e)	Payment of Liabilities towards vendors	7,154,504	-
				f)	Payment of Labour cess	10,032,662	-
				g)	Vat Refunded		
					(i) Employees		
					(ii) Operational Account	902,270	1,128,768
					VAT paid to be reimbursed by Delhi Government	822,918	691,066
				h)	GST paid	19,390,310	444,928
				i)	Mobilization Advance to Contractor	658,994	-
				j)	Revenue expenses	588,396,043	-
				k)	Demurrage charges		319,990
				l)	Bank Charges		19,542
				m)	Closing Balances	4,413	2,130
				n)	a) Cash in hand		
					b) Bank Balances		
					In current accounts		
						355,018,640	62,595,206
						3,582,805,192	900,190,039
	TOTAL	3,582,805,192	900,190,039				

For South Asian University


(Director Finance)


(Dy. Director Finance)


(President)

Place: New Delhi

Date: 19.02.2018