SEPARATE AUDIT REPORT OF COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF INDIAN INSTITUTE OF SCIENCE EDUCATION AND RESEARCH (IISER), BERHAMPUR FOR THE YEAR ENDED 31 MARCH 2023.

We have audited the attached Balance Sheet of the Indian Institute of Science Education and Research (IISER), Berhampur as of 31 March 2023, Income & Expenditure Account and Receipts & Payment Accounts for the year ended on that date under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. 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.

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 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 misstatements. An audit includes examining, on a test basis, evidence 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.

ii. The Balance Sheet, Income & Expenditure Account (I&E) and Receipts & Payments Account dealt with by this report have been drawn up in the format approved by Government of India, Ministry of Education (MoE).

iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Institute as required, in so far as it appears from our examination of such books.

iv. We further report that:

A. BALANCE SHEET

A.1Sources of Funds

A.1.1 Capital/Capital Fund (Schedule I): ₹ 629.03 crore

Reference Number: OBS-764427

A.1.1.1 As per Ministry of Education Format of Accounts, the grants utilized for revenue expenditure should be shown as Income in the Income and Expenditure Account. In Schedule 10 an amount of ₹36.54 crorewas shown as grants utilized for revenue expenditure. Thus ₹36.54 crore amount should have been accounted for as Income from Grants in Aid in the Income and Expenditure Account. However, ₹35.12 crore was shown as Income. This resulted in understatement of Current Liabilities and Provision by₹1.42 crore and consequently, Capital Fund was overstated by the same amount.

A.1.1.2 As per Rule 229 of GFR (2017) the Ministry or Department may consider creating Corpus Fund for an Autonomous Body only with the prior concurrence of Ministry of Finance if the Corpus is created out of budgetary allocation. If the corpus is created out of internal accruals of the body, approval of the administrative Ministry must be obtained.

Records and information made available to audit revealed that the Institute created a Corpus Fund with the approval of Director during 2016-17. It was stated that the fund had been created from internal accruals of the Institute, but approval of Ministry of Education(ealier MHRD) for the purpose had not been obtained.Further, on scrutiny of Annual Accounts of the Institute it was revealed that main source of the fund is budgetary allocation received from the Administrative Ministry. In view of this , approval of Ministry of Finance was required which had not been obtained.

A.1.2 Current Liabilities and Provision (Schedule 3): - ₹209.36 crore

Reference Number: OBS-764844

A.1.2.1 This did not include provision for known liability towards rent for Transit Campus amounting to ₹2,23,63,582.00 payable to Principal, Govt. ITI, Berhampur.This resulted in understatement of Current liabilities and provisions by ₹2,23,63,582.00 and overstatement of expenditure by ₹2,23,63,582.00.

A.2 Application of Funds(Assets)

A.2.1Fixed Assets(schedule-4):Rs. 629.98 crore

Reference Number: OBS-779425

A.2.1.1 Two works worth ₹4,69,34,666.00 (Provision of drinking water facility to IISER, Berhampur-₹4,56,83,569.00 and Temporary 11Kv power supply near ESS-Substation of IISER, Berhampur Permanent Campus-₹12,51,097.00) had been completed by the executing agencies. The facility and the substation were put to use by the Institute during 2022-23.But the works were not capitalized which resulted in overstatement of work-in-progress by ₹4,86,19,559.00(Drinking water facility₹4,66,44,800.00 + Temporary 11Kv power supply and security deposit₹12,51,097.00 and ₹7,23,018.00) and understatement of fixed assets by ₹4,69,34,666.00.

A.2.2 Loans and Advances And Deposit(Schedule-8: Rs. 117.60 crore)

A.2.2.1 This does not include deposit of₹7, 23,018.00 made with M/s Tata Power Sothern Odisha Distribution Ltd (TPSODL) towards security deposit for supply of electricity to permanent campus. This resulted in understatement ofLoans, Advances and Deposits (Sch.8 Sl.5.c) by₹7, 23,018.00.This also resulted in understatement of Corpus/Capital fund by ₹7, 23,018.00.

A.2.2.2 This includes ₹26, 28,450.00 advanced to M/s OFDC Ltd (HEFA A/c) for cutting and removal of standing trees at Permanent campus though the agency had submitted utilization certificate for ₹19, 80,136.00. This resulted in overstatement ofLoans, Advances and Deposits by₹19, 80,136.00 and understatement of fixed assets by ₹19, 80,136.00 .

A.2.2.3 This does not include earnings of ₹5,54,850.00 on sale of 490 stacks of fire wood (produced due to felling of standing trees at permanent campus) receivable from M/s OFDC Ltd. This resulted in understatement of Loans, Advances and Deposits and Income by₹₹5, 54,850.00

B. Income and Expenditure Account:-

B.1 Expenditure: ₹ 35.12 crore

Reference Number: OBS-764555

B.1.1 The Institute calculated depreciation amounting to ₹10.12 crore (Schedule 4) on fixed assets and charged it directly to the Corpus/Capital Fund instead of routing through Income and Expenditure Account. This resulted in understatement of Expenditure by ₹10.12 crore and overstatement of surplus by same amount. Necessary reconciliation/rectification in the Annual Accounts of the Institute may be done.

C. General (Notes on Accounts/Accounting Policy)

Reference Number: OBS-764569

C.1 As per Ministry of Education Format of Accounts fee from students (except Tuition Fee) should have been accounted on cash basis. However, Institute has disclosed under Schedule 23 (Significant Accounting Policies) that other than Tuition Fee like Admission Fees and other Fees are accounted from students on accrual basis. This was not in conformity with the format of accounts.

Reference Number: OBS-779474

C.2 (i) EMD of ₹ 24, 60,340.00 received from different agencies during 2018-19 to 2019-20 was lying non-refunded/unclaimed for three completed financial years. Action needs be taken to forfeit the amount after due verification.

(ii) The validity of some BG/PBGs were expired as on31.3.2023.But the same was not extended up to warranty period. In the register of BG/PBGs the amount of BG/PBGs and period warranty was not mentioned in some cases.

D. Grants-in- aid:

An amount of ₹415.85 crore was available with the Institute during the year 2022-23 which include opening balance of ₹148.57 crore, Grants-in-Aid of ₹267.28 crore received from the MOE during the FY 2022-23. The Institute utilized Grants-in-Aid amounting to ₹226.91 crore leaving unutilized balance of ₹188.93 as on 31.03.2023.

E. Management Letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of the Director , IISER, Berhampur through a management letter issued separately for remedial / corrective action.

iv) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this Report are in agreement with the books of accounts.

v) 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 the Indian Institute of Science Education and Research (IISER), Berhampur as at 31 March 2023; and

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

हस्ताक्षरित
प्रधान निर्देशक लेखापरीक्षा (केंद्रीय)
Principal Director of Audit (Central)

ANNEXURE- I

1. **Adequacy of Internal audit system:-** The institute has no internal audit wing and internal audit was not conducted for the year 2022-23.
2. **Adequacy of Internal control system:**- Internal control system was not adequate as the institute has no Accounting manual of its own, internal audit was not conducted, physical verification of assets and inventory was not conducted for the year 2022-23.
3. **Physical verification of Fixed Assets:**- Physical verification of fixed assets was not conducted for the year 2022-23.
4. **Physical verification of Inventory:-** The physical verification of inventory was not conducted for the year 2022-23.
5. **Regularity in the payment of statutory dues:-** Statutory dues were paid regularly.

हस्ताक्षरित
निर्देशक/सीआरए
Director/CRA