

NAVSARI AGRICULTURAL UNIVERSITY

(NAHEP – CAAST - SUB PROJECT)

Navsari Agricultural University,
Eru Char Rasta, Dandi Road, Navsari-396450

STATUTORY AUDIT REPORT

FOR

F.Y. 2018-2019

AUDITOR:

S.C. KABRA & CO

CHARTERED ACCOUNTANTS

304, EMPIRE STATE BUILDING,
NEAR UDHNA DARWAJA, RING ROAD,
SURAT – 395002. PHONE NO: 0261-4015010



Independent Auditor's Report

TO,
THE NATIONAL DIRECTOR,
NAHEP,
ICAR, NEW DELHI

Report on the Audit of the Project Financial Statements of NAVSARI AGRICULTURAL UNIVERSITY, NAVSARI.

Opinion

We have audited the accompanying special purpose financial statements of *Establishment of Secondary Agriculture Unit for Skill development in Students and Farmers at NAU, Navsari* (National Agricultural Higher Education Project-CAAST Sub Project) financed by the International Bank for Reconstruction and Development (IBRD) under Loan 8776 IN and implemented by **Navsari Agricultural University, Navsari**. These financial statements comprise of the A. Balance Sheet B. Receipts and Payments Account, and Notes to these financial statements, including a summary of significant accounting policies (collectively referred to as the "Project Financial Statements").

In our opinion, the aforesaid special purpose Project Financial Statements give a true and fair view of the **financial position of the Project as at March 31, 2019**, receipts and disbursements of the Project for the year ended on March 31, 2019 and the expenditure of the Project for the year ended on March 31, 2019, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the World Bank read with the Loan Agreement and Project Agreement both dated **July 11, 2017** described in Note No: PAD1672

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the implementing agency in accordance with the ICAI's Code of Ethics for undertaking this assignment, and we have fulfilled our ethical responsibilities in accordance with ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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Emphasis of Matter¹

We draw attention to Note No: PAD1672 to the PFS describing the basis of accounting. The PFS is prepared to assist the **Navsari Agricultural University, Navsari** to meet the financial reporting requirements of the Project's Loan Agreement for Investment Project Financing dated **July 11, 2017** in respect of preparation of the Project Financial Statements in a manner to reflect the operations, resources and expenditures related to the Project. As a result, these special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with Governance for the Project Financial Statements

The Management of the implementing agency is responsible for the preparation and fair presentation of the Project Financial Statements in accordance with the financial reporting framework² described in Note Report No: PAD1672 to these financial statements, and for such internal control as management determines is necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error.

The Management and those charged with governance are responsible for overseeing the implementing agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the Project Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.





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We also:

1. Identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures and whether these financial statements present the Project's operations and underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting provisions described into the Project Financial Statements.
5. Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
6. provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





Report on Other Legal and Regulatory Requirements:

Further to our opinion on the Project Financial Statements we further report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of accounts have been kept by the implementing agency for Project purposes so far as appears from our examination of those books; **but manual register has been maintained for all the records and no computerized data has been maintained. Also the Delivery Challan of the various Goods and Assets purchased & Expenses incurred were not on records.**
3. The Project Financial Statements dealt with by this report is in agreement with the books of accounts.
4. The Project funds were utilized for the purposes for which they were provided.
5. Expenditures, including assets created under the Project, shown in the PFS are eligible for financing under the Project Financing Agreements.
6. Interim Financial Reports (IFR) submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims.
7. **The purchase of Goods/Materials has been done by following the GEM method i.e purchase of the goods have been made with comparison of the last incurred price or market price whichever is lower i.e (RATE CONTRACT through NPROCURE) but as per the Loan Agreement Norms the Three Quotation Method is to be followed i.e. By procuring at least 3 work orders of the Goods/Materials and selecting the best one out of the three. But according to the explanations sought with the concerned officers it seems the university has been permitted to follow the procedure.**
8. Procurement has been carried out in line with the agreed procedures as detailed in the Operations Manual/Procurement Manual/Project Implementation Plan/Legal Agreements.



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9. The Project has an adequate internal financial control system (including IT controls) and such controls were operating effectively as at March 31, 2019 and the Project complies with the provisions on financial management contained in the Operations Manual/Project Implementation Plan/ Financial Management Manual, in all material aspects.

FOR S. C. KABRA & CO.
CHARTERED ACCOUNTANTS
FRN: 000337C

Pratik Agarwal

(PRATIK AGARWAL)
PARTNER
M.No-138999



Place: SURAT
Date: 04.12.2019

UDIN: 19138999AAAABA7073