



कार्यालय
महालेखाकार (आ.एवं रा.क्षे.ले.प.), गुजरात
Office of the
Accountant General (E&RSA), Gujarat

क्रमांक:- ई-एस.1 (मुख्यालय II)/IR/NAU/नवसारी/2011-12 से 2013-14

1983

22/09/2014

सेवा में,
रजिस्ट्रार,
नवसारी कृषि विश्वविद्यालय,
नवसारी

विषय:- नवसारी कृषि विश्वविद्यालय के वर्ष 2011-12 से 2013-14 के लेखों पर निरीक्षण प्रतिवेदन।

महोदय,

मैं इस पत्र के साथ नवसारी कृषि विश्वविद्यालय के वर्ष 2011-12 से 2013-14 के लेखों पर निरीक्षण प्रतिवेदन संलग्न कर रहा हूँ। कृपया इस प्रतिवेदन का उत्तर इसके प्राप्त होने के एक महीने के भीतर भेज दिया जाए।

भवदीय

जी.सी.एन.प. 22
22.9.14

व. लेखापरीक्षा अधिकारी
आर्थिक क्षेत्र I (मुख्यालय II)

Pradix
27/10

Urgent
Compt
29/9/14



Give to C^r for n.a.

all
A/10.



29 SEP 2014

Inspection Report on the accounts of the Registrar, Navsari Agriculture University, Navsari for the period from 2011-12 to 2013-14 under section 14 (1) of C &AG's (DP & C) Act, 1971.

PART-I (A) INTRODUCTORY

Navsari Agriculture University, (NAU) Navsari was established on 01 May, 2004 under Gujarat Agriculture Universities (GAU) Act 2004 for development of Agriculture including Animal Husbandry, Dairy Science and other allied science in the State through integration of Teaching, Research and Extension Education. NAU receives grants from Indian Council of Agricultural Research, Government of India and other Agencies.

The accounts of the Registrar, NAU for the period from 2011-12 to 2013-14 were test checked locally between 22 August 2014 to 02 September 2014 under section 14 (1) of the Comptroller & Auditor General's (DP & C) Act, 1971.

Details of the Grants received and Expenditure incurred by Registrar, NAU during last three years are as follows-

(₹ in lakh)

Year	Grant Received	Expenditure
2011-12	15000.53	13806.94
2012-13	16244.65	16335.34
2013-14	17789.18	15268.51

Following officials held the charge of the post of registrar of NAU during the period of audit-

Name	Period- From	To
Shri M K Arvadia	01 November 2010	31 March 2012
Shri M S Purohit	01 April 2012	31 December 2013
Shri G G Radadia	01 January 2014	31 March 2014

PART- I (B): PREVIOUS AUDIT

Sr. No.	Period of Inspection Report	Outstanding Paras
1	2005-06 to 2009-10	1,3,5,6,7,8,9,10,11,14,15,16,19,20,21,22, 23,24,26,28,29,30,31 & 32
2	2010-11	1,2,3,4,5,6,7,8,9,10,11 & 12

Disclaimer

The Local Audit/Inspection Report has been prepared on the basis of the information furnished and made available by the office of the Navsari Agriculture University, Navsari. The Office of the Accountant General (E&RSA) Gujarat, Ahmedabad disclaims any responsibility for any misinformation on the part of audited entity.

PART- II: CURRENT AUDIT

PART- II: A: MAJOR IRREGULARITIES

-----NIL-----

PART- II: B: MINOR IRREGULARITIES

Para 1 Obtaining Security Deposit and Performance Bond in respect of Civil Works based on estimate value instead of contract value.

The University had taken up various construction works viz., construction of Hostel, College etc., during the period 2011-12 to 2013-14 by calling for tenders and awarding contracts with successful bidders. As per Clause 1 - Terms and Conditions of Contract mentioned in the tender document, the contractor has to pay Security Deposit (5 percent as per Para 208 of GPWD) out of which 50 percent (half) has to be paid within 10 days from date of receipt of notification of acceptance of tender and balance 50 percent to be recovered from the RA Bills. Further the contractor has to furnish a Performance Bond in the form of FDR which shall be refunded after 5 years from the date of completion of free maintenance period. On a test check of the construction contracts awarded by NAU during the period 2011-12 to 2013-14, it was observed that NAU has obtained SD on the estimated value in the tender instead of on the awarded contract value. Instances of short receipt of SD are as follows:

(in ₹)

Sl. No	Description of work	Name of the Contractor	Estimated Value in the tender	SD and PB obtained	Awarded Contract Value	Value of SD and PB to be received
1	Construction of Horticulture Polytechnic at Navsari	M/s.Sorath Builders, Ahmedabad	₹ 2.08 crore	₹ 10.41 lakh (Full SD) ₹ 5.21 lakh (Half) in the form of FDR ₹ 10.41 lakh (PB)	₹ 2.22 crore	₹ 11.11 lakh (Full SD) 5.55 lakh (Half) ₹ 11.11 lakh (PB)
2	Construction of Hostel Building for Agricultural & Horticulture Faculty at Navsari	M/s.V.S.K otadia, Vapi	₹ 3.04 crore	₹ 15.19 lakh (Full SD) ₹ 7.59 lakh (Half) in the form of FDR ₹ 15.19 lakh (PB)	₹ 3.23 crore	₹ 16.14 lakh (Full SD) ₹ 8.07 lakh (Half) ₹ 16.14 lakh(PB)

In this connection it is pointed out that the very purpose of obtaining SD and PB from the contractor is to safeguard the Organisation from financial risk arising from the execution of contract. Since the contract value represents the actual outflow of financial resources to the Organisation and thereby quantifies the extent of financial risks, safeguarding against the risks associated with the contract should also commensurate with the awarded contract value and not the estimated value. As per Section 21.1 of CPWD Works Manual 2012 the contractor shall deposit an amount equal to 5 percent of the tendered and accepted value of work (without limit) as performance guarantee. Thus keeping in view the above, the practice of obtaining SD and PB based on estimate value instead of awarded contract value is not proper and may lead to insufficiency in recovery of amounts in the event of default by the contractor at any stage.

In reply it was stated that NAU has been obtaining SD on estimated value as per the practice followed since several years. However, the audit point is noted and the matter will be brought to the notice of higher authorities to take appropriate decision. The decision and action taken will be intimated to audit in due course.

Action taken in this regard may be intimated to audit.

Para 2 Non-forfeiture of long unclaimed deposits amounting to ₹ 11.38 lakh.

As per Rule 386 of Gujarat Treasury Rules, 2000, if a deposit amount is lying unclaimed for the last 3 years, the same should be forfeited and deposited in the Government account. Navsari Agriculture University awarded various work contracts for the construction/ maintenance of buildings of various university departments/ hostels/ labs etc. NAU accepted security deposits in the form of FDs from all contractors to cover the risk. The same was to be refunded to the respective contractors on satisfactory completion of the work.

During the scrutiny of the records, it was noticed that NAU is holding many security deposits (in the form of FDs furnished by the contractors) in respect of several civil works. It was observed that there were many SDs still lying with NAU, which related to the works already completed and due to be refunded to the contractors. Further, of these SDs due to be refunded, many SDs are lying since a long period ranging from 3 years to 25 years, the works of which were completed long back. The total amount of such SDs is ₹ 11.38 lakh. However, NAU has not forfeited the long pending SDs and taken into its accounts as per the rule mentioned above, especially there being no claim from the concerned parties for a long time.

In view of the above, it is imperative that NAU may initiate action at the earliest to review the cases of unclaimed SDs pending since several years and forfeit the same and take into its accounts under intimation to audit.

Para 3 Deficiencies in purchase orders

As per the system in vogue in NAU with regard to purchase of equipments, the Research Department obtains quotations from various vendors through e-procurement for the equipments to be purchased during a year by all the Departments. On finalisation of the vendor for supply of each equipment, the same is communicated to all the departments. Subsequently, as and when the grant is available for purchase of equipment, the departments, upon obtaining approval from the competent authority, place purchase orders on the concerned vendors based on the e-procurement finalised by Research Department.

A scrutiny of the e-procurement revealed that the cost of each equipment ranged between ₹ 5.00 lakh (approx.) to ₹ 35.00 lakh (approx.). Further, a scrutiny of the purchase orders issued by the departments to the parties revealed that the department mentioned the period within which the supply is to be made. However, there is no condition mentioned in the purchase order regarding imposition of penalty for late delivery.

It was also observed that NAU is obtaining Security Deposit from the successful bidder at the time of finalisation of suppliers for each equipment. The same is being refunded to the supplier on satisfactory working of the equipment immediately after the installation. However, there is no provision in the purchase order to safeguard against the defects/failure of the equipments that may occur within a particular period wherein the performance of the equipment can be analysed, say for 3 to 6 months. In this connection it is observed that in one instance viz., purchase of diesel generator, there was technical fault which was informed by the supplier vide letter dated 18 January 2014 and that they have returned the generator to the Company for possible replacement. Thus, it is evident that there were chances of receiving defective equipments from the suppliers in some cases. Therefore, considering this, it is necessary that sufficient clause regarding penalty for the same be incorporated in the purchase order. In this regard reference is also invited to para 14 of Government of Gujarat, Commissioner of Industries circular dated 27.05.2011 on purchase procedure which states that duration of Security Deposit should be till the completion of warranty period of the item.

Therefore, it is imperative that NAU may review the above two aspects and incorporate necessary provision in the purchase order to impose penalty in case of late delivery and obtain sufficient security deposit to cover the risk against the performance of the equipment.

Action in this regard may be taken under intimation to audit.

Para 4 Non-conducting physical verification of Dead Stock items.

Navsari Agriculture University (NAU) maintains dead stock registers (department wise separately) to enter the details (like description of item, purchase date, amount etc.) of assets/articles purchased. In case of transfer of assets/articles between various Departments of NAU, addition/deletion is made in the Registers by respective Departments, as the case may be. According to Rule 98 of the Maharashtra Contingent Expenditure Rules applicable to NAU, the Heads of the Department in NAU are required to conduct annual physical verification of the assets/articles entered in the Dead Stock Register under his control and endorse a certificate of verification, in the register so maintained.

During the test check of dead stock registers maintained by various departments it was noticed that from 2008-09, no physical verification of Dead Stock items was done in respect of Veterinary College of NAU. It was seen from the Register that there are around 140 items in use in the College as on date. In the absence of physical verification, audit could not ensure the correctness of the details entered in the registers.

In reply it was stated that the physical verification of dead stock items has since been carried out and a copy of the certificate is furnished.

It was observed that in respect of this unit the physical verification was not conducted periodically in the last 6 years. Therefore, the fact of conducting physical verification for the subsequent period may be intimated to audit.


Para 5 Non-preparation of Balance Sheet.

According to the Section 11(5) of the Gujarat Agricultural Universities Act, 2004, the Vice Chancellor shall be responsible for the presentation of annual financial estimates and the annual accounts and the balance sheet of the University to the Board. However, it is observed that NAU has not been preparing the Balance Sheet since several years. Though this issue was pointed out through earlier Inspection Reports, NAU has not prepared Balance Sheet as seen from the accounts covered in the current audit. As preparation of Balance Sheet is a obligatory/statutory requirement, NAU need to take initiative at the earliest to prepare the Balance Sheet.

In reply it was stated that an account of the balances remaining at the end of the financial year after taking into account the receipts of grants/ other receipts and expenditure there against is only prepared and presented in the accounts. However, it was stated that as pointed by audit appropriate decision will be taken in this regard.

Further, progress made in this regard may be intimated to audit.

(Approved by Deputy Accountant General)


22.9.14
Sr. Audit Officer/ ES I (Hqrs. II)