

79

**Draft Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of State Compensatory Afforestation Fund Management and Planning Authority (State Authority), Haryana for the year ended 31 March 2020.**

We have audited the Balance Sheet of the **State Compensatory Afforestation Fund Management and Planning Authority (State Authority), Haryana** as at **31 March 2020** and the Income & Expenditure Account/Receipt & Payment Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Power & Conditions of Service) Act, 1971 read with Section 27(2) of The Compensatory Afforestation Fund Act, 2016. These financial statements are the responsibility of the Authority'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 (C&AG) only on the accounting treatment 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 regulatory) 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 disclosure in the financial statements. An audit also includes assessing the 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 explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit; ✓

ii. The format adopted for preparation of Balance Sheet, Income & Expenditure Account and Receipt & Payment Account dealt with by this report has not been prepared in consultation with the Principal Accountant General, Haryana, Chandigarh.

81

iii. In our opinion proper books of accounts have not been maintained by Authority.

iv. We further report that: ✓

**A. Balance Sheet**

**1. Assets**

**1.1 Machinery (Schedule 8): Rs. 191.29 lakh ✓**

The above include machinery/equipment (Tractors) having written down value of Rs. 163.42 lakh as on 31.03.2019 as per balance sheet on which depreciation was undercharged during 2018-19.

Undercharging of depreciation in previous year has resulted into overstatement of 'Assets-Machinery' and "Capital Reserves: Fixed Assets Reserve" and understatement of depreciation by Rs. 11.26 lakh. ✓

**1.2 Vehicle (Schedule 8): Rs. 412.26 lakh.**

**1.2.1** A truck purchased by the authority during 2018-19 having written down value of Rs. 10.10 lakh as on 31.03.2019 has not been included in the Assets as on 31.03.2020.

This has resulted into understatement of 'Fixed Assets: Vehicle' and 'Capital Reserves: Fixed Assets Reserve' by Rs. 8.58 lakh and 'depreciation for the year' by Rs. 1.52 lakh. ✓

**1.2.2** The above include vehicles having written down value of Rs. 240.34 lakh as on 31.03.2019 as per balance sheet on which depreciation was undercharged during 2018-19. ✓

Undercharging of depreciation in previous year has resulted into overstatement of 'Assets-Machinery' and "Capital Reserves: Fixed Assets Reserve" and understatement of depreciation by Rs. 16.56 lakh. ✓

**1.3 Fixed Assets (Schedule 8): Rs. 583.63 lakh.**

**1.3.1** 9 nos. mist chambers (including 2 Nos. Hardening Chambers) constructed by the authority at Seonthe during 2018-19 having written down value of Rs. 173.00 lakh as on 31.03.2019 has not been included in the Assets as on 31.03.2020. ✓

This has resulted into understatement of 'Fixed Assets' and 'Capital Reserves: Fixed Assets Reserve' by Rs. 155.70 lakh and 'depreciation for the year' by Rs. 17.30 lakh.

33

1.3.2 Above includes fixed assets having written down value of Rs. 77.64 lakh as per balance sheet as on 31.03.2019 on which depreciation was overcharged during the year 2018-19 due to treatment of Capital Work in Progress as fixed assets.

Incorrect classification in previous years has resulted into overstatement of 'Fixed Assets', 'Reserves and Surplus- Fixed Asset Reserve' and 'depreciation for the year' Rs. 3.68 lakh.

**B. Income and Expenditure Account**

**Expenditure**

**Expenditure on Grants, Subsidies etc. (Schedule 22): Rs. 57.53 crore**

**1. Expenditure on Solar System at nurseries, Guest house etc: Rs. 70.30 lakh.**

Above includes expenditure of Rs. 33.25 lakh which was wrongly included in the expenditure for the year 2019-20 and then deducted from the head- 'Expenditure on Research and Seed Development'.

This has resulted into overstatement of 'Expenditure on Solar System at nurseries, Guest house' and understatement of 'Expenditure on Research and Seed Development' by Rs. 33.25 lakh.

**C. General**

1. The authority has prepared its accounts on cash basis in violation of Generally accepted accounting principle of 'Accrual Basis of accounting'.
2. The authority did not prepare the journal and ledgers for the year 2019-20 in contravention to the provisions of Compensatory Afforestation Rules, 2018.
  - i) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payment Account dealt with by this report are in agreement with the books of accounts;
  - ii) In our opinion and to the best of our information and according to the explanation 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 I** to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India.

85

- a) In so far as it relates to the Balance Sheet of State Compensatory Afforestation Fund Management and Planning Authority (State Authority), Haryanaas at 31 March 2020.
- b) In so far as it relates to Income and Expenditure Account for the year; and
- c) In so far it relates to Receipts and Payment Account for the year ended on that date.

  
Sr. Audit Officer