

AUDIT REPORT

Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of Sree Chitra Tirunal Institute of Medical Sciences and Technology (SCTIMST), Thiruvananthapuram for the year ended 31 March 2014

- i) We have audited the Balance Sheet of Sree Chitra Tirunal Institute of Medical Sciences and Technology (SCTIMST), Thiruvananthapuram as at 31 March 2014, the Income and Expenditure Account and the Receipts and Payments Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with section 18(2) of the SCTIMST Act, 1980. These financial statements include the accounts of Bio-Medical Technology (BMT) wing of the SCTIMST. These financial statements are the responsibility of the SCTIMST's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii) This Separate Audit Report contains the comments of this office 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 and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.
- iii) 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.
- iv) Based on our audit, we report that:
- 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;
 - The Balance Sheet, income and Expenditure Account and Receipts and Payments Account dealt with by this report have been drawn up in the format approved by the Government of India, Ministry of Finance.
 - In our opinion, proper books of accounts and other relevant records have been maintained by the SCTIMST as required under Section 18 (1) of SCTIMST Act, 1980 in so far as it appears from our examination of such books subject to observations made hereunder.
- iv. Based on our audit, we further, report that:
- (A) Income & Expenditure Account**
- CAG has raised claim for the audit fee amounting to Rs. 12.52 lakh for the period up to March 2013 which was neither remitted nor provided for in the accounts. This resulted in understatement of expenditure as well as current liabilities.
- (B) General**
- B.1 Accounting Policy No.1 (Schedule 24)**
- As per the significant accounting policies (Schedule 24) of SCTIMST, financial statements are prepared on the accrual method of accounting. However it was observed that the institute had recognized income such as income from projects, testing charges, facility utilization charges, fees, subscriptions, royalty etc. on cash basis. Since the institute did not compute the amount receivable, monetary impact of such items could not be quantified in Audit.

8.2 Grant in aid

The grant of Rs. 91.07 crore was received and utilized during the current year viz. 2013-14.

(C) Management letter

Deficiencies which have not been included in the Separate Audit Report have been brought to the notice of the SCTIMST through a Management letter issued separately for remedial/corrective action.

- i) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments 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 explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, subject to the significant matters stated above and

other matters mentioned 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 Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram as at 31st March 2014, and
- b. In so far as it relates to income and Expenditure Account of the deficit for the year ended on that date.

For and on behalf of C & AG of India

Principal Director of Audit

Scientific Departments

Place: New Delhi

Date:

ANNEXURE TO SEPARATE AUDIT REPORT

1. Adequacy of Internal Audit

The internal audit wing of the Department of Science and Technology is conducting the internal audit of SCTIMST. The internal audit report and action taken by SCTIMST on the outstanding paragraphs was not furnished to Audit.

2. Adequacy of internal Control

Internal Control in purchase

Letters of credit (L/c) applications have to be routed through Accounts Division. Similar procedure has to be followed for sight draft payments also. The L/c margin and commitment deposit with the bank was to the extent of Rs.46.58 crore (Schedule-11) and it is more than 50 per cent of Grant received by the Institute.

On test check it was observed by Audit that the Accounts Division was not exercising the internal control over commitment of funds, receipt vouchers of final payments and clearance of supplies received, the list of purchase orders, the funds committed there against aggregating to Rs.46.58 crore, the pendency of purchase orders, L/cs and revised delivery schedule of the supplies were also not available with the Accounts Division. Audit could not, therefore vouch for the amount of Rs. 46.58 crore held in L/c margin and commitment deposits against the foreign, import purchase orders placed. The discrepancy was pointed out during last year also remedial action was taken despite assurance last year.

3. System of physical verification of assets

Out of 42 divisions/ departments, physical verification of assets for the year 2012-14 was conducted in 29 divisions. Stock verification was conducted in 45 divisions of BMT wing for the year 2011-13. On verification of report, some discrepancies are found which are yet to be resolved. The stock verification for the year 2013-14 at BMT wing was not conducted.

3.1 Asset Registers

On test check, Audit noticed that addition during 2013-14 against Electrical Installation and Tube well and Water supply in the Fixed Asset Schedule (8) was shown as Rs. 807143 and Rs.108300 respectively, where as in the fixed asset register maintained by the Institute, it was shown as Rs.9858.63 and Rs.0. The difference was not reconciled.

4. System of physical verification of inventories

The physical verification of inventories for the period 2010-11 to 2013-14 is yet to be carried out in Hospital and BMT wings.

5. Regularity of payment of statutory dues

No irregularity was observed pertaining to payment of statutory dues in SCTIMST.

Dy Director

Sree Chitra Tirunal Institute for Medical Sciences and Technology, Trivandrum

Reply to Separate Audit Report on the Accounts for the year 2013-14

Para No. and Comments of C & AG	Reply of the Institute
<p>Income and Expenditure Account.</p> <p>CAG has raised claim for the audit fee amounting to Rs.12.52 lakh for the period up to March 2013 which was neither remitted nor provided for in the accounts. This resulted in understatement of expenditure as well as current liabilities.</p>	<p>All pending claims have been remitted to C&AG on 30.07.2014.</p>
<p>(A) General</p> <p>B 1 Accounting Policy No.1 (Schedule 24)</p> <p>As per the significant accounting policies (Schedule 24) of SCTIMST, financial statements are prepared on the accrual method of accounting. However it was observed that the institute had recognized its income such as income from projects, testing charges, facility utilization charges, fees, subscriptions, royalty etc., on cash basis. Since the institute did not compute the amount receivable, monetary impact of such items could not be quantified in Audit.</p>	<p>The Institute maintains a policy of receiving testing charges along with the receipt of the samples for testing. Fees and subscriptions are collected on due dates. Income from facility utilization charges/ income from projects are accounted as and when the grants are received. Ascertaining the income earned by companies to which technology transfer has been done, (within the date of finalization of accounts of the Institute) in order to assess the non-payment of royalty, is beyond the control of the Institute.</p>
<p>B.2 Grant in aid -</p> <p>The grant of Rs.91.07 crore was received and utilized during the current year viz. 2013~14.</p>	<p>Noted.</p>