

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Trivandrum for the year ended 31 March 2016

1. We have audited the Balance Sheet of Sree Chitra Tirunal Institute of Medical Sciences and Technology (SCTIMST), Thiruvananthapuram as at 31 March 2016, the Income & Expenditure Account and the Receipts & Payment Account for the year ended on that date under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers & 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. The Balance Sheet, Income & Expenditure Account and Receipt & Payment Account dealt with by this report have been drawn up in the format approved by the Government of India, Ministry of Finance.
 - iii. 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) Balance Sheet
 - A.1 Current liabilities and provisions (Schedule-7) Rs.38.75 crore

According to Notes and Instructions for compilation of financial statements framed by Ministry of Finance (MoF) for the Central Autonomous Bodies liability payable towards Gratuity, Superannuation and Accumulated Leave Encashment needs to be accounted on accrual basis and provided upto the year end under Schedule-7 Current Liabilities and Provisions.

As per para 8 of Schedule 24 significant Accounting Policies, retirement benefits are being accounted for on cash basis. As per the actuarial valuation liability of SCTIMST towards gratuity, pension and accumulated leave encashment was Rs.19.71 Crore, Rs.96.87 crore and Rs.25.42 crore respectively by year ending March 2016.

Against this Institute has created pension fund amounting to Rs.11.14 crore only as on 31 march 2016. This has resulted into understatement of Current Liabilities and provisions and overstatements of Capital Fund by Rs.130.86 Crore (Rs.142 crore – Rs.11.14 crore) each.
2. This draft Separate Audit Report contains the comments of the Comptroller & Auditor General of India 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, 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.
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.

A.2 Current Assets Loans and Advances – Rs.155.39 crore

As per Schedule 11 appended to Financial statement for the year 2015-16 an amount of Rs.46.30 lakh received in



advance from M/s Kerala Social Security Mission-Thaalalam (General Ledger Code-1324) which was to be shown under sundry creditors in Schedule 07-Current Liabilities and Provision, however it was shown as (-) Rs.46.30 lakh under sundry debtors account. Thus both Assets and Liabilities in Financial Statement were understated by an amount of Rs.46.30 lakh.

(B) General

B.1 Classification of Fixed Assets

According to Uniform Format of Accounts prescribed by Ministry of Finance for autonomous bodies, fixed assets are to be clarified in eleven sub-heads as mentioned in Notes and Instructions appended to Schedule 8

Audit however observed that SCTIMST created a new sub-head 'other fixed assets' booking various items for which respective sub-heads already exist in the said schedule. Items booked under sub-head 'other fixed assets' are required to be booked in respective sub-heads of fixed assets.

B.2 Non reconciliation of broad sheet of Schedule 3 with Schedule 3 to Balance Sheet

Comparison of 'Schedule 3: Earmarked/Endowment Funds' to Balance Sheet for the year 2015-16 with its broadsheets and closing balance of the previous year schedules and broadsheets revealed the following:

- SCTIMST did not show the opening balance of, addition to this fund and expenditure towards objective of Earmarked/Endowments funds under schedule 3 to the balance sheet.
- The closing balance of the year 2014-15 was Rs.21,17,42,527 however the opening balance of the broadsheet for the year 2015-16 was mentioned as Rs.92444636.28.
- Under the Broadsheet relating to schedule 3 for the year 2015-16 the opening balance towards ledger codes 1014,1301,1075,1078,1080 and 1081 were not included.
- The closing balance against the ledger code 7380 Networking services-NTC building was nil for the period 2014-15 however in the opening balance against this ledger account for the year 2015-

16 was indicated Rs.149380. This needs to be reconciled.

B.3 Provident Fund

The institute maintains the provident fund account of its employees. Prior to 1989 it was maintained by Regional Provident Fund Commissioner, Trivandrum. As of 31 March 2016, an amount of Rs 84.03 lakh was still receivable from the EPF Commissioner. This amount is constantly appearing in Provident Fund account for 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. However, confirmation of the balance has not been obtained.

B.4 Plan and non Plan categorization

According to Rule 209 6(xiii) of GFR, 2005, Central Autonomous Organizations which receive Plan as well as Non-plan Grants, should account for expenditure (Capital and Revenue) separately under plan and non-plan heads. The central autonomous bodies are required to compile their accounts in the common formats of accounts and prescribed by the Government of India, Ministry of Finance. It was however observed that though SCTIMST receive plan and non-plan grants separately, the accounts did not reflect grants and expenditure separately for plan and non-plan category.

SCTIMST is required to take immediate action.

B.5 Grant in aid

Grant of Rs.116.04 crore (20.26 crore + 93.78 crore + 2.00 crore) was received and utilized during the current year viz. 2015-16.

(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.

- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payment Account dealt with by this report are in agreement with the books of accounts.
- vi. 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 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 Sree Chitra Tirunal Institute for Medical Sciences & Technology, Thiruvananthapuram as at 31st March 2016; and

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

For and on behalf of the C & AG of India

Place: New Delhi
Date : 28.09.2016

Principal Director of Audit,
Scientific Departments



**Reply to Separate Audit Report of the Comptroller & Auditor General of India
on the Accounts of Sree Chitra Tirunal Institute for Medical Sciences and
Technology (SCTIMST), Trivandrum for the year ended
31 March 2016**

Heading	Audit Para No. & reference	Audit Observations	Reply
(A) Balance Sheet	A.1 Current liabilities and provisions (Schedule-7) Rs.38.75 crore	<p>According to Notes and Instructions for compilation of financial statements framed by Ministry of Finance (MoF) for the Central Autonomous Bodies liability payable towards Gratuity, Superannuation and Accumulated Leave Encashment needs to be accounted on accrual basis and provided upto the year end under Schedule-7 Current Liabilities and Provisions.</p> <p>As per para 8 of Schedule 24 significant Accounting Policies, retirement benefits are being accounted for on cash basis. As per the actuarial valuation liability of SCTIMST towards gratuity, pension and accumulated leave encashment was Rs.19.71 Crore, Rs.96.87 crore and Rs.25.42 crore respectively by year ending March 2016.</p> <p>Against this Institute has created pension fund amounting to Rs.11.14 crore only as on 31 march 2016. This has resulted into understatement of Current Liabilities and provisions and overstatements of Capital Fund by Rs.130.86 Crore (Rs.142 crore – Rs.11.14 crore) each.</p>	<p>The liability in respect of Gratuity, Pension and Leave Encashment is disclosed in para 11 of Schedule No. 25-Notes forming part of accounts. Governing Body of the Institute in its meeting held on 30.07.2016 discussed the need for creation of a separate fund for Gratuity, Pension and Leave Encashment and transfer required contribution to that funds so as to comply with the requirements of Accounting Standards 15. However, considering the present financial position of the Institute, it was decided to continue the existing practice of settling the payments on cash basis and creation of funds be considered once the financial position improves.</p>



	<p>A.2 Current Assets Loans and Advances – Rs.155.39 crore</p>	<p>As per Schedule 11 appended to Financial statement for the year 2015-16 an amount of Rs.46.30 lakh received in advance from M/s Kerala Social Security Mission-Thaalolam (General Ledger Code-1324) which was to be shown under sundry creditors in Schedule 07-Current Liabilities and Provision, however it was shown as (-) Rs.46.30 lakh under sundry debtors account. Thus both Assets and Liabilities in Financial Statement were understated by an amount of Rs.46.30 lakh.</p>	<p>Correction will be done in the financial statement for the year 2016-17.</p>
<p>(B) General</p>	<p>B.1 Classification of Fixed Assets</p>	<p>According to Uniform Format of Accounts prescribed by Ministry of Finance for autonomous bodies, fixed assets are to clarified in eleven sub-heads as mentioned in Notes and Instructions appended to Schedule 8</p> <p>Audit however observed that SCTIMST created a new sub-head 'other fixed assets' booking varies items for which repetitive sub-heads already exists in the said schedule. Items booked under sub-head 'other fixed assets' are required to be booked in respective sub-heads of fixed assets.</p>	<p>The audit observation regarding regrouping of assets is noted for future guidance and shall be accordingly changed.</p>



	<p>B.2 Non reconciliation of broad sheet of Schedule 3 with schedule 3 to Balance Sheet</p>	<p>Comparison of 'Schedule 3: Earmarked/ Endowment Funds' to Balance Sheet for the year 2015-16 with its broadsheets and closing balance of the previous year schedules and broadsheets revealed the following:</p> <ul style="list-style-type: none"> • SCTIMST did not show the opening balance of, addition to this fund and expenditure towards objective of Earmarked/Endowments funds under schedule 3 to the balance sheet. • The closing balance of the year 2014-15 was Rs.21,17,42,527 however the opening balance of the broadsheet for the year 2015-16 was mentioned as Rs.92444636.28. • Under the Broadsheet relating to schedule 3 for the year 2015-16 the opening balance towards ledger codes 1014,1301,1075,1078,1080 and 1081 were not included. • The closing balance against the ledger code 7380 Networking services-NTC building was nil for the period 2014-15 however in the opening balance against this ledger account for the year 2015-16 was indicated Rs.149380. This needs to be reconciled. 	<p>As observed by audit by audit, the figures have been rectified and corrected statement was submitted to audit. The figures do not affect any figures of Balance Sheet and Income and Expenditure account.</p>
	<p>B.3 Provident Fund</p>	<p>The institute maintains the provident fund account of its employees. Prior to 1989 it was maintained by Regional provident Fund Commissioner, Trivandrum. As of 31 March 2016, an amount was Rs 84.03 lakh was still receivable from the EPF Commissioner. This amount is constantly appearing in Provident Fund account for 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. However, confirmation of the balance has not been obtained.</p>	<p>Institute had requested EPF authorities to confirm the balance in the previous years. No reply has been received so far. It is being followed up.</p>



	<p>B.4 Plan and non Plan categorization</p>	<p>According to Rule 209 6(xiii) of GFR, 2005, Central Autonomous Organizations which receive Plan as well as Non-plan Grants, should account for expenditure (Capital and Revenue) separately under plan and non-plan heads. The central autonomous bodies are required to compile their accounts in the common formats of accounts prescribed by the Government of India, Ministry of Finance. It was however observed that though SCTIMST receive plan and non-plan grants separately, the accounts did not reflect grants and expenditure separately for plan and non-plan category. SCTIMST is required to take immediate action.</p>	<p>Annual accounts of Institute was drawn in the uniform format of accounts for Central Autonomous Bodies (non profit making Organisations and similar Institutions) as per the Guide lines of DST right from the year 2000.</p> <p>During the year funds received from DST towards salary, general expenditure and non plan funds has been reflected in the income and expenditure account – Schedule 13 and funds received towards fixed assets has been reflected in Schedule 1 – Capital fund. Disclosure of the same has been made in the I & E Account and Note 9 of Schedule 25.</p> <p>The audit point has been noted and for the year 2016-17 the inclusion of the non plan grant received from DST would be suitably disclosed under the relevant accounting head.</p>
	<p>B.5 Grant in aid</p>	<p>Grant of Rs. 116.04 crore (20.26 crore + 93.78 crore + 2.00 crore) was received and utilized during the current year viz. 2015-16.</p>	<p>Noted.</p>
<p>(C) Management letter</p>		<p>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.</p>	<p>Noted.</p>

