



Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of the Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram for the year ended 31 March 2019

1. We have audited the Balance Sheet of the Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram as at 31 March 2019, 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.
2. 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 & 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.
 - 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.68.93 crore
The actuarial valuation of the year 2018-19 (Paragraph 11 of Schedule 25) and the liability towards gratuity, pension and accumulated leave encashment were Rs. 41.80 crore, Rs. 318.04 crore and Rs. 47.75 crore respectively.
Against the liability of Rs. 407.59 crore as on 31 March 2019 Institute has created Pension Fund amounting to Rs. 16.11 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by Rs. 391.48 crore and understatement of expenses account (Schedule-20: Establishment Expenses).
A.2 SCTIMST did not make provisions of Rs. 81.23 lakh in the account towards the payment of NPS contribution, electricity charges, etc. pertaining to the year 2018-19. Thus, the Institute understated its expenditure as well as current liabilities each by Rs.81.23 lakh since institute did not account the liability towards NPS and Electricity charges on accrual basis.



A.3 Fixed Assets (Schedule 8) Rs.126.28 crore

SCTIMST accounted the computers, software and printers under the head 'Equipment' and provided depreciation at the rate of 15 per cent instead of the head 'Computer and peripherals' at the rate of 40 per cent. Similarly, the purchase of Air Conditioners is accounted under the head 'Equipment' in lieu of 'Furniture and Fixtures' and provided depreciation at the rate of 15 per cent against 10 per cent. Thus, Computer/Peripherals, Furniture, Fixtures under Schedule-8: Fixed Assets overstated by Rs. 3.39 lakh (Rs.3.48- Rs. 0.09) and depreciation understated to the same extent.

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 2019; and
- b. In so far as it relates to Income & Expenditure Account of the deficit for the year ended on that date.

Sd/-

(B) Income and Expenditure Account

Interest Earned (Schedule 17) Rs. 5.89 crore

B.1 As per sanction order towards construction of 'New Hospital Block' the interest earned shall be adjusted against future release of grant. Institute however, credited the interest as their income. Thus, the income of the institute (Schedule-17: Interest Earned) was overstated by Rs. 1.74 crore and Schedule-7: Current Liabilities and Provisions understated to the same extent.

1 NPS Contribution Rs.44.09 lakh and Electricity charges Rs.37.14 lakh

Director General of Audit
(Scientific Departments)

(C) Management letter

Deficiencies which have not been included in the Separate Audit Report have been brought to the notice of Sree Chitra Tirunal Institute for Medical Sciences and Technology, Thiruvananthapuram 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 & Expenditure Account and Receipts & 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 explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts,



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), THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2019.

Audit Para No. & date	Audit Para	Reply of the Institute
A. Balance Sheet: A.1 Current Liabilities and Provisions (Schedule-7) Rs.68.93 Crore	<p>The actuarial valuation for the year 2018-19 (Paragraph 11 of Schedule 25) and the liability towards gratuity, pension and accumulated leave encashment were Rs.41.80 crore, Rs.318.04 crore and Rs.47.75 crore respectively.</p> <p>Against the liability of Rs.407.59 crore as on 31 March 2019 Institute has created Pension Fund amounting to Rs.16.11 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by Rs.391.48 crore and understatement of expenses account (Schedule-20: Establishment Expenses).</p>	<p>The liability in respect of Gratuity, Pension and Leave Encashment is disclosed in para 11 of Schedule No. 25- Notes on accounts. Governing Body of the Institute after considering the financial position of the Institute, decided to continue the existing practice of settling the payments on cash basis and creation of funds to be considered once the financial position improves. GB also approved that, every year the liability may be reassessed and proper disclosure made in the financial statements.</p>
A.2	<p>SCTIMST did not make provision of Rs.81.23 lakh in the account towards the payment of NPS contribution, electricity charges etc. pertaining to the year 2018-19. Thus, the Institute understated its expenditure as well as current liabilities each by Rs.81.23 lakh since institute did not account the liability towards NPS and Electricity charges on accrual basis.</p>	<p>Since 12 months Employer's contribution on account of NPS and 12 months electricity charges have been debited in the accounts there is no understatement of expenditure as well as liability.</p>



<p>A.3Fixed Assets (Schedule 8) Rs.126.28 crore</p>	<p>SCTIMST accounted the computers, software and printers under the head 'Equipment' and provided depreciation at the rate 15 per cent instead of the head 'Computer and peripherals' at the rate of 40 per cent. Similarly, the purchase of Air Conditioners is accounted under the head 'Equipment' in lieu of 'Furniture and Fixtures' and provided depreciation at the rate of 15 percent against 10 percent. Thus, Computer/ Peripherals, Furniture, Fixtures under Schedule-8: Fixed Assets overstated by Rs.3.39 lakh (Rs.3.48 - Rs.0.09) and depreciation understated to the same extent.</p>	<p>The understatement as well as overstatement of fixed assets due to misclassification of assets is negligible i.e. Rs. Rs.3.20 lakh, (ie. 0.23 % of the total depreciation charges for 2018-19) based on the materiality concept.</p>
<p>(B) Income and expenditure Account B.1 Interest earned (Schedule 17) Rs.5.89 crore</p>	<ul style="list-style-type: none"> As per sanction order towards construction of 'New Hospital Block' the interest earned shall be adjusted against future release of grant. Institute however, credited the interest as their income. Thus, the income of the institute (Schedule-17: Interest Earned) was overstated by Rs.1.74 crore and Schedule-7: Current Liabilities and Provisions understated to the same extent. 	<p>The interest earned on the fixed deposit opened out of funds received for New Hospital Block has been rightly accounted as liability and is part of Schedule 7 of the Balance Sheet. Therefore there is no overstatement.</p>
<p>(C) Management letter</p>	<p>Deficiencies which have not been included in the Draft Separate Audit Report have been brought to the notice of Sree Chitra Tirunal Institute for Medical Sciences and Technology, Thiruvananthapuram through a Draft Management letter issued separately for remedial/corrective action.</p>	<p>The observations mentioned in the Management letter have been noted for future guidance as well as remedial/corrective action.</p>