



कार्यालय महानिदेशक लेखापरीक्षा,
पर्यावरण एवं वैज्ञानिक विभाग

नई दिल्ली-110 002

OFFICE OF THE DIRECTOR GENERAL OF AUDIT,
ENVIRONMENT & SCIENTIFIC DEPARTMENTS,
A.G.C.R. BUILDING, I.P. ESTATE
NEW DELHI-110 002

सं. म.नि.वै.वि./नि./SAR/SCTIMST/2(35)/2020-21/ 560 - 562

दिनांक: 3/12/2020

सेवा में,

निदेशक

श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रौद्योगिकी संस्थान,
थिरुवनन्थपुरम्-695011

विषय: श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रौद्योगिकी संस्थान, थिरुवनन्थपुरम् के वर्ष 2019-20 के लेखों पर
ऑडिट रिपोर्ट।

महोदय,

मुझे श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रौद्योगिकी संस्थान, थिरुवनन्थपुरम् के वर्ष 2019-20 के लेखों पर ऑडिट रिपोर्ट आग्रेषित करने का निर्देश हुआ है।

संसद के दोनों सदनों में प्रस्तुत करने से पहले वर्ष 2019-20 के वार्षिक लेखों को श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रौद्योगिकी संस्थान, थिरुवनन्थपुरम् द्वारा अपनाया जाए। प्रत्येक दस्तावेज जो संसद में प्रस्तुत किया जाए उसकी तीन प्रतियां इस कार्यालय तथा दो प्रतियां भारत के नियंत्रक महालेखापरीक्षक को अग्रेषित की जाए। संसद के दोनों सदनों में प्रस्तुत करने की तिथि (या) भी इस कार्यालय को सूचित की जाए।

आपसे अनुरोध है कि ऑडिट रिपोर्ट का हिन्दी अनुवाद अपने कार्यालय में कराने के पश्चात सॉफ्ट कॉपी तथा हार्ड कापी दोनों में हमें भेज दें ताकि हिन्दी प्रति को शीघ्र अग्रेषित किया जा सके।

यह महानिदेशक द्वारा अनुमोदित है।

संलग्नक: यथोपरि।

भवदीया,

निदेशक (निरीक्षण)

प्रतिलिपि:

- वरिष्ठ प्रशासनिक अधिकारी, रिपोर्ट (स्वा.नि.), कार्यालय भारत के नियंत्रक महालेखापरीक्षक, नई दिल्ली को उनके कार्यालय के पत्र संख्या RC/AB/SAR/SCTIMST/01-126/477 दिनांक 24.11.2020 के क्रम में। आपके कार्यालय द्वारा किये गए परिवर्तन/सुझाव को सम्मिलित कर लिया गया है। ऑडिट रिपोर्ट की अंतिम कापी भी मुख्यालय की टिप्पणियों के उत्तर और प्रपत्र की प्रति भी इसके साथ संलग्न की जा रही है।
- निदेशक, कार्यालय महानिदेशक लेखा परीक्षा, वैज्ञानिक विभाग, बंगलौर शाखा, अंतरिक्ष विभाग, न्यू बी ई एल रोड, बंगलौर- 560 094

निदेशक (निरीक्षण)

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 2020

1. We have audited the Balance Sheet of Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram as at 31 March 2020, 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

A1 Current liabilities and provisions (Schedule-7) - Rs.71.95 crore

As per Paragraph 8 of Schedule-24 Significant Accounting Policies of the annual accounts for the year 2019-20, retirement benefits are being accounted for on cash basis by SCTIMST. However, the Institute has done the actuarial valuation for the year 2019-20 (Paragraph 11 of Schedule 25) and the liability towards gratuity, pension and accumulated leave encashment were Rs.39.15 crore, Rs.446 crore and Rs.10.72 crore respectively.

Against the liability of Rs.495.87 crore as on 31 March 2020 Institute has created Pension Fund (GL 1301) amounting to Rs.21.29 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by Rs.474.58 crore and understatement of expenses account (Schedule-20: Establishment Expenses).

A2 Current liabilities and provisions (Schedule-7) - Rs.71.95 crore

The un-spent portion of money received from Ministry/ Departments of the Government of India is required to be shown under 'Schedule 7-Current Liabilities and Provisions' so that the un-spent grant is either refunded in full at its request or adjusted against the subsequent releases.

SCTIMST received an amount of Rs.40 Crore from Ministry of Health & Family Welfare towards the procurement of Hospital equipment for the New Hospital Block. Out of this an amount of Rs.0.02 crore was incurred for the purpose by the institute. The unutilized portion of Rs.39.98 crore was however not shown under 'Schedule 7-Current Liabilities and Provisions'. It was instead shown under 'Schedule-1: Capital Fund'. Thus, the Current liability of the institute was understated, and Capital Fund overstated by Rs.39.98 crore.

SCTIMST replied (Aug/Sept 2020) that considering the financial position of the Institute, Governing Body decided to continue the existing practice of settling payments on cash basis and creation of funds to be considered once the financial position improves. The position of the Institute is against the directives of Ministry of Finance on the subject.

A3 Current Liabilities - Rs.71.66 crore

As per Rule 230 (8) of General Financial Rules, 2017; all interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should mandatorily be remitted to the Consolidated Fund of India, immediately after finalisation of the accounts.

Audit scrutiny revealed that interest received against; (i) the grant for construction of New Hospital block amounting¹ to Rs.4.37 crore and the grants for procurement of equipment for

¹ GL Code 1252, sub schedule other current liability of Schedule 7 : current liabilities

the new Hospital block amounting² to 0.10 crore were not remitted to CFI. These amounts should be remitted to CFI immediately.

A4 Current Assets (Schedule-11) - Rs.319.92 crore

As per the Uniform Format of Accounts prescribed for central autonomous bodies, the investments from earmarked funds in Government Securities, Shares, Debentures, Bonds, etc., are to be accounted under 'Schedule-9 – Investments from Earmarked Funds'. The fixed/ Termed deposits in Scheduled/ Non-Scheduled banks are to be accounted under 'Schedule 11 - Current Assets'. Audit scrutiny however revealed that SCTIMST accounted³ Rs.67.85 crore deposited in Bank Account under Schedule-9 - Investments instead of Schedule 11-Current Asset. Thus Current Asset Account is understated and Investment Account is overstated by Rs.67.85 crore.

A5 Current Assets (Schedule-11) - Rs.319.92 crore

As per the Uniform Format of Accounts prescribed for central autonomous bodies, the investments other than from earmarked funds in Government Securities, Shares, Debentures, Bonds, etc., are to be accounted under 'Schedule-10 – Investments Others'. The fixed/ Termed deposits in Scheduled/ Non-Scheduled banks are to be accounted under 'Schedule 11- Current Assets'. Audit scrutiny however revealed that SCTIMST accounted Rs.24.25 crore deposited in Bank Account under Schedule-10 – Investments others instead of Schedule 11-Current Asset. Thus, Current Asset Account is understated and 'Investment others' Account is overstated by Rs.24.25 crore.

A6 Current Assets (Schedule-11) - Rs.319.92 crore

As per Indian Accounting Standard 20 relating to accounting of Government Grants, Grants shall be recognized in accounts only when there is a 'reasonable assurance' that the Grants will be received. As per the accounting standard, Government grants shall be recognized against the grant release orders. However, the institute under Para 6 of its Significant accounting policy (Schedule 24) disclosed that all Government grants are accounted based on grant release orders, except the grant to meet seventh CPC arrears. It further disclosed that the institute accounted an amount of Rs. 41.72 crore under Current Assets (Schedule 11) towards Seventh CPC arrears grant receivable.

Audit observed that 'reasonable assurance' principle is not met in recognizing seventh CPC arrears as 'Grants receivable' under Current Asset Account as reasonable assurance was not obtained from the grantee through Grant release orders. It was also observed that the balances were receivable in the year 2018-19 and Rs.21.25 crore was received in the year 2020-21.

² GL Code 1254, sub schedule other current liability of Schedule 7 : current liabilities

³ Deposit of Rs. 14.60 crore on account of Pension and Staff fund (GLC codes 2386, 2392, 2426 and 2436) and Project fund amounting to Rs. 53.25 crore (GL Code 2440).

Further, instead of recognizing the grant receivable figure (as per estimation of SCTIMST) under Current asset account the institute, may disclose the amount under its Notes to Account (Schedule-25).

However an amount of Rs. 20.47 crore (Rs. 41.72- 21.25) for the year 2018-19 without reasonable assurance has been taken into its accounts. Thus, current assets account is overstated by Rs.20.47 crore and capital fund account are also overstated by Rs.20.47 crore.

(B) Income and Expenditure Account

B1 Other Income (Schedule 18) - Rs.1.71 crore

As per the notes and instructions contained in the approved Uniform Format of Accounts prescribed for central autonomous bodies, Schedule-3 earmarked / endowment funds are the amounts received as grants assistance or retained by the entity to be utilized for specific or earmarked purposes and to be expended for these purposes. This schedule should not include grants/ funds which were appropriated from the releases of the promoters of the institution. Therefore, the funds appropriated from the grants/ income are not be kept under Schedule-3. In-house project costs are to be expended from the income/ grant of the Institute and are direct appropriations from the Institute's Income/grant, which close to accounts and therefore would not hold any balance.

Audit scrutiny of the schedule-3 however revealed that 54 In-house projects (53 Technical Research Centre projects and project GL Code 2621 of BMT wing) were reported under schedule-3 and these projects held a balance of Rs.32.70 crore as on 31st March 2020. These balances may be credited immediately to 'Other Income'. Thus, 'Other Income' (Schedule 18) account is understated by Rs.32.70 crore and Earmarked/ Endowment Fund Account (Schedule-3) overstated.

(C) General

C1 Grant in aid

SCTIMST received an amount of Rs. 186.15 crore from DST. Out of which Grant-in-aid towards Salary received from DST was Rs. 12313.01 lakh and Grant-in-aid towards General purpose received from DST was Rs. 1853.05 lakh the entire amount is spent. Grant-in-aid for creation of Capital Asset was with an opening balance of Rs. 75.72 crore and an amount of Rs. 44.49 crore grants was received during the financial year 2019-20; an amount of Rs. 59.49 crore was spent during the financial year and balance at the end of the year is Rs. 60.72 crore.

C2 General

As per Rule 233(ii) of GFR 2017, on completion of the projects or schemes, if the assets are allowed to be retained by the sponsoring institute/ organization, the implementing agency (SCTIMST) should include the assets at book value in their own accounts.

As per Paragraph 12 of Schedule-25, value of assets acquired from on-going external projects from April 2014 to March 2020 was Rs.3807.32 lakh. The value of assets procured for the period up to the end of March 2014 (from completed projects) however was not worked out and the

consent of the sponsoring agencies not obtained to include the value of these assets in the institute accounts.

C3. Disclosure relating to preparation of financial statements

As per approved uniform format of accounts, the Central Autonomous bodies are prescribed to follow accrual basis of accounting. In the accrual system of accounts, transactions are recorded in accounts at the time of transfer of goods and services. Audit scrutiny however revealed that the institute did not record its transactions at the time of transfer of goods and services.

SCTIMST has one indigenous software solution to cater to the accounting requirements from Indent to payment. Accounts, Purchase and Stores division are integrated into one software solution. Preparation of Trial Balance, Receipt and Payment Account and Final Accounts (Balance Sheet, Income and Expenditure account and its schedules, sub schedules) Accrued income, Dues payable are prepared in Excel through manual intervention. Inventories are managed in a different software and at the end of financial year, journal entries are proposed to transfer the transactions to trial balance.

As per the Generally Accepted Accounting Principles in India, the Creditors/ Debtors ledger accounts are two most important accounts in addition to General ledger which represent money owed to the institution by its customers and money owed by the institution to its suppliers. Audit scrutiny revealed that the institute did not have its Creditors (payables) ledger and Debtors ledger (receivable) account required as prescribed under uniform format of accounts. Detailed ledger accounts which record the voucher level details of all outstanding transactions which would help the management to periodically pursue with the customers to adjust the outstanding transactions did not exist. As a result, the system of Debtors/ Creditors management was not effective as evident from the large outstanding amounts available in these accounts.

Therefore, a comprehensive accounting software which covers activities from voucher entry till preparation of the final accounts along with Debtors/ Creditors/ General Ledger needs to be put in place. Further the solution should cover the spending aspect from the indent till acceptance and the management of inventory/ asset. Similarly, revenue aspect from services rendered, products consumed covering all customers (Patients, suppliers, contractors, creditors, debtors) needs to be in place.

The institute may therefore disclose under its notes to account the accounting system pursued by the institute and may indicate a time frame based action plan to switch over to a complete accrual system of accounting by adopting comprehensive Accounting Software which automatically generate financial statements, without any manual interventions. This includes the maintenance of Debtors/ Creditors Ledger accounts together with integration of accounting of hospital inventory to the main Accounting software.

(D) 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.

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 31 March 2020; 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 C&AG of India

Date:

Place: New Delhi



**Director General of Audit
(Environment and Scientific Departments)**

Annexure to Separate Audit Report

Internal Control Mechanism

Internal Control mechanism in SCTIMST was found to be inadequate. The observations, based on which Audit have arrived at this conclusion, are discussed as under: -

1. Adequacy of Internal Audit

Internal audit of SCTIMST had been conducted in Feb 2020 for the period ending March 2019 and as of date 13 paragraphs are outstanding. Out of this, two paragraphs are outstanding for more than five years (from March 2012). The resident Internal Audit Division (IAD) of the Institute also conducts internal Audit of SCTIMST but it does not conduct the audit of all its divisions on a continuous basis. The Audit is conducted for broken periods and that too for selected divisions. IAD prepare division wise inspection report. A comprehensive system of issue of consolidated inspection report to seek responses for the system improvements across divisions and follow up action to rectify the systemic issues and internal control system however was not in place. Details of the paragraphs outstanding for settlement from the division wise inspection report was also not furnished.

2. Adequacy of Internal Control System

Internal control is a dynamic integral process involving management and personnel at all levels to provide reasonable assurance for achievement of objectives. It safeguards against failure in compliance with laws and regulations through control environment, risk assessment, control procedure, information, communication and monitoring thereby ensuring effectiveness and efficiency in departmental operations and reliability in financial reporting.

2.1 Bank Reconciliation Statement

(a) Discrepancies in the Bank Reconciliation Statement (BRS)

According to Bank accounts list the institute is maintaining total 29 bank accounts. Out of which, the BRS of 24 accounts were furnished and 5 accounts were not furnished. Audit scrutiny of the Bank Reconciliation Statement of 24 bank accounts of SCTIMST and related books of accounts at the end of March 2020 revealed old outstanding balances under the following two bank accounts :-

No	Descriptions	Bank codes in bracket (in Rs.)	
		Bank code (17)	Bank code (31)
(1)	Cheques issued but not cleared/presented	478700	10992484
(2)	Credited raised by bank but not taken in the bank book	0	0
(3)	Valuables deposited in bank but not realized	0	0
(4)	Debited raised by bank but not taken in the bank book	0	0

- In the bank account number 57001148263 (Bank Code 31), the cheques amounting Rs.1.10 crore were issued but not cleared/presented as on 31.03.2020 which is still pending to be cleared even after five months from its issuance.

Further, details of balances for three banks were also not furnished.

(b) Bank account lying inoperative for more than six years

SCTIMST is having a saving bank account in Kerala State Cooperative Bank (A/c No, 4012000000186). Scrutiny of accounts and related records revealed that the account is lying inoperative since April 2014. Audit observed that the last transaction in this account was in March 2014. This dormant account is having a credit balance of Rs. 74924 as on 31 March 2020.

The same observation was pointed out in last year Separate Audit Report by Audit party. SCTIMST replied (August 2019) that steps will be taken to close the account during the financial year 2019-20. However, this account was not closed during the financial year 2019-20. It is still lying inoperative.

2.2 Non Maintenance of Expenditure Control Register

According to Rule 57 of GFR 2017; an expenditure control register in 'form GFR 5' are to be maintained either in manual or electronic form. The expenditure incurred against each voucher along with progressive figure is to be entered in the register against the approved budget units (units of heads of account/ ledger account classified under Income and Expenditure Account and Balance Sheet) and entries closed every month. Expenditure control register ensures that expenditure is within the approved budgeted units. Audit observed that SCTIMST did not maintain expenditure control register which is an important prescribed budgetary control mechanism to contain the expenditure within the approved budget.

3. System of Physical verification of Assets

The physical verification report of the institute for the year ending March 2017 had reported shortfall of stores valuing Rs. 42.73 lakh.

The physical verification of the BMT wing for the year 2019-20 was furnished. The deficit items were identified and surplus items⁴ taken to stock. One printer which was deficient was found in verification as exchanged in buy back scheme. BMT wing may ensure that its asset item is taken to stock immediately on acceptance. Assets may be procured on buy back basis only after following the due process of declaring the old assets as obsolete and written off.

4. System of physical verification of inventories

The institute did not stipulate its significant inventory valuation policy instead mentioned that at Para No.2 of its Schedule 24 that the inventories such as stores and spares including machinery spares are valued at cost.

SCTIMST manages its inventories in a software different from the accounting solutions with the result at the end of financial year journal entry are proposed to transfer the transactions to trial balance. Therefore, accounting solution which covers inventory aspect is to be in place.

⁴Chair, white board, two hot plates, Book shelf with glass door, book case, wall fan, pedestral fan, etc.

The physical verification report of the Hospital wing for the year 2017-18 had reported that inventories available in the books of accounts of the institute such as accessories, spares, deposit items are not physically available in the store. Similarly BMT wing had also reported missing items due to programmatic error. Physical verification report of the inventories for the years 2018-19 and 2019-20 was not furnished by Hospital and BMT wings. Institute did not furnish a clarification on non-furnishing of the physical verification report of the inventories.

5. Regularity of payment of statutory dues

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



Sanjay Kumar Jha

महानिदेशक लेखापरीक्षा
पर्यावरण एवं वैज्ञानिक विभाग
ए.जी.सी.आर.भवन, इन्द्रप्रस्थ एस्टेट,
नई दिल्ली-110002

**DIRECTOR GENERAL OF AUDIT
ENVIRONMENT & SCIENTIFIC DEPARTMENTS
A.G.C.R. BUILDING, I.P. ESTATE
NEW DELHI-110002**

D. O. No. DGA(ESD)/Inspection/SAR/2(35)/SCTIMST/2019-20 Dated:

Dear Madam,

I have audited the Annual Accounts of the Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram for the year 2019-20 and have issued the Audit Report thereon. During the course of audit, some deficiencies were noticed which were of a relatively minor nature and were, therefore, not included in the Audit Report and are now enclosed in the Annexure. These are being brought to your notice for remedial and corrective action.

Warm regards.

Yours sincerely,

Encl: Annexure

Dr. Asha Kishore,
Director,
Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST)
Thiruvananthapuram-695 011

Management Letter

1. Negative balances under external project account

As per notes to the Uniform Format of Accounts prescribed for central autonomous bodies, the amount received towards specific purpose are to be booked under 'Schedule-3: Earmarked Fund' of the balance sheet and to be accounted distinct from the regular grants (Revenue and Capital grants) provided by the Government of India. Thus, earmarked fund represented externally funded projects whose financial performance is to be reported separately.

The funds received for the externally funded projects are to be credited to Schedule-3 of the Balance sheet and expended from the individual ledger account. Audit scrutiny of the transactions under Schedule-3 for the year ending March 2020 however revealed that under five externally aided projects the institute reported negative balances of Rs.38.57lakh indicating that the shortfall was funded from the institute fund. The support for external projects from the institute funds are not in order. The details of the negative balances are as under: -

GL Code	Description of the Project: Action taken by the institute	Audit comments	Amount outstanding in Rs lakhs		
			2019-20	2018-19	2017-18
5234	Improving Localisation in Lesion Neagative: The KSCSTE, GoK funded project was completed on 18.04.2015. The ledger is in deficit consequent to the import payment for a Research equipment resulted in higher expenditure by Rs. 28.60. A Due diligence examination of records by FA/CAO under way for rectification process. No funds are due from any funding agency in this project ledger. .	Further status may be intimated	28.60	28.60	28.60
8004	A clarification was obtained from the Principal Investigator and official has given reply with clarifications. These two projects, which had scheduled completion date for 2012, was part of the four combined umbrella projects funded by DBT. Instead of sending a single SE and UC for the four projects, individual SEs was submitted with individual refunds. Set off between 2 deficit projects with surplus available with the other combined projects was not done resulting in the deficit in these two projects. PI, who is now retired from the service now, went to DBT requesting for more funds to cover the deficit. DBT informed that the file has been closed and there is no chance for getting further funds. The matter is referred to higher committees for a solution.	Further status may be intimated.	2.78	2.78	2.78
8005			0.99	0.99	0.99
8009	Proj/8009/DBT/Dr.T.V.Anilkumar: The original deficit/minus balance, as on 31.03.2011 for the project was Rs. 7.20 lakhs. After constant follow up with DBT, on submission of revised SE and UC the PI could get Rs. 4.09 lakhs additional grant resulting in reduction of minus balance to Rs. 3.11 lakh. PI has informed that it would be difficult for receipt of further funds from DBT. The matter is referred to higher committees for a solution including ascertainment of income earned to the institute by way of Royalty on patent granted/commercialization done in the project.	Further status may be intimated.	3.11	3.11	3.11
8031	Proj/8031: Principal Investigator of the project has approached the funding agency for further release of grant to cover the	Further status may be	3.09	3.09	3.09

GL Code	Description of the Project: Action taken by the institute	Audit comments	Amount outstanding in Rs lakhs		
			2019-20	2018-19	2017-18
	deficit. The progress will be intimated to audit. The project was completed in the year 2013.	intimated.			
Total			38.57	38.57	38.57

Audit scrutiny further revealed that in these five external projects the negative balance were outstanding in the accounts during the last three years (2017-18, 2018-19 and 2019-20). Action taken by the institute revealed that an approval stream coupled with appropriate responsibility and accountability mechanism to avoid excess expenses was not in place. The outflow from external projects shall be programmed in such a way that an expenditure will not result in debit balance in the project account. Further action is awaited.

SCTIMST replied (September 2020) that in the 5 cases which are prior to the period 2015, where in negative balance are reflected the possibility of getting further funds from the funding agencies are remote since the PI has received confirmation that the files are closed and no further payment can be released by the funding agencies. SCTIMST further stated that further action would be intimated to remove the negative balances of 5 ledgers and results would be intimated to Audit. Further action is pending.

2. Sundry Debtors

As seen from Schedule-11 appended to Financial Statement for the year 2019-20, an amount of Rs.50.20 crore is receivable from debtors out of which Rs.19.41 crore is outstanding for more than six months. The categories of sundry debtors outstanding as on 31 March 2020 are as follows:

GL code	Description	Amount (Rs. in lakh)
1318	Treatment Charges Receivable	92.65
1319	Amt receivable from CGHS	148.12
1322	Inpatient Dues -General	235.89
1323	Ex Service Cont Hs.	66.97
2751	TDS from Interest earned	327.33
1338	Tata Elexi concession	0.01
1329	CHIS Plus (CHIAK)	284.92
1324	Kerala Social Security Mission-THAALOLAM	488.72
1332	KBF Receivable	1061.66
1333	RBSK	2313.51
Total		5019.78

Percentage of dues from patient to the receipts of the year 2019-20 worked out to 7.4 percent amounting⁵ to Rs. 8.75 crore (Patient to income during the year was 117.78 crore) which is on the higher side. Further, The institute did not follow the balance confirmation procedure in respect of the outstanding debtors pending for more than six months. The broadsheets containing outstanding 'sundry debtors' of previous year's transactions were not furnished in respect of these 10 accounts and hence the age analysis of the outstanding transaction could

⁵ Dues at the end of March 2020 is Rs. 50.20 crore less previous year figure of Rs. 41.45 crore.

not be verified. In the absence of the broadsheets along with voucher details an assurance on the nature of transaction of outstanding could not be verified and commented.

Audit further observed that individual patient wise Debtors ledger account was not maintained by the institute and dues receivable from individual patients accounts are not available with SCTIMST. A detailed ledger account which record the voucher level details of all outstanding dues transactions which would help the management to periodically pursue with the customers/debtors to collect the balance dues was not there with the result the system of dues management was not effective as obvious from huge outstanding dues available in the account.

The institute replied (September 2020) that it is making continuous follow up with Government of Kerala, Ministry of Finance and other Government agencies. The debts details of more than five years against the above ten ledger accounts though called for was not furnished. Therefore, long pendency of the debtors could not be assessed.

3. Outstanding 'Advances Paid'

Advances Paid

It is seen from Schedule-11 that as on 31 March 2020 a huge sum of Rs.79.34 crore paid as advances were recoverable in cash or kind or value to be received. The advances are pending from contractors for work, suppliers for consumables and equipment, pre-payments and staff advances. The details of advance items booked under the heads as appeared in Trial balance are as follows.

Advances to suppliers

An amount of Rs.77.79 crore is pending for settlement from the advances paid for civil works and supply of consumables/ equipment. Since the cases outstanding are more, Audit could not go into the individual purchases in depth. SCTIMST may review these old balances to carry out the appropriate treatment in the accounts.

GL code	Description	Total (in Rs. lakh)
2701	Advance to Suppliers	1071.30
2702	Advance Suppliers Indigenous	8.27
2716	Advance LC Opening Charges	3.04
2717	Advance Payment to Consolidators	0.74
2712	New Hospital Block/ CDB Animal Facility - Advance	6694.40
2713	Advance to contractors for works	1.74
Total		7779.49

SCTIMST replied (Aug 2020) that settlement of advances is an ongoing process. SCTIMST further replied (September 2020) that once the installation/ commissioning is done, the advance will be settled. Further action is pending.

Pre-payments

An amount of Rs.1.55 crore is pending from pre-payments. Action taken to settle these pre-payments may be intimated. The oldest item pending from the following pre-payment accounts pertains to 2004-05.

GL code	Description	Total (in Rs.lakh)
2601	Telephone and Telex Deposit	1.56
2605	Other Deposits	52.51
2625	Prepaid Expenses	7.11
2705	Adv for Custom Duty	23.41
2721	Amount due from Projects - Hospital	26.04
2750	Other Advances	43.87
Total		154.50

Out of the six accounts, SCTIMST did not furnish the broadsheet containing details of pending advances in respect of the GL Codes 2601, 2605, 2721 and 2625. In the absence of the broadsheets along with voucher details an assurance on the nature of transaction of outstanding could not be verified and commented.

SCTIMST replied (September 2020) that efforts will also be taken to transfer the other items to the relevant heads and to minimize the accumulation in these account heads. The progress will be intimated to audit during the next financial year.

4. Advances received

Scrutiny of Schedule-7 and respective General Ledgers as at 31 March 2020 revealed that huge sum of Rs.6.62 crore was available as advances received from patients and other creditors as detailed below:

GL code	Description	Amount (Rs. In lakh)
1315	INPATIENT DEPOSIT	26.95
1317	AMT RECEIVED FROM PMF	146.94
2407	ADVANCE FROM PATIENTS-CASH	1.69
2780	SUSPENSE	78.35
1091	TOXICOLOGY LAB-REPL. COST/INSURANCE CLAIM - BMT	35.31
1334	RAN	153.10
1337	AROGYA KIRANAM	13.21
1339	PM FOUNDATION	0.04
1342	RAN UMBRELLA FUND-HOSP	181.24
1349	REVOLVING FUND - RAN	25.37
		662.20

These are the advance received against which patient care services were to be rendered and balances to be refunded after confirmation of the balances. The institute did not follow the balance confirmation procedure in respect of the advances received. The broadsheets containing outstanding 'Advances received' of previous year's transactions were not furnished except for Suspense account (GL Code 2780). The broadsheets are required to have an age analysis of the outstanding transaction. In the absence of the broadsheets along with voucher

details an assurance on the nature of transaction of outstanding could not be verified and commented.

SCTIMST replied that (September 2020) financial assistance received under Government schemes are running advances for the patients. These advances will be settled once the treatment is over. However, broadsheets are to be maintained and submitted to Audit for verification.

5. Non maintenance of Broadsheets/ Registers

In respect of accounts, which did not close at the financial year-end, a broadsheet containing the details of previous year transactions were to be maintained and a certificate of reconciliation of the balances of broadsheets with that of ledger balances recorded on the broadsheet/ registers. The broadsheets/ register containing the details of outstanding transactions of the previous years in respect of the following accounts were not maintained and furnished to Audit:

- | | |
|---|---------------------------------|
| (i) Sinking Fund Reserve | |
| (ii) Project Registers/ Broadsheets of Hospital wing and BMT wing | (vi) Statutory liabilities |
| (iii) Patient Welfare fund (GL Code 1075) | (vii) other current liabilities |
| (iv) Institute Ethics Committee Fund (GL Code 1077) | (viii) Sundry Debtors |
| (v) Pension Fund (GL Code 1301) | |

Even after repeated reminders every year the broad sheets containing the details of all outstanding transactions of the previous years in respect of balance sheet items were not made available to Audit.

SCTIMST replied (September 2020) that General Ledger has been submitted to Audit, however the Institute needs to maintain the broadsheets/ register containing the details of outstanding transactions of the previous years.

6. Irregular creation of Sinking fund

The Governing Body of SCTIMST in April 1991 constituted a 'sinking fund' to meet any unforeseen and emergency expenditure when there is no other source of fund. According to this approval of the fund, the appropriation would be accounted as a 'special reserve' in Balance Sheet as per the approved principles of accounting for autonomous bodies. The fund equal to five per cent of the net income generated by the institute from patient care services were being transferred and credited to this fund at the end of every financial year subject to a maximum ceiling of Rs.30 crores. The Governing Body in 2010 increased the appropriation from five per cent to seven and half per cent and maximum ceiling increased to Rs.50 crores and reduced the ceiling to Rs.15 crores in November 2015.

SCTIMST is a Central Autonomous Body created by an act of Parliament (No.52 of 1980). According to Paragraph 15 of the Act, the Central Government after due appropriation made by Parliament by law in this behalf pay to the institute in each financial year such sums of money for the exercise of its powers and discharge of its functions. Since, recurring funds is committed to the Institute through a Parliamentary Legislation, there was no need to create a special reserve to meet expenditure. Further, Ministry of Finance prescribed the common format of accounts for Central Autonomous Bodies in November 2000. As per these instructions, the special reserves are required to be created in pursuant to any statutory or regulatory requirement and not to meet unforeseen and emergency expenditure. Though money had not been appropriated to the fund in the year 2019-20, the irregular creation of the fund had overstated the Reserve and Surplus Account by Rs.15 crores.

SCTIMST replied (September 2020) that though assured by Section 15 of the SCTIMST Act, 1980 the appropriation has not been to the extent to cover the deficit of the Institute and the fund created has been used to fill the shortage of funds. Reply of SCTIMST is not acceptable as the funds are committed by the Central Government through a parliamentary legislation there was no need to create a special reserve.

7. Utilization of fund balances

The funds created for the specific purposes are required to be utilized for the purpose for which it was created. The institute is required to frame detailed guidelines on the utilization of the fund with appropriate level of approvals. Audit scrutiny however revealed that an objective and transparent guidelines as to the utilization of the (i) Technology Fund (ii) Patient Welfare fund was not prepared. Audit scrutiny further revealed that the balances of these funds were underutilized and not put to the productive use.

(i) Underutilization of Technology Development Fund (GL Code 2620)

The fund was created with the objective that the interest earned is utilized for meeting additional expenses on improvement of technologies developed. Audit scrutiny revealed that the institute did not frame any guidelines for the utilization of the fund. Out of the interest receipt of Rs.77.56 lakh received during the year 2019-20 the expenses incurred on internal projects were Rs.53.33 lakh. The balance of interest income of Rs.24.23 lakh was not utilized. The balances at the at the end of March 2020 is Rs.925.27 lakh. Huge amount is lying in the fund without proper utilization.

SCTIMST replied (September 2020) that Steps will be initiated for the proper utilization of the accumulated fund under TRF with the approval of competent authority. Further action is awaited.

(ii) Underutilization of Patient Welfare Fund (GL Code 1075)

The balances available under this head at the beginning of the financial year 2019-20 were Rs.100.18 lakh and addition during the year was Rs.13.40 lakh. Patient Welfare expenses were

only to the extent of Rs.2.68 lakh and the balance under the fund at the end of March 2020 was Rs.110.91 lakh. The utilization during the current year was only above two per cent of its balances. To a similar observation of the previous year, institute replied that it issued strict guidelines for the utilization of interest earned from funds contribution by staff and well-wishers. It was however seen that huge amount is lying in the fund without proper utilization.

SCTIMST replied (August 2020) that Audit objection regarding accumulation of huge amount under PWF will be brought to the notice of competent authority. SCTIMST further replied (September 2020) that as pointed out by audit, steps will be taken to enhance the utilization of Patient Welfare Fund. Further action awaited.

8.Reserve and Surplus account - Rs.24.25 crore

Overhead fund (GL Code 2622) consists of over head charges collected from projects, which are income of this institute. Appropriation from the income of the institute is required to be booked under Schedule-2: Reserves and Surplus Account. Audit scrutiny of Schedule-3 however revealed that the overhead fund with a balance of Rs.0.18 crore are reported under Schedule-3 instead of Schedule-2. Reserve and Surplus Account (Schedule-2) had been understated by Rs. 0.18 crore and 'Schedule-3: earmarked / endowment funds' Account had been overstated.

As per the instructions contained in MoF OM No. F/30(B)/AC/2004 dated 7 Jan 2005; the central autonomous bodies may create a reserve fund with the approval of MoF through the administrative ministry (DST). Post facto approval of DST and MoF may be obtained for the above reserve funds.

The fact remains that SCTIMST did not provide any assurance of closing of two reserve funds (TRF & ERF) or obtaining post facto approval of DST and MoF for operation & continuation of these two reserve funds.


Director General of Audit (ESD)