

Seperate Audit Report of the Controller & 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 2022.

1. We have audited the Balance Sheet of Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram AS AT 31 March 2022, the Income Expenditure Account and the Receipts & Payment Account for the year ended on that date under Section 19 (2) of the Controller & Auditor General's (Duties, Power & 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 Draft Seperate 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 seperately.
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 principle used and significant estimate made by management, as well as evaluating the overall presentation of financial statement. 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. **Understatement of current liabilities and provisions (schedule-7) of ₹74.25 crore (Checklist item)**

As per Peragraph 8 of schedule-24 Significant Accounting Policies of the Annual Accounts for the year 2021-22, the retirement benefits are being accounted for on actual payment basis by SCTIMST. However, the institute has done the actuarial valuation for the year 2021-22 and the liability towards gratuity, pension and accumulated leave encashment were ₹45.44 crore, ₹592.50 crore, ₹40.57 crore respectively.



Against the liability of ₹678.51 crore as on 31 March 2022, SCTIMST has created Pension Fund amounting to ₹34 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by ₹644.51 crore and understatement of establishment expenses.

A2. Understatement of Current liabilities and provisions (Schedule-7) of ₹74.25 crore (Checklist item)

As per Rule 230 (7) of GFR, 2017 when recurring Grants-in-aid are sanctioned to the same Institution or Organisation, the unspent balance of the previous Grant should be taken into account in sanctioning the subsequent Grants/releases. To assist the grant sanctioning authority, 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. the un-spent grant includes advances on capital accounts.

- (i) audit scrutiny of the grant release orders and fund utilisation certificate of SCTIMST revealed that under 'Grants for creation of Capital Assets' the unspent balance at the end of the year (March 2022) was ₹73.64 crore. Out of this, an amount of ₹25 crore was shown under 'Schedule 7-Current Liabilities and provisions' balance un-spent grant of ₹48.64 crore was not shown under the head instead was shown under 'Schedule-1: Capital Fund'. thus, current liability of the Institute was understand and Capital Fund overstated by ₹48.64 crore.
- (ii) The advances on capital accounts for the year ending March 2022 is ₹34.87 crore. The amount was included under 'Schedule-1: Capital Fund' instead of 'schedule-7 current Liabilities and Provisions'. thus, Current liability of the institute was understated, and capital Fund overstated by ₹34.87 crore.

As per Unifrom format of Accounts prescribed for Central Autonomous Bodies, material amounts included under the Sub Heads 'Other Liabilities' should be seperately shown indicating the nature of transaction. the unspent capital is a material transaction hence may be shoed as a distinct sub-Head under 'Current Liabilities and Provisions'.

A3. Current Assets (Schedule-11) ₹468.81 crore

- (i) 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/term deposits in Scheduled/ Non-Scheduled banks are to be accounted under 'Schedule-11-Currents Assets'. Audit scrutiny, however, revealed that the institute accounted ₹42.95 crore deposited in bank account under 'Schedule-9- Investments from Earmarked funds' instead of 'Schedule-11 - Current Assets'. Thus, current Assets account is understated and investment account is overstated by ₹42.95 crore.
- (ii) Similarly, 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/ term deposits in Scheduled/Non-Scheduled banks are to be accounted under 'Schedule-11-Current Assets'. Audit scrutiny, however, revealed that SCTIMST accounted ₹25.21 crore deposited in bank account under 'Schedule-10 - Investments- Others' Instead of 'Schedule-11- Current Assets'. Thus, Current Assets accounts is understated and 'Investment-others account is overstatedby ₹25.21 crore.



(B) Income and Expenditure Account

B1. Understatement of Depreciation account of ₹8.21 crore

According to Uniform format of Accounts prescribed for Central Autonomous Bodies, the Depreciation Block of Schedule 8 has; Opening Balance at the Beginning of the year plus Additions during the year Minus deductions during the year to arrive at the total depreciation up to the year end.

Audit scrutiny of the Schedule 8 of the annual account for the year 2021-22 however revealed that under Depreciation Block the additions during the year 2021-22 was reported as ₹8.21crore (after making adjustment on account of depreciation on deductions/write off during the year 2021-22) instead of ₹18.22 crore. The depreciatiojn on account of deductions/write off during the year of ₹10.01 crore is to be shown as addition under Schedule-1 Capital Fund.

Thus, the Depreciation Account of Income and Expenditure Account is understated by ₹10.01 crore (₹18.22 crore minus ₹8.21 crore) and capital Fund account of Schedule-1 overstated by the same amount.

B2 Understatement of ‘Repairs and Maintenance (GL Code 3605 of Schedule 21 Administrative Expenses of ₹3.04 crore’

According to Uniform format of accounts prescribed for the Central Autonomous Bodies, the CABs shall maintain their Accounts in Accrual Basis. The repairs and Maintenance Charges for the year shall be worked out on Accrual Basis and charged to Expenses Account Audit scrutiny of the vouchers revealed that in Voucher Nos. 8963 and 8964 dated 28 March 2022 the annual repairs and maintenance charges of the equipment amounting¹ to ₹32.12

lakh (₹20.07 lakh and ₹12.05 lakh) were booked under the Head ‘Other Liabilities (Gl code 2317)’ against previous year instead of ‘Repairs and Maintenance Account (GL Code 3605)’ for the Current year 2021-22.

Thus, the Repairs and Maintenance Account is overstatement of current Liabilities Account understated by ₹32.12 lakh.

(C) General

C1 Grant-in-aid

The grant release orders and fund utilisation certificate of SCTIMST revealed that the institute received an amount of ₹335.01 crore from DST during the financial year 2021-22. Out of which grants-in-aid towards Salary received from DST was ₹170 crore and Grant-in-aid towards General purpose received was ₹140.01 crore and the entire amount was spent. grant-in-aid for ‘Creation of Capital Assets’ was with an opening balance of ₹74.60 crore and an amount of ₹25 crore grants was received during the financial year 2021-22, an amount of ₹25.96 crore was spent during the financial year and un-spent balance at the end of the year was ₹73.64 crore.

C2 Assets procured out of sponsored agencies not reported in Accounts

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 should include the assets at book value in their own accounts.

As per Paragraph 12 of Schedule-25 Contingent Liabilities and Notes on accounts for the year ended March 2022, the value of assets acquired from on-going external projects for the last three years were reported. the value of Assets from² April 2014 to March 2022 was ₹53.68 crore. However, the value of assets procured towards



the completed projects was not worked out and the consent of the sponsoring agencies not obtained to include the value of these assets in the institute accounts. Similar observations were made in the SAR of the previous year however SCTIMST did not include the assets in its accounts after obtaining the consent of the sponsoring agencies.

- 1 ₹1205000 (₹2401000 X 6 Months/12 Months) vide voucher No. 8964 dated 28/3/22 ₹200692 (₹4100000 X ₹8.32 Months/12 Months) vide voucher No. 8963 dated 28/3/22
- 2 Year 2014-16 ₹132.07 lakh, Year 2016-17 ₹718.52 lakh, Year 2017-18 ₹850.68 lakh, Year 2018-19 ₹940.31 lakh, Year 2019-20 ₹1165.23 lakh, Year 2020-21 ₹518.19 lakh, Year 2021-22 ₹1043.04 lakh.

(D) Management Letter

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 letter

Date: 27-09-2022
Place: New Delhi

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, 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 Chithra Tirunal Institute for Medical Sciences & Technology, Thiruvananthapuram as at 31 march 2022; and
 - b. In so far as it relates to Income & Expenditure Account for the year ended on that date.

For and on behalf of C&AG of India

Director General of Audit
Environment and 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), Thiruvananthapuram for the year ended 31 March 2022.

Audit Para Number	Observation	Reply of the Institute
<p>A Balance Sheet A1. Understatement of Current liabilities and provisions (Schedule-7) of ₹74.25 crores (Checklist item)</p>	<p>As per Paragraph 8 of Schedule-24 Significant Accounting Policies of the Annual Accounts for the year 2021-22, the retirement benefits are being accounted for on an actual payment basis by SCTIMST. However, the institute has done the actuarial valuation for the year 2021-22 and the liability towards gratuity, pension and accumulated leave encashment were ₹45.44 crore, ₹592.50 crore and ₹40.57 crore respectively. Against the liability of ₹678.51 crore as on 31 March 2022 SCTIMST has created Pension Fund amounting to ₹34 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by ₹644.51 crore and understatement of establishment expenses.</p>	<p>The liability in respect of Gratuity, Pension and Leave Encashment is disclosed in para 11 of Schedule No. 25 under notes on accounts. Detailed fund requirement for the proposal based on the actuarial valuation and report submitted by the LIC of India for the creation of Pension fund has been forwarded to DST. It is understood that DST has taken up the matter with DoE for approval & budget allocation. In the recently convened Finance Committee held on 17/6/2022, DST representatives mentioned that the proposal is under the consideration of the DoE, and MoF. Based on the decision of GB held on 22/6/2022, a follow-up letter in this regard has also been forwarded to the DST.</p>
<p>A2. Understatement of Current liabilities and provisions (Schedule-7) of ₹74.25 crore (Checklist item)</p>	<p>As per Rule 230 (7) of GFR, 2017 when recurring Grants-in-aid are sanctioned to the same Institution or Organisation, the unspent balance of the previous Grant should be taken into account in sanctioning the subsequent Grants/ releases. To assist the grant sanctioning authority, 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. The unspent grant includes advances on capital accounts.</p>	<p>(i) Audit may kindly note as per GFR 230(7) of GFR 2017, the recurring Grants-in-aid received during the year 2021-22 were fully utilized and the non-recurring Grants-in Aid which remained unutilized during the year was duly disclosed (₹25 crore) under 'Schedule 7 - Current Liabilities and Provisions' as payable to Govt. of India and also mentioned the fact in detail under 'Schedule 25-Notes forming part of Accounts. Hence there is no understatement of Current Liability during the year.</p>



	<p>(i) Audit scrutiny of the grant release orders and fund utilisation certificate of SCTIMST revealed that under 'Grants for creation of Capital Assets' the unspent balance at the end of the year (March 2022) was ₹73.64 crore. Out of this, an amount of ₹25 crore was shown under 'Schedule 7-Current Liabilities and Provisions' balance un-spent grant of ₹48.64 crore was not shown under the head instead was shown under 'Schedule-1: Capital Fund'. Thus, Current liability of the institute was understated, and Capital Fund overstated by ₹48.64 crore.</p> <p>(ii) The advances on capital accounts for the year ending March 2022 is ₹34.87 crore. The amount was included under 'Schedule-1: Capital Fund' instead of 'Schedule-7 Current Liabilities and Provisions'. Thus, Current liability of the institute was understated, and Capital Fund overstated by ₹34.87 crore.</p> <p>As per Uniform format of Accounts material amounts included under the Sub Heads 'Other Liabilities' should be separately shown indicating the nature of transaction. The unspent capital grant is a material transaction hence may be shown as a distinct sub Head under 'Current Liabilities and Provisions'.</p>	<p>The unutilized amount shown in the Utilization certificate submitted to DST includes the amount received (during 2018-19) for the PMSSY project Construction of New Hospital Building for which advances are released to the executing agency viz. CPWD against the demand raised by them. All relevant records were submitted to audit. It may also be noted that there is no addition to Capital Fund- Schedule 1 during the current year under audit.</p> <p>(ii) Advances on the capital account for the year ending March 2022 amounting to ₹34.87 is correctly disclosed in <i>Schedule 11 - "Current Assets Loans and Advances" B.2.(a) Advances and other amounts recoverable in cash or kind or for value to be received: -On Capital Account'</i>. There is no addition to Schedule 1 during the year towards advances on the capital account. Hence there is neither understatement of current liability nor overstatement of the capital fund. It is expected that the construction will be completed during the last quarter of 2022-23 (March 2023) and the full amount will be utilized upon which this will be capitalised.</p>
<p>A3. Current Asset (Schedule 11) ₹468.81 crore</p>	<p>(i) 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/ term deposits in Scheduled/ Non-Scheduled banks are to be accounted under 'Schedule-11 - Current Assets'.</p>	<p>(i) It may please be noted that the investment of funds in term deposits which are available for the general use of the Institute at short notice is shown in the Current asset Schedule -11 whereas, the investment of earmarked/ endowment funds (Pension Fund, Project fund etc. ₹42.95 Crore) are shown in Schedule-9 Investment of Earmarked and Endowment funds-under the subhead "Others".</p>



Audit scrutiny, however, revealed that the institute accounted ₹42.95 crore deposited in bank account under 'Schedule-9 - Investments instead of Schedule-11 - Current Assets'. Thus Current Assets account is understated and the Investment account is overstated by ₹42.95 crore.

(ii) Similarly 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/term deposits in Scheduled/Non-Scheduled banks are to be accounted under 'Schedule-11 - Current Assets'. Audit scrutiny, however, revealed that SCTIMST accounted ₹25.21 crore deposited in a bank account under Schedule-10 - Investments-Others instead of Schedule-11 - Current Assets'. Thus Current Assets account is understated and the 'Investment-Others' account is overstated by ₹25.21 crore.

This has been the accounting procedure consistently followed at the Institute over the years. Earmarked/endowment funds cannot form part of the current assets of the Institute as it is not for the general use of the Institute and hence classifying them in Schedule 11 - Current Asset may give a wrong picture of the working capital of the Institute. As such, there is neither an understatement of Current assets nor an overstatement of Investment from Earmarked Funds.

(ii) Investments for the general use at the Institute are shown in the Current asset, Schedule-11 whereas the investment of specific funds such as Emergency Reserve Fund and Technology Development funds are booked under **Schedule-10, Investment Others** (₹25.21 crore). This has been the accounting procedure consistently followed at the Institute over the years. These investments cannot form part of the current asset of the Institute as these are investments of reserve funds. As these investments are not for general use at the Institute and hence classifying them in Schedule-11, Current Asset may give a wrong picture of the working capital of the Institute. Thus, there is neither an understatement of Current assets nor an overstatement of Investment -Others.



<p>B Income and Expenditure Account</p> <p>B1. Understatement of Depreciation account of ₹8.21 crore</p>	<p>According to the Uniform format of Accounts, the Depreciation Block of Schedule 8 has; an Opening Balance at the beginning of the year plus Additions during the year Minus deductions during the year to arrive at the total up to the year-end. Audit scrutiny of Schedule 8 of the Annual Account for the year 2021-22 however revealed that under Depreciation Block the additions during the year 2021-22 was reported as ₹8.21 crore (after making adjustment on account of depreciation on deductions/ write off during the year 2021-22) instead of ₹18.22 core. The depreciation on account of deductions/write-off during the year of ₹10.01 crore is also to be shown as an addition under Schedule -1 Capital Fund. Thus, the Depreciation Account of Income and Expenditure Account is understated by ₹10.01 crore (₹18.22 crore minus ₹8.21 crore) and the Capital Fund Account of Schedule 1 is understated by the same amount.</p>	<p>The audit may kindly note that the depreciation policy followed by the Institute has been clearly disclosed in the Notes forming part of Accounts (Schedule 24). It says: -</p> <p>5. DEPRECIATION</p> <p>Depreciation is provided on the reducing balance method at the rates specified by the Income Tax Act 1961. In respect of additions to fixed assets during the year, depreciation is provided for the full year. In the case of the condemnation of an asset, depreciation for the current year has not been provided and the accumulated depreciation of the previous years has been duly adjusted from the depreciation of the current year.</p> <p>As such, the depreciation for the year is calculated as the net of current year depreciation minus depreciation on condemnation. Hence there is no understatement of depreciation during the year 2021-22.</p>
<p>B2. Understatement of Repairs and Maintenance (GL cod 3605) of Schedule 21 Administrative expenses of ₹3.04 crore</p>	<p>According to the common format of accounts prescribed for the Central Autonomous Bodies, the CABs shall maintain their accounts on Accrual Basis. The Repairs and Maintenance Charges for the year shall be worked out on accrual basis and charged to Expenses Account</p>	<p>The audit may please note that an amount of ₹32.12 lakh booked under the head 'prior period expenses' belongs to the previous year and hence was not charged to the current years 'Repair maintenance'. This was duly mentioned during the last year's audit based on which the observation was dropped (A M No. 16 dt. 9.11.2021).</p>



	<p>Audit scrutiny of the vouchers revealed that in Voucher Nos. 8903 and 8904 dated 28 March 2022 the annual repairs and maintenance charges of the equipment amounting to ₹32.12 lakh were booked under the Head 'Other Liabilities (GL Code 2317)' against the previous year instead of 'Repairs and Maintenance Account (GL Code 3605)' for the Current year 2021-22.</p> <p>Thus, the Repairs and Maintenance Account is understated and the Current Liabilities is understated by ₹32.12 lakh.</p>	
<p>C. GENERAL C1. Grant-in-aid</p>	<p>The grant release orders and fund utilisation certificate of SCTIMST revealed that the institute received an amount of ₹335.01 crore from DST during the financial year 2021-22. Out of which Grants-in-aid towards Salary received from DST was ₹170 crore and Grant-in-aid towards General purpose received was ₹140.01 crore and the entire amount was spent. Grant-in-aid for 'Creation of Capital Assets' was with an opening balance of ₹74.60 crore and an amount of ₹25 crore grants was received during the financial year 2021-22, an amount of ₹25.96 crore was spent during the financial year and un-spent balance at the end of the year was ₹73.64 crore.</p>	<p>Confirmed</p>
<p>C2. Assets procured out of sponsored agencies not reported in Accounts (Checklist item)</p>	<p>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 should include the assets at book value in their accounts.</p>	<p>Institute disclosed the value of assets acquired out of external projects in the Notes to the Accounts (para 12 (a)). These assets were acquired mainly out of funds received from GoI projects (DBT, DST for the TRC &Meity etc.) and these projects are ongoing.</p>





	<p>As per Paragraph 12 of Schedule-25 for the year ended March 2022, the value of assets acquired from ongoing external projects for the last three years was reported. The value of Assets from April 2014 to March 2022 was ₹53.68 crore. However, the value of assets procured for the completed projects was not worked out and the consent of the sponsoring agencies not was obtained to include the value of these assets in the institute accounts. Similar observations were made in the SAR of the previous year however SCTIMST did not include the assets in its accounts after obtaining the consent of the sponsoring agencies.</p>	<p>Since the projects funded by external agencies are ongoing and the final report is yet to be forwarded to the respective funding agency. The value of these assets will be included in the accounts (Schedule- 8) in the future after the due closure of projects.</p> <p>Based on the audit observation of the previous year, Institute has started the practice of obtaining consent letters from the concerned funding agencies through project investigators as required in Rule 233 of GFR, 2017. But consent is yet to be received. On receiving consent from the funding agencies, assets will be included in the Institute's books of accounts.</p>
D. Management Letter	<p>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 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 for remedial/corrective action</p>

