

## Separate 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 2023.

1. We have audited the Balance Sheet of Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram as of 31 March 2023, 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 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, evidence 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. **Fixed Assets (Schedule-8) of Rs. 257.86 Crore**
        - (i) Assets procured out of sponsored agencies not reported in Accounts (AO-4)

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 for the year ended March 2023, the value of assets acquired from on-going external projects for the last three years were reported. The value of Assets from April 2014 to March 2023 was Rs. 55.24 crore. At the instance of Audit, SCTIMST decided (July 2023) to include assets worth Rs. 38.07 crore pertain to the six-year period from 2014-20 to its fixed assets. However, the revision in accounts is pending.

## **(B) Income and Expenditure Account**

Other Income Rs. 2.12 crore (Schedule-18)-AO 9

The proceeds from the external projects towards general revenue expenses shall be credited to the Income (Schedule-18: Other Income) of the institute since general revenue expenses are met from the expenses account (Schedule-21: Administrative Expenses).

The cost of 'Animal Research Expenses' from the external projects amounting to Rs. 0.48 Crore (Balances at the end of March 2023) however were not credited to the Other Income (Schedule-18), although, the general animal research expenses were met from 'Other Administrative Expenses' (GL Code 3170). Instead, the proceeds from the external projects towards Animal Feed were credited under a separate account 'Cost of Animal Feed' (GL Code 7220) created for the purpose under 'Earmarked/ Endowment Fund' of Schedule-3.

Thus, other Income (Schedule 18) account was understated and 'Earmarked/ Endowment Fund of Schedule 3 overstated by Rs. 0.48 crore.

## **(C) General**

### **C.1. Current Liabilities and Provisions (Schedule-7) of Rs. 47.48 crore**

As per Paragraph 8 of Schedule-24 Significant Accounting Policies of the Annual Accounts for the year 2022-23, the retirement benefits are being accounted for on actual payment basis by SCTIMST. The above do not include liability of Rs. 683.73 crore on account of Pension, Gratuity and Accumulated Leave Encashment. Therefore, the same needs to be disclosed in Notes on Accounts.

### **C.2. Grant-in-aid (AO 2)**

Treasury Single Account System (TSA) is an assignment bank account opened by the PAO with Reserve Bank of India. The system is evolved to bring Autonomous Bodies to receive Grants-in-Aid and incur expenditure there against. Out of the Grants-in-Aid of Rs.335 crore received during the year, the SCTIMST could utilize a sum of Rs.262.57 crore leaving a balance of Rs.72.43 crore as unutilized grant as on 31st March 2023 which was lapsed.

## **(D) Management letter**

Deficiencies which have not been included in the Draft Separate Audit Report were 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.

- i) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payment Account dealt with in 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 Chitra Tirunal Institute for Medical Sciences & Technology, Thiruvananthapuram as of 31 March 2023; and

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

For and on behalf of C&AG of India

Sd/-

Director General of Audit, Environment  
and Scientific Departments, New Delhi

Date: 25-10-2023  
Place: New Delhi



**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 2023.**

| Audit Para No  | Observation  | Reply of the Institute  |
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| <p><b>A Balance Sheet</b></p> <p><b>A1. Fixed Assets (Schedule-8) of Rs 257.86 Crore</b></p> <p><b>(i) Assets procured out of sponsored agencies not reported in Accounts (AO-4)</b></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 own accounts. As per Paragraph 12 of Schedule-25 for the year ended March 2023, the value of assets acquired from on-going external projects for the last three years were reported. The value of Assets from April 2014 to March 2023 was Rs 55.24 crore. At the instance of Audit, SCTIMST decided (July 2023) to include assets worth Rs 38.07 crore pertain to the six-year period from 2014-20 to its fixed assets. However, the revision in accounts is pending.</p> | <p>Based on the audit observation during the previous certification audit (FY 2021-22), Institute had taken steps to obtain consent from the funding agencies of the projects that are completed, to retain the assets as the stock of the Institute and show it in the fixed assets. This would reveal the book value of these assets in the annual financial statements.</p> <p>As per the Institute's circular dated 30.08.2022, most of the Principal Investigators of completed projects have written to the respective funding agencies such as ICMR, DBT, DST etc. to obtain the consent for retention of assets procured by utilizing the grant in aid allotted. Institute has not received any reply from any of the funding agencies.</p> <p>To comply with the Audit observation, assets acquired out of completed project grants up to the financial year 2019-20 (for 6 years from 2014-15) amounting to Rs. 38.07 crores would be included in the Schedule of fixed assets at the book value of the financial statements during the financial year 2023-24 irrespective of any reply from funding agencies.</p> |

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| <p><b>(B) Income and Expenditure Account</b></p> <p><b>Other Income</b><br/> <b>Rs 2.12 crore</b><br/> <b>(Schedule-18)- AO 9</b></p> | <p>The proceeds from the external projects towards general revenue expenses shall be credited to the Income (Schedule-18: Other Income) of the institute since general revenue expenses are met from the expenses account (Schedule-21: Administrative Expenses).</p> <p>The cost of 'Animal Research Expenses' from the external projects amounting to Rs 0.48 Crore (Balances at the end of March 2023) however were not credited to the Other Income (Schedule-18), although, the general animal research expenses were met from 'Other Administrative Expenses' (GL Code 3170). Instead, the proceeds from the external projects towards Animal Feed were credited under a separate account 'Cost of Animal Feed' (GL Code 7220) created for the purpose under 'Earmarked/ Endowment Fund' of Schedule-3.</p> <p>Thus, other Income (Schedule 18) account was understated and 'Earmarked/ Endowment Fund of Schedule 3 overstated by Rs 0.48 crore.</p> | <p>The audit may kindly note that at the Biomedical Technology Wing of the Institute, funds are being received for animal study from various external agencies by transferring funds from ongoing projects as part of the study. These funds are pooled and kept in GL Code 7220 and disclosed under Schedule-3, Earmarked/Endowment Fund. Expenses for animal studies are being utilised from such transferred amount and is an ongoing activity which is followed for the past several years. Being an ongoing project, the entire amount available in the project cannot be treated as income. However, as pointed out by the audit, the surplus amount if any after the completion of the study as confirmed by the project investigator will be transferred to Institute as its income.</p> |
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| <p><b>(C) General</b></p> <p><b>C.1. Current Liabilities and Provisions (Schedule-7) of Rs 47.48 crore</b></p> | <p>As per Paragraph 8 of Schedule-24 Significant Accounting Policies of the Annual Accounts for the year 2022-23, the retirement benefits are being accounted for on actual payment basis by SCTIMST. The above do not include liability<sup>2</sup> of Rs 683.73 crore on account of Pension, Gratuity and Accumulated Leave Encashment. Therefore, the same needs to be disclosed in Notes on Accounts.</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. The audit may kindly note that during the previous year, a detailed fund requirement for the proposal based on the actuarial valuation and report submitted by the LIC of India for the creation of a Pension fund was forwarded to DST, the administrative Ministry for allotment of funds. It is understood that DST has taken up the matter with DoE for approval &amp; budget allocation. Until a fund that involves huge capital investment is created, the present practice of mentioning the current liability in notes on accounts is made as done in the past several years. Audit may please note that the Institute received a letter from the DST mentioning that it would take care of 100% of the Pensionary benefits to Non-Academic staff and 70% of the Academic staff of the Institute. Copy of the letter already submitted to audit.</p> |
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| <p><b>C.2. Grant-in-aid (AO 2)</b></p> | <p>Treasury Single Account System (TSA) is an assignment bank account opened by the PAO with Reserve Bank of India. The system is evolved to bring Autonomous Bodies to receive Grants-in-Aid and incur expenditure there against. Out of the Grants-in-Aid of Rs.335 crore received during the year, the SCTIMST could utilize a sum of Rs.262.57 crore leaving a balance of Rs.72.43 crore as unutilized grant as on 31<sup>st</sup> March 2023 which was lapsed.</p> | <p>During the year 2022-23, the utilization of the Grant-in-Aid was done through PFMS and the actual expenditure was booked accordingly. During the financial year, most of the procurement was done through the GeM. Sophisticated hospital equipment was not available in the Gem. Institute is exploring the possibility of including these items by contacting the GeM authorities. On 3<sup>rd</sup> April 2023, the Department of Expenditure, Ministry of Finance, issued orders regarding the procurement of certain equipment through the Global Tender Enquiry. Thus, the capital grant could not be utilized as was envisaged. These facts were brought to the notice of the DST and the funds were re-allotted to the financial year 2023-24 for effective utilization.</p> <p>Regarding revenue grants for Salary and General, funds were allotted on the late evening of 31<sup>st</sup> March 2023 and expenditure was booked thereafter. Underutilization was due to a software glitch that occurred in the RBI software/server. These facts were duly disclosed in the notes forming part of the accounts</p> |
| <p><b>(D) Management Letter</b></p>    | <p>Deficiencies which have not been included in the Draft Separate Audit Report were 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>   |