



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

स. म. नि. ले.प.(पर्या.एवं वै.वि)/नि./2(63)/SAR-SCTIMST/2021-22/865-867 दिनांक: 06.01.2022
07

सेवा में,

निदेशक

श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रोद्यौगिकी संस्थान,(SCTIMST)

तिरुवनंतपुरम-695011

विषय: श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रोद्यौगिकी, तिरुवनंतपुरम के वर्ष 2020-21 के लेखों पर ऑडिट रिपोर्ट।

महोदय,

मुझे श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रोद्यौगिकी, तिरुवनंतपुरम के वर्ष 2020-21 के लेखों पर ऑडिट रिपोर्ट आग्रेषित करने का निर्देश हुआ है।

संसद के दोनों सदनों में प्रस्तुत करने से पहले वर्ष 2020-21 के वार्षिक लेखों को श्री चित्रा तिरुनाल आयुर्विज्ञान एवं प्रोद्यौगिकी, तिरुवनंतपुरम 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।

भवदीया,

संलग्नक: यथोपरि।

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 2021

1. We have audited the Balance Sheet of Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram as at 31 March 2021, 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 Draft 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) of ₹53.70 crore

As per Paragraph 8 of Schedule-24 Significant Accounting Policies of the annual accounts for the year 2020-21, retirement benefits are being accounted for on cash basis by SCTIMST. However, the institute has done the actuarial valuation for the year 2020-21 and the liability towards gratuity, pension and accumulated leave encashment were ₹ 41.85 crore, ₹ 499.02 crore and ₹ 29.94 crore respectively.

Against the liability of ₹ 570.81 crore as on 31 March 2021, SCTIMST has created provision of amounting to ₹ 32.58 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by ₹ 538.23 crore and understatement of establishment expenses.

A.2. As per the notes and instructions contained in the approved Uniform Format of Accounts prescribed for central autonomous bodies, provisions were to be provided under 'Schedule-7 - Current Liabilities and Provisions'. SCTIMST paid ₹ 75.78 lakh in April/May 2021 towards the annual maintenance charges (AMC) for the year 2020-21. It was however observed that Institute did not create provision for AMC during the year 2020-21. Thus, Schedule-7: Current Liabilities and Provisions understated and capital fund overstated by ₹ 75.758 lakh

(B) General

B1 Grant-in-aid

SCTIMST received an amount of ₹ 310 crore from DST. Out of this, Grants-in-aid towards Salary received from DST was ₹ 190 crore and Grant-in-aid towards General purpose received was ₹ 75 crore and the entire amount was spent. Grant-in-aid for creation of Capital Assets was with an opening balance of ₹ 60 crore and an amount of ₹ 45 crore grants was received during the financial year 2020-21, an amount of ₹ 30.40 crore was spent during the financial year and balance at the end of the year was ₹ 74.60 crore.

B2 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 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 2021 was ₹ 43.25 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.

B3 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.

Further, Audit scrutiny revealed that the institute did not have its Creditors (Payable) ledger and Debtors (Receivable) ledger accounts required as prescribed under the 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.

The institute may therefore disclose under its notes on accounts the accounting system pursued by the institute.

(C) 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 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 2021; and
- b. In so far as it relates to Income & Expenditure Account of the deficit for the year ended on that date.

Date :

Place : New Delhi

For and on behalf of C&AG of India


Director General of Audit

Environment and Scientific Departments

Annexure

Internal Control Mechanism

The internal control mechanism in the Institute 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

DST conducted the internal audit of SCTIMST in February 2020 for the period ending March 2019 and as of date 10 paragraphs are outstanding. Out of this, three paragraphs are outstanding for more than five years.

The resident Internal Audit Division (IAD) of the Institute also conducts internal audit of the Institute but it does not conduct the audit of all its divisions on continuous basis. The Audit is conducted for broken periods and that too for selected divisions. IAD prepares a division wise inspection report. A comprehensive system of issue of consolidated inspection report to seek responses for the system improvements across the divisions and follow up action to rectify the systemic issues and internal control system however was not in place.

2. Adequacy of Internal Control System

2.1 Bank account lying inoperative for more than seven years

SCTIMST is having a savings bank account (General Fund Account) in Kerala State Co-operative Bank. Scrutiny of the records related to the bank account revealed that the account is lying inoperative since April 2014. This dormant account is having a credit balance of ₹ 74924 as on 31 March 2021.

2.2 Non maintenance of Expenditure Control Register

Institute did not produce to audit the 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

Physical verification of assets of the Institute for the year 2020-21 reported two refrigerators, one almirah and one cordless telephone as deficit items.

Physical verification report of BMT wing for the year 2020-21 was furnished. The deficit items were identified/ removed from stock and surplus items taken into departmental stock. BMT wing may ensure that the asset items are taken into stock immediately on acceptance.

4. System of physical verification of inventories

SCTIMST did not stipulate its significant inventory valuation policy instead stated that (Para No.2 of Schedule 24) that the inventories such as stores and spares including machinery spares are valued at cost. The institute manages its inventories in a software different from the accounting software with

the result at the end of financial year journal entry are proposed to transfer the transactions to trial balance and thus an accounting software which covers inventory aspect is to be in place.

The physical stock verification of Main store item of Hospital wing for the year 2020-21 had reported that the stock verification of Division of Clinical Engineering (DCE) stock and Perfusion stock were not conducted. Issues such as excess stock, non removal of expired items, issue of items in excess of receipt etc., were reported during physical stock verification.

5. Regularity of payment of statutory dues

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


Director
(Inspection)



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**

Sanjay Kumar Jha

(Director General)

D.O.No.DGA(ESD)/Inspection/SAR/2(35)/SCTIMST/2020-21/ 242

Date: 07-01-2022

Dear Sir,

I have Audited the Annual Accounts of Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST), Thiruvananthapuram for the year 2020-21 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 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. Ajit Kumar,
Director,
Sree Chitra Tirunal Institute of Medical
Sciences and Technology (SCTIMST),
Thiruvananthapuram – 695 011

Annexure to 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 2021 however revealed that under eight externally aided projects the institute reported negative balances of ₹ 39.94 lakh indicating that the shortfall was funded from the institute fund. The support of 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	Amount outstanding (₹ in lakh)		
		2020-21	2019-20	2018-19
5234	Improving Localisation in Lesion Neagative	28.60	28.60	28.60
8004	Proj/8004/Program support	2.78	2.78	2.78
8005	Proj/8005/Program support	0.99	0.99	0.99
8009	Proj/8009/DBT/Dr.T.V.Anilkumar	3.11	3.11	3.11
8031	Proj/8031:	3.09	3.09	3.09
Total		38.57	38.57	38.57

Audit scrutiny further revealed that in these five external projects the negative balances were outstanding in the accounts during the last four years (2017-18, 2018-19, 2019-20 and 2020-21).

SCTISMT replied (Nov 2021) that these negative balances are lying in record over the last several years and the possibility of getting further funds from the funding agencies are remote since most of the Principal Investigators have retired. The institute added that as advised by the Finance Committee and Governing Body the Institute will take up the matter with the funding agencies for the balance funds.

2. Sundry Debtors

As seen from Schedule-11 appended to Financial Statement for the year 2020-21, an amount of ₹ 34.04 crore is receivable from debtors out of which ₹ 3.03 crore is outstanding for more than six months. The categories of sundry debtors outstanding as on 31 March 2021 are as follows:

GL code	Description	Amount (₹ in lakh)
1318	Treatment Charges Receivable	278.48
1319	Amt receivable from CGHS	243.56
1322	Inpatient Dues - General	235.65
1323	Ex. Service Cont Hs.	66.97
2751	TDS from interest earned	139.95
1329	CHIS Plus (CHIAK)	52.61
1324	Kerala Social Security Mission-THAALOLAM	700.56
1332	KBF Receivable	279.79
1333	RBSK	1406.95
Total		3404.52

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 nine accounts and hence the age analysis of the outstanding transaction could 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 Debtor's ledger account were not maintained by SCTIMST and dues receivable from individual patient's accounts are not available with the institute. A detailed ledger account which records the voucher level details of all outstanding dues transactions which would help the management to periodically pursue with the customers 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.

SCTIMST replied (Nov 2021) that the matter is being followed with the Centre/ State Government Departments/ Agencies to recover the outstanding dues.

3. Outstanding 'Advances Paid'

It is seen from Schedule-11 that huge sum of ₹ 76.05 crore paid as advances as on 31 March 2021 were recoverable in cash or kind or value to be received. The advances were 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:-

3.1 Advances to suppliers

An amount of ₹ 74.66 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 lakh)
2701	Advance to Suppliers	983.15
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	6471.17
Total		7466.37

SCTIMST replied (Nov 2021) that once the installation/commissioning is done, the advance will be settled. Further action is pending.

3.2 Pre-payments

An amount of ₹ 1.40 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 lakh)
2601	Telephone and Telex Deposit	1.56
2605	Other Deposits	52.52
2625	Prepaid Expenses	14.35
2705	Adv for Custom Duty	26.74
2721	Amount due from Projects - Hospital	0.62
2750	Other Advances	43.87
Total		139.66

Out of the six accounts, SCTIMST did not furnish the broadsheet containing details of pending advances in respect of any of the items. 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 (Nov 2021) that the efforts will 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 2021 revealed that huge sum of ₹ 8.29 crore was available as advances received from patients and other creditors as detailed below:-

GL code	Description	Amount (₹ in lakh)
1315	INPATIENT DEPOSIT	152.59
1316	ESI RECEIVED IN ADVANCE	0.46
1317	AMT RECEIVED FROM PMF	208.32
2407	ADVANCE FROM PATIENTS-CASH	1.69
2780	SUSPENSE	48.20
1091	TOXICOLOGY LAB-REPL. COST/INSURANCE CLAIM - BMT	35.31
1334	RAN	114.74
1337	AROGYA KIRANAM	13.21

1339	PM FOUNDATION	0.04
1342	RAN UMBRELLA FUND-HOSP	235.33
1338	TATA ELEXI CONCESSION	19.05
	Total	828.94

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. 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 (Nov 2021) that financial assistance retained under Government schemes are 'running advances' for the patients. These advances will be settled once the treatment is over. However, the broadsheets are to be maintained and submitted to Audit for verification. Even after repeated Audit observation in the previous years Management Letter the broadsheets are not 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 | (vi) Statutory liabilities |
| (ii) Project Registers/ Broadsheets of Hospital wing and BMT wing | (vii) Other current liabilities |
| (iii) Patient Welfare fund (GL Code 1075) | (viii) Sundry Debtors |
| (iv) Institute Ethics Committee Fund (GL Code 1077) | |
| (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 (Nov 2021) that General Ledger is maintained. However, the institute need to maintain the broadsheet which contain all receipt and payment transactions with details of vouchers in a single document from the beginning till end. Even after repeated Audit

observation in the previous years Management Letter, the institute did not maintain the broadsheet in the required format.

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 the patient care services were being transferred and credited to this fund at the end of every financial year subject to a maximum ceiling of ₹ 30 crore. The Governing Body in 2010 increased the appropriation from five per cent to seven and half per cent and maximum ceiling increased to ₹ 50 crore and reduced the ceiling to ₹ 15 crore 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 2020-21, the irregular creation of the fund had overstated the Reserve and Surplus Account by ₹ 15 crore.

SCTIMST replied (Nov 2021) that based on the approval of Governing Body, Institute created Emergency Reserve Fund and the fund is maintained at ₹ 15 Crore. However, the fund to the institute is 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 guideline for the utilization of (i) Technology Fund and (ii) Patient Welfare Fund were 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 ₹ 106.25 lakh received during the year 2019-20 the expenses incurred on internal projects were ₹ 43.19 lakh. The balance of interest income of ₹ 63.06 lakh was not utilized. The balances at the end of March 2021 is ₹ 948.30 lakh. Huge amount is lying in the fund without proper utilization.

SCTIMST replied (Nov 2021) that steps will be initiated for the proper utilization of the accumulated fund under TDF with the approval of competent authority. Even after repeated Audit observation in the previous years Management Letter, the institute did not frame any guidelines for the utilization of the fund.

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

The balance available under this head at the beginning of the financial year 2020-21 was ₹ 110.91 lakh and addition during the year was ₹ 11.16 lakh. Patient welfare expenses were only to the extent of ₹ 4.54 lakh and the balance under the fund at the end of March 2021 was ₹ 122.06 lakh. The utilisation during the current year was only about three per cent of its balances. A huge amount is lying in the fund without proper utilization.

SCTIMST replied (Nov 2021) that steps will be taken to enhance the utilization of Patient Welfare Fund. Even after repeated Audit Observation in the previous years Management Letter, the institute however did not take steps as committed in their reply every year to enhance the utilization from the fund.

8. Fixed Assets (Schedule-8) of ₹ 175.13 crore.

Audit observed from Schedule 8 - Fixed Assets that an amount of ₹ 579.39 lakh was shown as deductions during the year 2020-21 under the Head Plant, Machinery & Equipment and ₹ 30.57 lakh was shown as deductions under the Head Surgical Equipment under Other Fixed Assets.

Audit scrutiny revealed that an amount of ₹8.11 lakh was included in both plant, machinery and equipment account as well as surgical equipment account. The Fixed asset account was understated by ₹8.11 lakh and capital asset account understated by the same amount.

9. Income and Expenditure Account

(i) Administrative Expenses (Schedule-21) of ₹ 77.27 crore.

Audit scrutiny of 'Schedule-21 - Administrative Expenses' revealed that an amount of ₹ 37.58 lakh towards the annual maintenance charges for the previous year 2019-20 was included in

the expenses account during the current year. Thus, the institute overstated its Administrative Expenses by ₹ 37.58 lakh and understated the prior period expenses.



**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 2021.

Audit para	Observation	Reply of the Institute
<p>{A) Balance Sheet</p> <p>A1 Current liabilities and provisions (Schedule-7) " 53.70 crore</p>	<p>As per Paragraph 8 of Schedule-24 Significant Accounting Policies of the annual accounts for the year 2020-21, retirement benefits are being accounted for on cash basis by SCTIMST. However, the institute has done the actuarial valuation for the year 2020-21 and the liability towards gratuity, pension and accumulated leave encashment were 41.85 crore, 499.02 crore and 29.94 crore respectively.</p> <p>Against the liability of, 570.81 crore as on 31 March 2021, SCTIMST has created provision of amounting to, 32.58 crore only. This has resulted in understatement of Schedule-7: Current Liabilities and Provisions by, 538.23 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-Notes on accounts. Detailed fund requirement based on the proposal 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 clearance & budget allocation.</p>
<p>A2 Current Liabilities and Provisions (Schedule 7) " 75.758 lakh</p>	<p>As per the notes and instructions contained in the approved Uniform Format of Accounts prescribed for central autonomous bodies, provisions were to be provided under 'Schedule- 7 - Current Liabilities and Provisions'. SCTIMST paid 75.78 lakh in April/May 2021 towards the annual maintenance charges (AMC) for the year 2020-21. It was however observed that Institute did not create provision for AMC during the year 2020-21. Thus, Schedule-7: Current Liabilities and Provisions understated and capital fund overstated by" 75.758 lakh</p>	<p>It may be noted that creating provision for repairs and maintenance was not in place at the Institute. However, suggestion from audit is noted for future guidance. There is a steady expense of Rs.5 to 6 Cr under the head Repairs & maintenance at the Institute for past several years. The amount stated by the audit (for 2021-22) will be transferred to prior period expenses and can be verified during the next audit. Hence there is no understatement of current liabilities and over statement of capital fund.</p>

<p>(B) General</p> <p>B1 Grant- in- aid</p>	<p>SCTIMST received an amount on'. 310 cr ore from DST. Out of this, Grants-in-aid towards Salary received from DST was" 190 crore and Grant-in-aid towards General purpose received was, "75 crore and the entire amount was spent. Grant-in-aid for creation of Capital Assets was with an opening balance of !! 60 crore and an amount of 45 crore grants was received during the financial year 2020-21, an amount of, " 30.40 crore was spent during the financial year and balance at the end of the year was "74.60 crore.</p>	<p>Noted.</p>
<p>B2 General</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.</p> <p>As per Paragraph 12 of Schedule-25, value of assets acquired from on-going external projects from April 2014 to March 2021 was "43.25 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.</p>	<p>Institute disclosed the value of assets acquired out of external projects in the Notes to Accounts (para 12 (a). These assets were acquired mainly out of funds received from GoI (DBT, DST for TRC & Meity etc.) and these projects are ongoing. Since the projects funded by external agencies are ongoing and final report is yet to be forwarded to respective funding agencies. Value of these assets will be included in the accounts of the Institute (Schedule- 8) in the future years after due closure of projects.</p> <p>Based on the audit observation of the previous year, Institute has started the practice of obtaining consent letter from the concerned funding agencies as required in Rule 233 of GFR, 2017. Consent is yet to be received. Once the consent is received from the funding agencies, assets will be incorporated in the Institute's accounts.</p>
<p>B3 General</p>	<p>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.</p> <p>Further, Audit scrutiny revealed that the institute did not have its Creditors (Payable) ledger and Debtors (Receivable) ledger accounts required as prescribed under the Uniform format of accounts. Detailed ledger accounts which record the voucher level details of all</p>	<p>To take care of the Audit observation, Institute would consider the following: -</p> <p>a. Institute will approach accounting software production houses like M/s. Tally Software Solutions Pvt. Ltd. to explore possibilities on whether their readymade software can accommodate multi functionalities of the Institute. This would help Institute to ascertain whether the software would support multiple functions/activities carried out which includes patient related activities such as Investigations (Lab, MRI, ECG, ECHO, Cath lab etc.) done at respective areas in Hospital block and link it to Accounts of the Institute. Inpatient billing record need to be available to operation theaters, ICUs and different wards to enable the smooth functioning of</p>

	<p>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.</p> <p>The institute may therefore disclose under its notes on accounts the accounting system pursued by the institute.</p>	<p>admission/discharge of patients. Besides Institute have Research and Academic divisions. Finance and accounting activities of these divisions also need to be captured and accounted.</p> <p>b. Institute have to hire and consultant who is an expert in Accounts and software to study the prevailing software program running at the Institute and suggest changes and improvements which would take care of the needs suggested by the Audit.</p> <p>Switching over to a new software and improvement in current one as suggested by the Audit requires time. However, audit observation is noted for future guidance.</p>
(C) 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 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>