

13.2 Audit Report

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of All India Institute of Medical Sciences (AIIMS), New Delhi for the year ended 31 March 2015

1. We have audited the attached Balance Sheet of All India Institute of Medical Sciences (AIIMS), New Delhi, as at 31 March 2015, the Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with section 18 (2) of the AIIMS Act, 1956. These financial statements are the responsibility of the AIIMS 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 the Comptroller and Auditor General (CAG) of India 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 Receipts & Payments Account dealt with by this report have **not** been drawn up in the uniform format of accounts approved by the Ministry of Finance, Government of India.
- iii. In our opinion, proper books of accounts on double entry system of accounting and other relevant records have been maintained by the AIIMS in so far as it appears from our examination of such books.
- iv. We further report that :

A. Balance Sheet

A.1. Liability

A.1.1. AIIMS (Main) Rs. 263181.29 lakh

A.1.1.1. Customs Duty Account Rs. 465.84 lakh

During the audit of previous year accounts, it had been pointed out that there was an un-reconciled difference of Rs.1088.51 lakh between the closing balance of customs duty depicted in annual accounts and the bank statement. During the current year 2014-15 AIIMS had tried to settle the difference by reducing the liabilities by Rs.1088.51 lakh without carrying out any reconciliation to establish the reasons for such difference. Hence the adjustment entry of Rs.1088.51 lakh could not be vouchsafed in audit.

A.1.1.2. Revolving Fund Rs.204.32 lakh

The closing balance of the Revolving Fund in the Balance Sheet was Rs. 204.32 lakh whereas the records maintained for the Revolving Fund showed a balance of Rs. 96.40 lakh as on 31st March 2015. Similar differences were noted in the previous report and AIIMS had accepted to reconcile the difference but no reconciliation was done.

A.1.1.3. Deposit Works - Power Grid Corp of India Rs.290.00 lakh

The AIIMS had received Rs.790.00 lakh as deposit from M/s Power Grid Corporation for construction of Night Shelter. Out of this AIIMS had made an advance payment of Rs.500.00 lakh to HSCC. However, AIIMS had shown only Rs. 290.00 lakh as liability against Power Grid Corp in the Balance Sheet. Hence the liability was understated by Rs. 500.00 lakh.

A.2. Assets

A.2.1. AIIMS (Main) Rs. 263181.29 lakh

A.2.1.1. PD Account Rs. 126.86 lakh

The closing balance of PD account in annual account was Rs.126.86 lakh whereas in the bank statement it was Rs. 95.69 lakh leaving unreconciled difference of Rs. 31.17 lakh. Hence assets of the Institute were overstated by the same amount. Similar difference was noted in the previous report and AIIMS had assured to reconcile the difference but no reconciliation was done.

A.2.1.2. Advance Payment for foreign purchase of Machinery & Equipment (Plan) Rs.4348.08 lakh

As per records maintained by AIIMS Main, an advance payment of Rs. 5785.04 lakh was made for foreign purchase of machinery and equipment, however, in the annual accounts only a payment of Rs. 4348.08 lakh was shown in the assets side of Balance Sheet. Hence, the assets of the Institute were under stated by Rs.1436.96 lakh.

B. Receipts and Payments Account

B.1. Receipts

B.1.1 Centre for Dental Education & Research (CDER) Rs. 1559.59 lakh

B.1.1.1. AIIMS (Main) had made a payment of Rs. 113.41 lakh as Grants in aid Salary to Centre for Dental Education & Research (CDER), a unit of the Institute. However, CDER has depicted a receipt of Rs. 393.75 lakh as grants in its receipts and payments accounts. Hence the receipts of CDER were over stated by Rs. 280.34 lakh.

C. General

C.1. As per appendix C of the annual accounts there were investments worth Rs. 132.53 lakh against donations received from various sources. However, as per records donations worth only Rs. 44.56 lakh were available. Hence the investments worth Rs. 87.96 lakh could not be verified in audit. Similar discrepancy was noted in the previous report.

C.2. There were huge un-reconciled balances in the bank reconciliation statements of various units in the AIIMS as detailed below:

Particulars	Period (details in annexure)	Amount in Rs.
Cheque issued but not debited	April 2008 to March 2015	1518239137
Cheques deposited but not credited	May 1989 to March 2015	231025630
Cheque not issued but excess debited	Jan 1992 to March 2015	164722345
Excess credited by bank	April 1990 to March 2015	159276169

C.3. The following assets were appearing in the annual accounts of the AIIMS, However, the assets registers were not maintained in such a manner that the balances of assets appearing in the Balance Sheet could be verified from the asset registers.

(Rs. in lakh)		
Name of unit	Asset	Amount Rs.
AIIMS (Main)	Machinery Equipment	88092.40
	Building const.	52438.07
	Land	1128.32
Dr. R P Centre	Machinery Equipment Plan	21091.89
	Machinery Equipment Non Plan	58.72
	Building	2334.43
	Furniture & Fixtures	154.95
C N Centre	Machinery and Equipment	44742.61

	Furniture & Fixtures	33.66
	Machinery and equipment trf from CT Patients	490.25
BRAIRCH	Machinery and Equipment	14285.26
	Furniture & Fixtures	108.40
	Building	3390.61
JPN Apex Trauma centre	Machinery and equipment	18511.99
	Furniture & Fixtures	94.65
CDER	Building	3087.62
	Machinery and equipment	2290.83
NDDTC	Machinery and equipment	457.19

C.4. During the year C N Centre made an advance payment of Rs. 410.00 lakh to main AIIMS for customs duty. However, the same was not shown as advance payment in the Balance Sheet and instead booked directly to the expenditure head Machinery and Equipment account. Hence assets of the C N Centre were understated by Rs. 410.00 lakh.

C.5. Centre for Dental Education & Research (CDER) made a payment of Rs. 22.42 lakh on 31 March 2015, for opening a Letter of Credit for procurement of Machinery. However, the same was booked to the final head Machinery & Equipment instead of showing as advance in the accounts. Hence, assets of the AIIMS were understated by the same amount.

C.6. Institute has not made provisions for retirement benefits as required under Accounting Standard 15 issued by ICAI.

D. Grants-in-aid

During the year 2014-15 AIIMS received grants of Rs. 1664.52 crore {Plan: Rs. 621.00 crore and Non-Plan: Rs. 1001.00 crore, Oversight Committee (Plan): Rs. 25.89 crore and National Drug Dependence Treatment Centre (NDDTC): Rs. 16.63 Crore (Plan)}. It also had its own income of Rs. 106.37 crore. The total expenditure incurred was Rs. 1685.45 crore (Plan Capital: Rs. 283.44 crore, Plan Revenue: Rs. 168.92 crore, Oversight Committee: Rs. 31.89 crore and Non Plan: Rs. 1201.20 crore). Besides, the AIIMS received grants for various schemes amounting to Rs. 80.67 crore and incurred an expenditure of Rs. 82.38 crore.

E. Management letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of the Director, AIIMS, 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 and Expenditure Account and Receipts and Payments 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, and 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 All India Institute of Medical Sciences as at 31 March 2015; and
 - b. In so far as it relates to Income and Expenditure Account of the surplus for the year ended on that date.

For and on behalf of C&AG of India,

Place: New Delhi

Date: ?

**Director General of Audit
(Central Expenditure)**

Annexure

1. Adequacy of internal audit system

During 2014-15, out of total no of 144 units, only 19 units were planned and audited by the internal audit wing of the AIIMS. There was no internal audit manual.

2. Adequacy of Internal Control System

The internal control system of the AIIMS was inadequate in view of the above and observations mentioned in Report.

3. System of physical verification of fixed assets

The physical verification of fixed assets had not been conducted during 2014-15.

4. System of physical verification of inventory

The physical verification of stationery, books and publications and consumable items was conducted for the year 2014-15.

5. Regularity in payment of statutory dues

As per the accounts, no statutory dues over six months were outstanding.

Annex to D.O. lr. No. AMG-II/SAR/7-12/AIIMS/2015-16

1. As per records maintained in J P N Apex Trauma Centre the following computer advances were lying outstanding as on 31st March 2015.

Amount in Rs.

Name	Opening balance of advance	Recovery during the year	Closing balance as on 31 March 2015.
Jeeto Samuel	25000	12000	13000
Geeta	25000	12000	13000
Jugal kishore	30000	12000	18000
Total	80000	36000	44000

However in the annual accounts the following balances were shown in the assets side of balance sheet:

Amount in Rs.

Name	Opening balance of advance	Recovery during the year	Closing balance as on 31 March 2015.
Computer advance	30000	11000	19000

Hence the closing balance of the computer advance was under stated in the in assets side of the balance sheet by Rs. 25000.

Replies to Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of AIIMS for the year ending 31 March 2015

A.1.1.1. Customs Duty Account Rs. 465.84 lakh

To enable timely payment of custom duty, a separate bank account under charge of Store Section (DO) is being operated in the Institute. AIIMS Main and Centres remit the money for payment of custom duty in the bank accounts maintained by Store Section (DO). Thus, Custom Duty A/c is shown at both sides of the Balance Sheet of AIIMS (Main) annual accounts, i.e. one for transactions of AIIMS (Main) and other for all transactions of 'Custom duty Bank Account' of Store.

In the Financial Year 2012-13, an amount of Rs.10.00 crores was refunded to 'AIIMS (Main)' Accounts from 'Custom Duty Accounts' due to surplus of funds. However, the same transaction was taken as Rs.10.00 lakh in accounts of 'Custom Duty Account' which resulted in difference of '9.90 crore in 'Custom Duty Accounts' of Store Section. The figure of Rs.10.00 crores was correctly depicted in the accounts of 'AIIMS (Main)' in the year 2012-13. However in the 'Custom Duty Accounts', the payment was shown short by Rs.9.90 crore in 'Receipt and Payment Accounts' as well as in Balance sheet for the year 2012-13.

Thus, out of Rs.10.88 crore, Rs. 9.90 crore have been identified and balance amount would be reconciled. Therefore, there is no serious issue which warrants any adverse comments. However it is assured that complete reconciliation would be shown to audit at the time of transaction audit. It is requested that this issue may please be re-considered for settlement based on our assurance to clear un-reconciliation amount of Rs.0.98 crore.

A.1.1.2 Revolving Fund: Rs. 204.32 lakhs

The difference of revolving fund is being reconciled and concerned record will be rectified accordingly.

A.1.1.3 Deposit Works-Power Grid Corp of India: Rs. 290.00 lakhs

The receipt of Rs. 5.00 crores from M/s Power Grid Corporation for construction of night shelter have been classified under Miscellaneous receipt inadvertently. The necessary correction will be carried out in accounts of next year.

A.2.1.1. PD Account Rs. 126.86 lakh

The differences of Pre-Deposit Accounts are being reconciled and observation raised by audit has been noted for future compliance.

A.2.1.2. Advance Payment for foreign purchase of Machinery & Equipment (Plan): Rs. 4348.08 lakhs

The difference of Rs.15.80 crore has been classified under Fixed Assets of AIIMS (Main) instead of advance. Hence assets have not been understated as the Assets as well as Advances are shown under the head 'Assets' of the Balance Sheet. However the observation has been noted for future compliance.

B.1.1.1. Centre for Dental Education & Research (CDER) Rs. 1559.59 lakhs

The AIIMS (Main) has paid a sum of Rs. 2,80,34,000 on account of Salary in respect of CDER employees directly. The same amount has been shown in receipt as well as in payment side of the R&P accounts of the Centre. The error of depiction of figure has been noted for future compliance.

C. General

C.1.

The difference in figures of donation is being reconciled. The matter is being taken up with bank also for reconciliation of the figures.

C.2

The efforts are being made to reconcile the outstanding balances.

C.3.

The Fixed Assets Register is being maintained by some of the Centres in Finance Division. However, the detailed Asset Register is available with the concerned store and Physical Verification of Assets are also being carried out every year as per provisions of the GFR.

C.4.

The advance payment of Rs. 4.10 crores made by CN Centre to Main Institute on account of custom duty has been added to the cost of Machinery and Equipment instead of advance inadvertently. However assets of the center have not been understated as the Machinery and Equipment as well as Advances are shown under the head 'Assets' of the Balance Sheet. However the observation has been noted for future compliance.

C.5.

The payment of Rs. 22,42,200 for opening a letter for procurement of machinery has been classified as assets of the centre instead of advance. However, the Assets have not been understated as the Machinery and Equipment as well as Advances are shown under the head 'Assets' of the Balance Sheet. However the observation has been noted for future compliance.

C.6.

The point has been noted for future compliance.

D. Grant-in-Aid

Factual facts, hence no comments.

Comments/replies to Annexure to Audit Report

S.No.	Audit Observation in Brief	Reply to Audit Observation
1.	Adequacy of internal audit system	The target of internal audit of 19 auditee units has been achieved by internal audit wing of the institute despite shortage of manpower.
2.	Adequacy of internal control system	No Comments
3.	System of physical verification of fixed assets	As assured by Institute to the audit during last certification audit, the physical verification of fixed assets has already been conducted during the current financial year 2015-16 for the period under audit.
4.	System of physical verification of inventory	No Comments
5.	Regularity in payment of statutory dues	No Comments