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भारतीय लेखा तथा लेखा परीक्षा विभाग

कार्यालय प्रधान निदेशक लेखापरीक्षा (केन्द्रीय), अहमदाबाद
शाखा कार्यालय राजस्थान, जनपथ, जयपुर-302005

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

Office of The Principal Director of Audit (Central), Ahmedabad
Branch Office Rajasthan, Janpath, Jaipur-302005

अ.शा.पत्र क्र./D.O. No. CRA II (Exp)/SAR/NEA/2013-14/402

D.D. Verma,

Deputy Director/CRA-II

दिनांक / Date... 9/7/13

Dear Prof. Sharma ji,

Please find enclosed a copy of draft Separate Audit Report on the accounts of National Institute of Ayurveda, Jaipur for the year 2012-13. The audit of the Institute was conducted Under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

I shall be grateful, if you could communicate your comments on the draft Separate Audit Report alongwith a certificate verifying the correctness of the facts and figures included in the draft Separate Audit Report within a period of two weeks from the date of receipt of this report. If no comments are received within this stipulated time it would be presumed that the institute has no comments to offer on draft Separate Audit Report and the facts, figures and comments mentioned therein would be taken as verified and accepted by the Institute.

Please acknowledge the receipt.

With regards.

Encl.: As above.

Yours sincerely,

Prof. Ajay Kumar Sharma,
Director,
National Institute of Ayurveda,
Madhav Vilas Palace,
Amer Road, Jaipur - 302002.

12/06/2014

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Draft Separate Audit Report on the Accounts of the National Institute of Ayurveda, Jaipur for the year ended 31st March, 2013.

1. Introduction

National Institute of Ayurveda (NIA) Jaipur was established on 7th February 1976 by merging Ayurveda College and Ayurveda Hospital, Jaipur, which were previously run by the Government of Rajasthan.

The Government of India (GOI) and Government of Rajasthan (GOR) provide funds to the Institute in the form of grant-in-aid. In the beginning of the year opening balance of grant was ₹ 2.70 crore and the grant of ₹ 47.39 crore (Plan ₹ 26.43 crore and Non-Plan ₹ 20.96 crore) received from GOI and ₹ 0.27 crore received from GOR during the year 2012-13 (₹ 0.38 crore received in March 2013). The Institute utilized ₹ 47.65 crore leaving balance of ₹ 2.71 crore as unutilized grant as on 31st March, 2013.

The audit of the accounts of the Institute has been entrusted under Section 20 (1) of the Comptroller and Auditor General (Duties, Power and Conditions of Service) Act, 1971 for a period of five years from 2011-12 to 2015-16.

Comments on the Accounts.

A. Balance Sheet

A.1 Current Liabilities

A.1.1 Corpus Fund ₹ 1677.07 lakh (Schedule-1)

Grants receivable amounting to ₹ 458.50 lakh has been booked twice in the books. Once debited to grants receivable and shown in schedule 11 "Current Assets, Loans and Advances" and credited to grants income which has been shown in Schedule-13 "Grants and subsidies received" but again wrongly debited ₹ 458.50 lakh to Establishment Expenses which has been shown in schedule-20 "Establishment Expenses" and credited to Corpus Fund.

This error resulted in overstatement of Corpus Fund by ₹ 458.50 lakh and understatement of surplus up to same extent.

Management accepted the facts and assured to rectify in next year.

A.1.2 Reserve & Surplus ₹ 3412.31 lakh (Schedule- 2)

This includes ₹ 240.85 lakh of grants received for depreciable assets in previous years which as per note- general at No. 5 under schedule -8 "Fixed Assets" given in "Notes and Instructions for compilation of Financial Statement for non-profit organization and other

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similar organizations" should have been transferred to Income and Expenditure Account in proportion to the depreciation charged in current year on these assets.

This omission has resulted in overstatement of capital fund by ₹ 240.85 lakh and understatement of surplus by ₹ 240.85 lakh.

Management accepted the facts and assured to rectify in next year.

A.1.3 Earmarked/Endowment Fund ₹ 1014.02 lakh (Schedule-3)

This does not include unutilized balance of project grant of "Pre Diabetic Project" ₹ 1.43 lakh received from Hindustan Lever Limited which did not accounted in books. This has resulted in understatement to the fund up to the extent of ₹ 1.43 lakh as well as current assets.

Management accepted the facts and assured to rectify in next year.

A.1.4 Current Liabilities and Provisions ₹ 323.93 lakh (Schedule-7)

(i) Statutory Liabilities ₹ 59.03 lakh

This does not include CPF contribution of 49 employees ₹ 40.94 lakh pending for transfer to NSDL and shown in Earmarked Fund. This has resulted in misclassification of heads and non disposal of statutory liabilities.

Management accepted the facts and assured to rectify in next year.

(ii) Provision for Leave Encashment

This does not include provisions for leave encashment amounting to ₹ 94.63 lakh for current year liabilities and ₹ 625.65 lakh for previous years liabilities of leave credited to the leave account of several officials of the Institute.

This omission has resulted in understatement of current liabilities and provisions by ₹ 720.28 lakh and overstatement of surplus by ₹ 720.28 lakh.

Management not accepted the objection, but it is violation of Accounting Principles because not creating provisions for known liabilities is against GAAPs.

(iii) Provision for Audit Fee

This does not include provision for Audit Fee amounting to ₹ 1.60 lakh. This omission has resulted in understatement of current liabilities and provisions by ₹ 1.60 lakh and overstatement of surplus by ₹ 1.60 lakh.

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Management informed that no bill raised by the Department till date, therefore, no provision was made for this. The reply is not tenable because not creating provisions for known liabilities is against GAAPs.

A.2 Assets

A.2.1 Fixed assets ₹ 2163.67 lakh (Schedule-8)

(i) The cost of Solar Water Heater System has been shown ₹ 24.92 instead of ₹ 34.09 lakh. As the payment to CPWD for construction of platform, pipelines and water storage tank ₹ 6.40 lakh shown in advance that was not included in the cost of System and 10 per cent outstanding payment to supplier ₹ 2.77 lakh has not been accounted for. This has resulted in understatement of fixed assets upto the extent of ₹ 9.17 lakh, overstatement of current assets ₹ 6.40 lakh and understatement of security deposit under current liabilities ₹ 2.77 lakh.

Management accepted the facts and assured to rectify in next year.

(ii) This does not include purchase of machines, access points for networking Wi-Fi system amounting to ₹ 9.04 lakh booked under revenue expenditure. This has resulted in understatement of fixed assets upto the extent ₹ 9.04 lakh as well as surplus.

Management accepted the facts and assured to rectify in next year.

(iii) This includes purchase of machinery and equipments for Central Lab amounting to ₹ 50.59 lakh which received in central stores in March, 2013 but issued to Central Lab and put to use in April, 2013 but depreciation has charged ₹ 7.59 lakh. This has resulted in understatement of fixed assets ₹ 7.59 lakh as well as surplus.

Management accepted the facts and assured to rectify in next year.

(iv) This does not include equipments of permanent nature purchased for Central Lab amounting to ₹ 2.94 lakh which accounted in revenue expenditure. This has resulted in understatement of fixed assets up to the extent of ₹ 2.94 lakh as well as surplus. Reply not received.

(v) The Institute opted to charge depreciation on the rates as prescribed in Income Tax Act. As per provisions of Income Tax Act. Depreciation was to be charged on full rate on the assets utilized for more than 180 days in year and on half rate on assets utilized less than 180 days.

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But depreciation was charged at the full rates on the assets which was purchased in the year and utilized less than 180 days. Thus due to non application of provisions of the Act, depreciation on fixed assets valuing ₹ 121.08 lakh charged ₹ 29.52 lakh instead of ₹ 14.76 lakh. This overcharge of depreciation ₹ 14.76 lakh has resulted in understatement of fixed assets up to the extent of ₹ 14.76 lakh as well as surplus.

Management accepted the facts and assured to rectify in next year.

A.2.2 Current Assets Loans and Advances ₹ 2944.50 lakh.

(i) This does not include subsidy ₹ 8.31 lakh receivable from Ministry of New and Renewable Energy, Government of India on purchase of Solar Water Heating System. This has resulted in understatement of current assets upto the extent of ₹ 8.31 lakh as well as capital fund.

Management accepted the facts and assured to rectify in next year.

(ii) This does not include prepaid Internet Lease Line Charges ₹ 6.74 lakh paid to BSNL for the year 2013-14. This has resulted in understatement of current assets up to the extent of ₹ 6.74 lakh as well as surplus.

Management accepted the facts and assured to rectify in next year.

(iii) This does not include prepaid hospital accreditation fee ₹ 5.52 lakh paid to Quality Control of India, New Delhi for the next three years which booked in revenue expenditure of the current year. This has resulted in understatement of current assets up to the extent of ₹ 5.52 lakh as well as surplus.

Management accepted the facts and assured to rectify in next year.

B. Income and Expenditures Accounts

B.1 Income

B.1.1 Increase/(decrease) in stock of finished goods and works in progress ₹ 178.94 lakh (Schedule-19)

This is overstated by ₹ 144.56 lakh the impact of which on surplus has been neutralized by overstating expenditure in Schedule- 21 on account of miscellaneous Capital Expenditure amounting to ₹ 171.23 lakh and not showing of purchased Siddha Aushadhi amounting to ₹ 26.67 lakh.

Management proper reply not received.

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C. Contingent Liabilities and Notes on Accounts (Schedule-25).

- (i) This does not include liability of ₹ 4.30 lakh as the Court of Law has passed the decision in the favor of petitioner; however the Institute has filed appeal against the order.
- (ii) The Institute has shown Nil transaction of foreign currency in Schedule 25, although officials of NIA had undertaken foreign tour in year 2012-13 and transaction in foreign currency had occurred.

D. General

- (i) Other general irregularities have been mentioned in Annexure-1 of this report.
- (ii) Out standing advance ₹ 30.49 lakh has shown as advances to PWD from last 15 to 18 years. This should have been shown in recoverable from PWD.

In reply, NIA could not provide details of advance.
- (iii) Expenditure incurred are not properly classified in prescribed heads and accounting heads are not mentioned on expenditure vouchers.
- (iv) Ledgers are not maintained as per heads/subheads given in Income and expenditure account. Opening balances are not shown in ledger accounts; calculation of net balance has given in final accounts separately.
- (v) Key documents are not placed along with payment vouchers.
- (vi) No Journal proper was maintained.
- (vii) Schedule 8 of Fixed Assets has not been prepared as per prescribed instruction to Uniform Format of Accounts of Autonomous Bodies.
- (viii) No provision for retirement benefits due to absence of Actuary Report.

E. Effect of Audit comments on Accounts.

The net impact of the comments given in preceding paras is that as on 31st March, 2013, Liabilities understated by ₹ 26.73 lakh, Assets understated by ₹ 59.10 lakh and Surplus understated by ₹ 32.37 lakh.

skh 10/06/2013

[Signature]
Deputy Director
Central Receipt Audit-II

Annexure-1 to Separate Audit Report 2012-13**1. Internal Audit System**

Internal Audit of the Institute for the years 2010-11 to 2012-13 has not been conducted.

2. Internal Control System

Review of internal control system in NIA revealed following deficiencies –

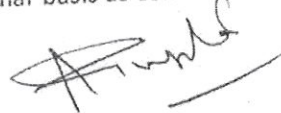
- (i) For control over inventories of Rasayanshala minimum, maximum and order levels of raw material have not been fixed.
- (ii) Advance/other amounts recoverable in cash or in kind on capital accounts from CPWD, PWD have not been reconciled.


3. Physical verification of Fixed Assets and inventory.

Physical verification of fixed assets and inventories lying in hospital/departments was conducted by the Institution during the year 2012-13.

4. Regularity in payment of statutory due

Statutory dues are not deposited by the Institute on regular basis as commented.


Sr. Audit Officer/CRA-II (Exp.)

 10/06/2019

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भारतीय लेखा तथा लेखा परीक्षा विभाग

कार्यालय प्रधान निदेशक लेखापरीक्षा (केन्द्रीय), अहमदाबाद
शाखा कार्यालय राजस्थान, जनपथ, जयपुर-302005

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

Office of The Principal Director of Audit (Central), Ahmedabad
Branch Office Rajasthan, Janpath, Jaipur-302005

अ.शा.पत्र क्र./D.O. No. CRA-II/exp/SAR/NIA/14-1

672
दिनांक/Date 21/7/14D.D. Verma,
Deputy Director

Dear Shri

Please find enclosed a copy of draft Separate Audit Report on the accounts of National Institute of Ayurveda, Jaipur for the year 2013-14. The audit of the Institute was conducted Under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

I shall be grateful, if you could communicate your comments on the draft Separate Audit Report alongwith a certificate verifying the correctness of the facts and figures included in the draft Separate Audit Report within a period of two weeks from the date of receipt of this report. If No comments are received within this stipulated time it would be presumed that the Institute has no comments to offer on draft Separate Audit Report and the facts, figures and comments mentioned therein would be taken as verified and accepted by the Institute.

Please acknowledge the receipt

Encl.: As above

Yours sincerely,

Prof. M.S. Meena,
Director,
National Institute of Ayurveda,
Madhav Vilas Palace,
Amer Road, Jaipur - 302002.

Sh. Meena
Sh. Meena
28/7

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Draft separate Audit Report on the accounts of the National Institute of Ayurveda, Jaipur for the year ended 31st March, 2014.

1. Introduction

National Institute of Ayurveda (NIA) Jaipur was established on 7th February 1976 by merging Ayurveda College and Ayurveda Hospital, Jaipur, which were previously run by the Government of Rajasthan.

The Government of India (GOI) and Government of Rajasthan (GOR) provide funds to the Institute in the form of grant-in-aid. Against the grant of ₹ 5055.68 lakh (Plan ₹ 2900.00 lakh and Non-Plan ₹ 2142.00 lakh) received from GOI and ₹ 13.68 lakh from GOR. (₹ 1230.00 lakh received in March 2013). Opening balance of grant ₹ 271.13 lakh was available with the Institute at the beginning of the year. NIA utilized ₹ 4251.82 lakh leaving balance of ₹ 1278.72 lakh as unutilized grant as on 31st March, 2014.

The provided figures for grant-in-aid do not match with annual accounts.

The audit of the accounts of the Institute has been entrusted under Section 20 (1) of the Comptroller and auditor General (Duties, Power and conditions of service) Act, 1971 for a period of five years from 2011-12 to 2015-16.

Comments on Accounts.

A. Balance Sheet

A.1 Liabilities ₹ 7676.56 lakh

A.1.1 Reserve & surplus (Schedule- 2) ₹ 3481.46 lakh

Grant received for creation of depreciable assets should either be credited to depreciable assets or treated as Deferred Income which should be recognized in Statement of Income and Expenditure on a systematic and rational way over the useful life of related depreciable assets.

Audit observed that the Institute adopted alternative method of not crediting grant utilized for creation of depreciable fixed assets to relevant assets A/c but credited such grant to the Capital Reserve A/c instead of crediting to deferred Income for creation of depreciable fixed assets A/c. It was informed that accumulated depreciation upto the end of year 2013-14 is ₹ 1471.69 lakh. However, the Institute has not given recognition to deferred income in relevant accounting periods for depreciation which should be recognized in current year upto ₹ 214.73 for current year depreciation and balance ₹ 1256.96 lakh (1471.69-214.73) in previous years.

The aforesaid facts leads to the conclusion that capital reserve is overstated by ₹ 3401.57 lakh (3481.46- 79.89) and surplus is understated by ₹ 214.73 lakh and Earmarked fund-deferred Income is understated by ₹ 1929.89 lakh (2144.62-214.73) and Capital Fund by ₹ 1256.95 lakh (3481.46-1929.89-79.89-214.73)

On pointing out this misstatement in balance sheet vide audit memo No. CRA-II, Exp./Party-2/ SAR-2012-13/14-15/POM No. 23 Date : 23-06-2014, the management replied vide letter

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No Lekha/Audit/ 2014-15/ 362 dated 23-06-2014 that the necessary correction according to audit objection be carried out in next year Accounts.

A.1.2 Current Liabilities and Provisions (Schedule-7) ₹ 354.62 lakh

- (i) Provision for all future known liabilities the amount of which is not certain at the time of finalization of Accounts should be made to a reasonable extent. As per service rules employees of this organization are entitled for leave encashment which are earned by them at the time of retirement. Therefore, a provision for balance of earned leave as on 31-3-2014 should be made. It has been informed that if the payment of earned leave were to be made at the end of year it would amount to ₹ 628.60 lakh. However, the Institute did not provide for this liability which resulted in overstatement of Surplus by ₹ 628.60 lakh and understatement of Provision for Earn Leave with the same amount. On pointing out this misstatement in balance sheet vide audit memo No. CRA-II, Exp/Party- 2/ SAR-2012-13/14-15/POM No. 14 Dated 20-06-2014, the management informed vide letter No Lekha/Audit/2014-15/361 dated 23-06-14 that the liability for earn leave as on 31-3-2014 was ₹ 628.60 lakh.
- (ii) This does not include outstanding payment for medicines supplied to the Institute amounting to ₹ 16.99 lakhs. The cost of medicines has included in closing stock in current assets, but further it has incorrectly shown as Income in Income and Expenditure account instead of current liabilities. This has resulted in understatement of current liabilities up to the extent of ₹ 16.99 lakhs and overstatement of surplus up to the same extent. In reply of POM no. 20 dt. 20.06.2014, management stated that necessary rectification will be made in next year.
- (iii) This does not include provision for outstanding bills of manpower supplier firm for the month of March, 2014 ₹ 10.66 lakh. This has resulted in understatement of current liabilities and provisions upto the extent of ₹ 10.66 lakh and overstatement of surplus up to the same extent. In reply of POM 6 dt. 12.06.2014, management stated that we agree and rectification will be made in next year.
- (iv) This does not include provision for outstanding payment of retirement benefits at the end of year ₹ 31.75 lakhs due for payment since 28.02.2014. This has resulted in understatement of current liabilities and provisions up to the extent of ₹ 31.75 lakhs and overstatement of surplus up to the same extent. In reply of POM no. 5 dt. 12.06.2014 management stated that we are agreed and rectification will be made in next year.

A.2 Assets

A.2.1 Fixed assets (Schedule-8) ₹ 2009.78 lakh.

- (i) This does not include advance provided by Institute to construction agencies ₹ 1912.16 lakh for creation of Fixed Assets. According to GAAP, advances provided for the purpose of creation of Fixed Assets should have been booked in Capital Work in Progress. The non accounting of advances for creation of fixed assets has resulted in understatement of capital

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work in progress and Capital Reserve up to the extent of ₹ 1912.16 lakh and over statement of advances and Capital Fund up to same extent.

In reply of POM no. 18 dated 20.6.14, management stated that advances will be capitalized after receiving utilization certificate from construction agency.

(ii) This does not include ₹ 6.40 lakh in Electric Installations paid to CPWD for construction of stand and water storage tank for installation of Solar Water Heater System. This has resulted in understatement of fixed assets upto the extent of ₹ 6.40 lakh and overstatement of current assets up to the same extent.

This comment was included in Separate Audit Report of previous year but rectification was not made. Management stated in reply of POM no. 7(ii) dated 17.6.14 that it will be rectified in next financial year.

A.2.2 Current Assets loans and advances ₹ 1991.40 lakh.

(i) This does not include grant receivable from State Government ₹ 13.68 lakh. The Institute has accounted this figure in income but also accounted in Expenditure in Income and Expenditure account instead of current assets. This has resulted in understatement of current Assets up to the extent of ₹ 13.68 lakh as well as surplus.

In reply of POM no. 9 dt. 18.06.2014 management has stated that rectification will be made in next financial Year.

(ii) This includes provision for salary, pension and stipend ₹ 251.42 lakh for the month or March, 2014 to be paid in next year. The amount of provision has also incorrectly accounted in Income and current assets. This has resulted in overstatement or current assets up to the extent or ₹ 251.42 lakh and surplus has also overstated up to the same extent.

In reply of POM no.19 dated 20.6.14, management stated that correction will be made in next financial year.

(iii) This does not include prepaid internet lease line charges paid for the period from 01.04.2014 to 13.02.2015 amounting to ₹ 6.81 lakh. This has resulted in understatement of current assets loans and advances up to the extent or ₹ 6.81 lakh as well as Surplus.

In reply or POM no. 4 dt. 12.06.2014 management stated that rectification will be made in next year.

(iv) This does not include prepaid hospital accreditation fee ₹ 5.52 lakh paid to Quality Control of India, New Delhi for the next three years which booked in revenue expenditure of the last year. This has resulted in understatement of current assets up to the extent of ₹ 5.52 lakh as well as capital fund.

This comment was included in Separate Audit Report of previous year but rectification has not made. Management stated in reply of POM no. 7(iii) dated 17.6.14 that it will be rectified in next financial year.

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B. Income and Expenditures Account.**B.1 Income ₹ 5533.87 Lakh****B.1.(i) Increase/(decrease) in stock of Finished goods and works in progress (schedule-19) Rs. lakh**

Excess of closing stock of finished goods and work in progress over opening balance thereof is shown as income under schedule 19 of Income and Expenditure A/c. the closing stock of finished goods and work in progress was Rs 18996873 and Opening balance thereof was Rs. 10639792. As such the Excess of closing stock of finished goods and work in progress over opening balance thereof was Rs. 8357081. However, the Institute has shown this excess as Rs 19750284.00 instead of Rs. 8357081.00.

Although this misstatement has resulted in overstatement of surplus by Rs. 113.93 lakh yet its impact has been neutralized on surplus by a compensating error of overstatement in consumption of Sidh Medicine expenditure with the same amount.

On pointing out this misstatement in balance sheet vide audit memo No. CRA-II, Exp./Party-2/ SAR-2012-13/14-15/POM No. 17 Date : 20-06-2014, the management replied vide letter No Lekha/Audit/ 2014-15/ 346 dated 23-06-214 that in next years no establishment charges will be added to manufacturing of durgs.

(ii) This does not include subsidy ₹ 8.31 lakh received from Ministry of New and Renewable Energy Department, Govt. of India on purchase of Solar Water Heating System last year. This subsidy has subtracted from the cost of fixed assets. This has resulted in understatement of surplus by ₹ 8.31 lakh as well as fixed assets.

On pointing out this misstatement in balance sheet vide audit memo No. CRA-II, Exp./Party-2/ SAR-2012-13/14-15/POM No. 22 Date : 20-06-2014, the management replied vide letter No Lekha/Audit/ 2014-15/ 351 dated 23-06-214 that the necessary correction(increasing income) according to audit objection be carried out in next year Accounts.

(iii) Grant received for creation of depreciable assets should either be credited to depreciable fixed assets or treated as Deferred Income for creation of fixed Assets under Schedule-3 Earmarked Funds which should be recognized in Statement of Income and Expenditure on a systematic and rational way over the useful life of related depreciable assets. However, the institute treated unspent capital grant amounting to ₹ 1352 lakh (1400-48) as the income of current year. The institute has not accounted for the balance of grants amounting to ₹ 271.12 lakh which was unspent at the close of last year.

As such this misstatement has resulted in overstatement of grant Income by ₹ 1080.88 lakh, overstatement of Capital Fund under Schedule-1 by ₹ 271.12 lakh(as unspent grant of last year has been included in previous year grant income) and understatement of "Fund for creation of capital assets" under Schedule- 3 Earmarked Fund by ₹ 1352 lakh.

On pointing out this misstatement in balance sheet vide audit memo No. CRA-II, Exp./Party-2/ SAR-2012-13/14-15/POM No. 10 Date : 18-06-2014, the management replied vide letter No Lekha/Audit/ 2014-15/ 326 dated 19-06-214 that the necessary correction according to audit objection be carried out in next year Accounts.

[Signature] 18/06/2014

B.2 Expenditure Rs. 4434.22 Lakh

Expenditure of consumption of Sidh Medicine is overstated by Rs. 113.93 lakh. The institute showed Rs. 19154811 at S. No. 38 as cost of consumption of Sidh medicines and Rs. 3590384 at S.No- 24 as medical Aid to backward areas, totaling to Rs. 22745195. While the institute purchased ready medicine only for Rs 11351991 and no further cost of preparing Sidh medicines has been incurred. Therefore, cost of Sidh medicine consumed should be shown as Rs. 113.52 lakh instead of Rs. 227.45 lakh.. As such this misstatement has resulted in understatement of surplus by Rs. 113.93 lakh (227.45-113.52). However, the error was compensated by overstating the excess of differences in closing and opening balances of finished stock and work in progress.

On pointing out this misstatement in balance sheet vide audit memo No. CRA-II, Exp./Party-2/ SAR-2012-13/14-15/POM No. 21 Date : 20-06-2014, the management replied vide letter No Lekha/Audit/ 2014-15/ 350 dated 23-06-214 that the necessary correction according to audit objection be carried out in next year Accounts.

C. Contingent Liabilities and notes on accounts (Schedule-25).

This does not include payable Rs. 4.30 lakh for two matters decided by court of law. This comment was included in Separate Audit Report of previous year but rectification has not made. Management stated in reply of POM no. 7(iv) dated 17.6.14 that it will be rectified in next financial year.


D. General

- (i) Other general irregularities have been mentioned in Annexure-1 attached with this report.
- (ii) Outstanding advance ₹ 30.49 lakh has shown as advances to PWD from last 15 to 18 years. This should have been shown in recoverable from PWD.
- (iii) Expenditure incurred are not properly classified in prescribed heads and accounting heads are not mentioned on expenditure vouchers.
- (iv) Ledgers are not maintained as per heads / subheads given in Income and expenditure account. Opening balances are not shown in ledger accounts; calculation of net balance has given in find accounts separately.
- (v) Schedule 8 of Fixed Assets has not been prepared as per prescribed instructions to Uniform Formet of Accounts of Autonomous Bodies.

E. Effect of Audit comments on Accounts.

The net impact of the comments given in preceding paras is that as on 31st March, 2014, Liabilities understated by ₹ 1559.67 lakh, Assets overstated by ₹ 230.72 lakh and Surplus overstated by ₹ 1790.39 lakh.


Deputy Director/CRA-II

 10/06/2014

Annexure-1 to Separate Audit Report 2013-14**1. Adequacy of Internal Audit System**

Internal Audit of the Institute for the year 2013-14 has not been conducted.

2. Adequacy of Internal Control System

Review of internal control system in NIA revealed following deficiencies –

- (i) For control over inventories of Rasayanshala minimum, maximum and re-order levels of raw materials have not been fixed.
- (ii) Columns of register maintained for fixed assets 'Building' were left blank hence date of creation of assets could not be ascertained.
- (iv) Advance/other amounts recoverable in cash or in kind on capital accounts from CPWD, PWD have not been reconciled.

3. System of Physical verification of Fixed Assets

Physical verification of fixed assets lying in hospital/ departments was not conducted by the institution during the year 2013-14

4. System of Physical verification of Inventory

Physical verification of inventories lying in hospital/ departments was not conducted by the institution during the year 2013-14

5. Regularity in payment of statutory dues

Statutory dues are deposited by the Institute on regular basis.

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10/06/2019

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Sr. Audit Officer/CRA II (Exp.)



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MA/ AO
10/06/2015Speedpost

भारतीय लेखा तथा लेखा परीक्षा विभाग

कार्यालय प्रधान निदेशक लेखापरीक्षा (केन्द्रीय), अहमदाबाद
शाखा कार्यालय राजस्थान, जनपथ, जयपुर-302005

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

Office of The Principal Director of Audit (Central), Ahmedabad
Branch Office Rajasthan, Janpath, Jaipur-302005

अ.शा.पत्र क्र./D.O. No. CRA-II(Exp)/SAR/NIA/2014-15

D-1019/23/7/15
दिनांक/Date.....Damodar,
Dy. Director,
Central Receipt Audit - II

Dear Sir,

Please find enclosed a copy of draft Separate Audit Report on the accounts of National Institute of Ayurveda, Jaipur for the year 2014-15. The audit of the institute was conducted under section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

I shall be grateful, if you could communicate your comments on the draft Separate Audit Report alongwith a certificate verifying the correctness of the facts and figures included in the draft Separate Audit Report within a period of two weeks from the date of receipt of this report. If no comments are received in this stipulated time it would be presumed that the National Institute of Ayurveda, Jaipur has no comments to offer on the draft Separate Audit Report and the facts, figures and comments mentioned therein would be taken as verified and accepted by National Institute of Ayurveda, Jaipur.

Please acknowledge the receipt.

Encl: As above

Regard

Yours sincerely,

Prof. K. Shankar Rao,
Director,
National Institute of Ayurveda,
Madhav Vilas Palace,
Amer Road, Jaipur - 302002 (Raj)

15 OF 36

Draft Separate Audit Report of the Comptroller & Auditor General of India on the accounts of the National Institute of Ayurveda, Jaipur for the year ended 31st March, 2015

1. Introduction

National Institute of Ayurveda (NIA) Jaipur was established on 7th February 1976 by merging Ayurveda College and Ayurveda Hospital, Jaipur, which were previously run by the Govt. of Rajasthan.

The Govt. of India (GOI) and Govt. of Rajasthan (GOR) provide funds to the Institute in the form of grant-in-aid. The grant of ₹ 4360.00 lakh (Plan ₹1780.00 lakh and Non-Plan ₹2580.00 lakh) received from GOI and ₹13.68 lakh from GOR and opening balance of grant ₹1074.99 lakh (₹1278.72 lakh Plan and (-) ₹203.73 lakh Non-Plan) was available with the Institute at the beginning of the year. NIA utilized Grant amount ₹4801.57 lakh (₹2187.38 lakh and ₹2614.19 lakh) leaving a balance of ₹ 647.10 lakh (₹871.34 lakh Plan and (-) ₹224.24 lakh Non Plan) as unutilized grant as on 31st March, 2015.

The audit of the accounts of the Institute has been entrusted under Section 20 (1) of the Controller and auditor General (Duties, Powers and conditions of service) Act, 1971 for a period of five years from 2011-12 to 2015-16.

Comments on Accounts.

A. Balance Sheet

A.1 Liabilities ₹7738.57 lakh

A.1.1 Reserve & Surplus (Schedule- 2) ₹3778.22 lakh

Institute credits grants utilized for creation of Fixed Assets and debited fixed assets at their acquisition/creation cost instead of treating this grant income as its deferred income. Depreciation charges have also not been neutralized by transferring an amount equal to depreciation from deferred income annually to Income and Expenditure A/c which has been accumulated to ₹1665.04 lakh including ₹216.96 lakh of current year depreciation.

This resulted in overstatement of "Capital Reserve" by ₹3698.33 lakh (₹3778.22- ₹79.89), and deficit by ₹216.96 lakh, and understatement of "Earmarked fund- deferred Income" by ₹2009.68 lakh (₹2089.57-₹79.89) and Capital Fund by ₹1471.69 lakh (₹3778.22-₹2009.68-₹79.89-₹216.96)

[Signature]
10/06/2019

On pointing out vide audit memo No- CRA-II, Exp./Party- 2/ SAR-2014-15/POM No. 18 dated: 30-06-2015, the management did not reply during the audit period.

A.2 Assets ₹ 7738.57 lakh

A.2.1 Current Assets loans and advances (Schedule-11) ₹2552.51 lakh.

A.2.1.1 Advances

The institute showed advances to CPWD (Civil) amounting to ₹1237.52 lakh and to CPWD (Electrical) ₹187.43 lakh in balance sheet. While scrutiny of correspondence dated 18-05-2015 revealed that the institute demanding utilization certificates against unadjusted advances amounting to ₹1010.43 lakh and ₹322.10 lakh respectively. While neither further advances was given to CPWD nor advances was adjusted during the period from 31-03-2015 to - 25.06.2015.

As no reconciliation between these figurers was explained to audit with reliable evidence the discrepancy resulted in overstatement of Current Assets by ₹92.42 lakh as well as Capital fund with the same amount.

On pointing out vide audit memo No- CRA-II, Exp. /Party- 2 / SAR-2014-15 /POM No.9 Date: 24-06-2015. The management replied vide letter No Estate F 4(10) Audit Memo/- dated 25-06-2015 that the necessary correction according to audit objection would be carried out after reconciliation of figures.

A.2.1.2 Closing Stock

The institute incorrectly disclosed ₹5563581/- as closing stock of Herbal, Prepared and Sidha Medicine in the balance sheet instead of ₹5037616/- as evidenced by enclosures to balance sheet showing details of Stock of Prepared Medicine during the year 2014-15

This resulted in overstatement of current assets by ₹525965/- and understatement of Deficit with the same amount.

On pointing out vide audit memo No- CRA-II, Exp. /Party- 2 / SAR-2014-15 /POM No.10 Date:24-06-2015, the management replied vide letter No CRA-II, Exp. /Party- 2 / SAR-2014-15 /POM No.10 dated 01-07-15 that the necessary correction according to audit objection would be carried out in next year Accounts.

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19/06/2015

B. Income and Expenditures Account.

B.1 Income ₹4736.29 Lakh

B.1.1 Increase (Decrease) In Stock of Finished Goods and Work In Progress (Schedule-19) ₹107.75 Lakh

The Institute incorrectly disclosed difference between opening and closing balances of finished goods and work in progress as ₹10775213.00 instead of (-) ₹2649751.00.

This resulted in understatement of deficit by ₹134.25 lakh and overstatement of current assets with the same amount.

On pointing out vide audit memo No- CRA-II, Exp. /Party- 2 / SAR-2014-15 /POM No.11 Date:24-06-2015, the management replied vide letter No CRA-II, Exp. /Party- 2 / SAR-2014-15 /POM No.11 Dated 01-07-2015 that the necessary correction according to audit objection would be carried out in next year Accounts.

B.2 Expenditure ₹4902.76 Lakh

B.2.1 Other Administrative Expenses (Schedule-21) ₹737.71 Lakh

B.2.1.1 Medical Aid to backward areas- SC ₹4641659/-

The Institute incorrectly disclosed at S.No 24 expenses of Medical Aid to backward areas- SC as ₹4641659/- while corresponding figure in ledger A/c is ₹4273332/-.

This resulted in overstatement of Administrative Expenses by ₹3.68 lakh (₹4641659- ₹4273332) and overstatement of Deficit as well as Current liabilities and provisions with the same amount.

On pointing out vide audit memo No- CRA-II, Exp. /Party- 2 / SAR-2014-15 /POM No.16 Date: 26-06-2015, the management did not reply during the audit period.

C. Contingent Liabilities and notes on accounts (Schedule-25).

C.1 Contingent Liabilities

It does not include liabilities of ₹662425/- with 6% interest of a decree against the institute awarded in a court case Sh. Chandramoli Enterprises and others Vs NIA and others by District and Session Judge Court- Jaipur city against which the an appeal is pending in High Court of Rajasthan-Jaipur Bench.

SK 10/06/2015

D. General

- (i) Provision for all future known liabilities the amount of which is not certain at the time of finalization of Accounts should be made to a reasonable extent. As per service rules employees of this organization are entitled for leave encashment which are earned by them at the time of retirement. Therefore, a provision for balance of earned leave as on 31 March, 2015 was to be made. It has been informed that if the payment of earned leave were to be made at the end of year it would amount to ₹844.78 lakh. However, the Institute did not provide for this liability which resulted in overstatement of Surplus by ₹844.78 lakh and understatement of Provision for Earn Leave to the same extent.
- (ii) Other general irregularities have been mentioned in Annexure-1 attached with this report.
- (iii) Schedule 8 of Fixed Assets has not been prepared as per prescribed instructions to Uniform Format of Accounts of Autonomous Bodies.
- (iv) Outstanding advance ₹30.49 lakh has shown as advances to PWD from last 15 to 18 years. This should have been shown in recoverable from PWD.
- (v) Expenditure is not properly classified in prescribed heads and accounting heads are not mentioned on expenditure vouchers.
- (vi) Ledgers are not maintained as per heads / subheads given in Income and expenditure account. Opening balances are not shown in ledger accounts; calculation of net balance has given in final accounts separately.

E. Effect of Audit comments on Accounts.

The net impact of the comments given in preceding paras is that as on 31st March, 2015, Liabilities overstated by ₹313.06 lakh, Assets overstated by ₹231.93 lakh and Surplus overstated by ₹ 81.13 lakh.

[Signature]
10/06/2019

[Signature] 23/3/19
Dy. Director/CRA- II

Annexure to Separate Audit Report (2014-15)

1. **Adequacy of Internal Audit System**

There was no adequacy of Internal Audit System that was in existence in the institute. Only Ministry of Finance conducted internal audit of the institute for the year 2009-10 to 2012-13 during the period 22-07-2013 to 26-07-2013. Institute should also have its own internal audit system.

2. **Adequacy of Internal Control System**

Internal Control System is not adequate in the Institute.

Following deficiencies were revealed during the audit: -

- (i) For control over inventories of Rasayanshala minimum, maximum and re-order levels of raw materials were not been fixed.
- (ii) Advance/other amounts recoverable in cash or in kind on capital accounts from CPWD, PWD were not been reconciled.
- (iii) There was no internal control and internal audit Manual in the Institute.
- (iv) There was no frequent rotation of staff dealing in cash, store and accounts work.

3. **System of Physical verification of Fixed Assets.**

Physical verification of fixed assets lying in hospital/ departments was not conducted by the institution during the year 2014-15.

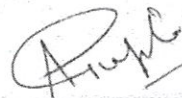
4. **Physical verification of inventory.**

Physical verification of inventories lying in hospital/ departments was not conducted by the institution during the year 2014-15

4. **Regularity in payment of statutory due**

As per accounts no statutory dues were outstanding.

Self 18/06/2019



Sr. Audit Officer/CRA-II (Exp.)



Speed Post
to *25/8*

भारतीय लेखा तथा लेखा परीक्षा विभाग
कार्यालय प्रधान निदेशक लेखापरीक्षा (केन्द्रीय), अहमदाबाद
शाखा कार्यालय राजस्थान, जनपथ, जयपुर-302005
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
Office of The Principal Director of Audit (Central), Ahmedabad
Branch Office Rajasthan, Janpath, Jaipur-302005

अ.शा.पत्र क्र./D.O. No. *CRATE (EXP) SAR/NIA/1576*
2016-177/314
दिनांक / Date *18-8-2016*

Damodar,
Dy. Director,
Central Receipt Audit – II

Dear Prof. Rao Sir,

Please find enclosed a copy of draft Separate Audit Report on the accounts of National Institute of Ayurveda, Jaipur for the year 2015-16. The audit of the institute was conducted under section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

I shall be grateful, if you could communicate your comments on the draft Separate Audit Report alongwith a certificate verifying the correctness of the facts and figures included in the draft Separate Audit Report within a period of two weeks from the date of receipt of this report. If no comments are received in this stipulated time it would be presumed that the National Institute of Ayurveda, Jaipur has no comments to offer on the draft Separate Audit Report and the facts, figures and comments mentioned therein would be taken as verified and accepted by National Institute of Ayurveda, Jaipur.

Please acknowledge the receipt.

With regards :

Yours sincerely,

21/8/16
19.8.16

Encl: As above

Prof. K. Shankar Rao,
Director,
National Institute of Ayurveda,
Madhav Vilas Palace,
Amer Road, Jaipur – 302002 (Raj)

10/06/2019

21 OF 36

Draft Separate Audit Report of the Comptroller & Auditor General of India on the accounts of National Institute of Ayurveda, Jaipur for the year ended 31st March, 2016

1. Introduction

National Institute of Ayurveda (NIA) Jaipur was established on 7th February 1976 by merging Ayurveda College and Ayurveda Hospital, Jaipur, which were previously run by the Govt. of Rajasthan.

Audit mandate

The audit of the accounts of the Institute has been entrusted under Section 20 (1) of the Controller and auditor General (Duties, Power and conditions of service) Act, 1971 for a period of five years from 2011-12 to 2015-16.

Grant- in - Aid

The Institute received grants in aid of ₹ 4415.49 lakh during the year 2015-16 from Govt. of India (GOI) (Plan ₹ 2065.49 lakh, Non-Plan Rs. 2300.00 lakh and Rs 50.00 lakh against grant receivable for 2014-15). Out of which ₹ 177.49 lakh was received in the month of March). No grant-in-aid was received from Govt. of Rajasthan (GOR) during year 2015-16. At the beginning of the year ₹ 647.10 lakh (871.34 lakh Plan and (-)224.24 lakh Non-Plan) was available with the Institute. The Institute could utilize a sum of ₹ 4365.49 lakh (2016.49 lakh Plan and 2300 lakh Non-Plan) leaving a balance of ₹ 647.10 lakh (871.34 lakh Plan and (-)224.24 lakh Non Plan) as unutilized grant as on 31st March 2016.

Comments on Accounts.

A. Balance Sheet

A.1 Liabilities ₹ 6226.96 lakh

A.1.1.1 Earmarked/Endowment Funds (Schedule-3) ₹1216.96 lakh

A.1.2.1 Earmarked Fund of GPF Rs 1142.88 lakh

It does not include ₹ 77.79 lakh pertain to interest income earned on investing the amount of GPF in Fixed Deposits with Bank. The subjected interest was incorrectly credited to Institute's own interest income.

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10/08/2019

It has resulted in Understatement of Deficit as well as Earmarked Fund of GPF by ₹ 77.79 lakh.

On pointing out vide audit memo CRA-II/EAP- 7/ SAR-2014-15/POM No.12 dated 13-07-2016, Management accepted the comments and assured to make necessary adjustment in next year accounts vide their letter No-Accounts/Audit-2014-15/384 dt. 18-07-2016.

A.1.1.2 Earmarked Boys' Fund ₹ 73.20 lakh

It does not include ₹ 10.54 lakh of interest income accrued on investing the amount of Boys' Fund in Fixed Deposits with Bank. The Institute omitted to account for the subjected accrued interest.

It resulted in understatement of Earmarked Fund of Boys' as well as Interest Accrued on FDRs of Boys' Fund by ₹ 10.54 lakh.

On pointing out vide audit memo CRA-II/EAP- 7/ SAR-2014-15/POM No.12 dated 13-07-2016, Management accepted the comments and assured to make necessary adjustment in next year accounts vide their letter No-Accounts/Audit-2014-15/385 dt. 18-07-2016.

A.1.2 Current Liabilities and Provisions (Schedule-4) Rs.630.62 lakh

It does not include a provision for Auditors' Remuneration for his work performed during the year 2014-15 which is best estimated by audit to the tune of ₹ 1.38 lakh.

It resulted in understatement of Deficit by ₹ 1.38 lakh as well as Current Liabilities and Provisions with the same amount.

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2014-15/POM No.22 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

A.2 Assets ₹ 6226.97 lakh

A.2.1 Fixed Assets (Schedule-5) Rs 2305.89

Assets of net book value amounting to ₹ 428905/- were auctioned during the year 2015-16 for ₹ 2202000/-. Some woods produce was also auctioned for ₹ 32655. However, the total auction money received to the tune of ₹ 22.35 lakh has been credited to Fixed Assets instead of net book value ₹ 428905/- of Fixed Assets and crediting the remaining amount to Income and

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4

Expenditure Account as Income from sale of Fixed Asset amounting to ₹ 17.73 lakh and Income from sale of Woods Produce amounting to ₹ 32655/-

This has resulted in overstatement of deficit by ₹ 18.06 lakh and understatement of Fixed Assets with the same amount.

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2015-16/POM No.23 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

A.2.1.1 Current Assets loans and advances (Schedule-8) ₹ 2464.85 lakh.

Finished Stock at Eye Hospital (Item A.1.c.ii) ₹ 2.02 lakh

It includes ₹ 2.02 lakh of Finished Stock of Drugs lying at Eye Hospital which was returned to Shreedhareeyam Ayurvedic Eye Hospital & Research Centre P. Ltd. Koothatukulam, Kerla, in the year of 2012. However, it was not credited to stock at that time as reported vide letter No. F-1/audit/2016/4959-60 dated 20-07-2016.

As such it resulted in overstatement of Finished Stock of Drugs laying at Eye Hospital as well as Capital Fund by Rs 2.02 lakh.

On pointing out vide audit memo CRA-II/EAP- 7/ SAR-2014-15/POM No.8 dated 08-07-2016, Management accepted the comments and assured to make necessary adjustment in next year accounts.

B. Income and Expenditures Account.

B.1 Income ₹ 4576.58 Lakh

B.1.1 Income from Grant/Subsidies (Schedule-9) ₹ 4038.52 Lakh

B.1.1.1 It does not include grant income receivable from Government of Rajasthan to the tune of ₹ 13.68 lakh for the year 2015-16. As per clause 11 of the agreement executed on 21.08.1980 among Government of India, Government of Rajasthan and National Institute of Ayurveda- Jaipur, Government of Rajasthan was liable to pay the Institute annually an amount of ₹ 13.68 lakh as recurring grant – in – aid yearly for running the Government Ayurvedic College and the Seth Surajmal Bombaywala Hospital on their transfer to the Institute. The recurring grant amount was decided on the basis of expenditure incurred by the State Government on the Government Ayurvedic College and Seth Surajmal Bombaywala Hospital on the date of transfer.

SK 10/06/2019

It has resulted in understatement of Grant Income as well as Current Assets to the extent of Rs 13.68 lakh

On pointing out vide audit memo CRA-II/EAP- 7/ SAR-2014-15/POM No.16 dated 14-07-2016, Management replied vide letter No: 588 dated 15-07-16 that as the grant amount was not received during the year 2015-16 hence it could not be accounted as grant receivable.

The reply of the Management is not tenable because the Government of Rajasthan is contractually liable to pay annually the subjected grant amount to the Institute and without making last possible efforts to recover the grant amount from the Government of Rajasthan, not accounting for the subjected grant income and forgo the claim is violation of GAAPs.

B.1.1.2 Increase (Decrease) In Stock of Finished Goods and Work In Progress (Schedule-13) ₹ 128.18 Lakh

The Institute incorrectly disclosed difference between opening and closing balances of finished goods and work in progress as Rs. 128.18 lakh instead of ₹ 22.37 lakh. It resulted in understatement of deficit by ₹ 105.81 lakh.

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2015-16/POM No.19 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

B.2 Expenditure ₹ 5238.56 Lakh

B.2.1 Establishment Expenses (Schedule-14) ₹ 4475.37 Lakh

Salaries and Wages and Pension (Item-a) ₹ 2980.76 lakh

It includes ₹ 3.78 lakh of Salaries and Wages absorbed in preparation of Siddha Drugs. However, the absorbed amount of aforesaid expenditure had not been credited to Salaries and Wages and Pension (Item-a). As no double entry effects were given in these cases, hence deficit overstated by ₹ 3.78 lakh

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2015-16/POM No.17 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

B.2.2 Other Administrative Expenses (Schedule-15) Rs.763.18 Lakh

B.2.2.1 Medical Aid to backward areas- SC (Item No. 29) ₹105.66 lakh

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10/6/19

It incorrectly includes cost of Drugs consumed amounting to Rs 98.26 lakh instead of expenditure incurred on "Purchase of Drugs" amounting to ₹ 92.61 lakh. As such it resulted in overstatement of Deficit with the difference amount ₹ 5.66 lakh.

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2015-16/POM No.20 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

B.2.2.2 Electricity and Power, Water Charges and Office Expenses (Item-4) ₹ 131.53 lakh

It includes ₹ 42.71 lakh of Electricity and Power and ₹ 1.24 lakh of Packing and Other Charges, absorbed in preparation of Siddha Drugs. However, the absorbed amount of aforesaid expenditure had not been credited to Electricity and Power, Water Charges and Office Expenses. As no double entry effects were given in these cases, hence deficit overstated by ₹ 43.95 lakh (42.71+1.24).

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2015-16/POM No.17 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

B.2.1.3 Consumption of Siddha Aushadhi (Item No. 43) ₹ 139.23 lakh

Institute prepared Siddha Aushadhi at its Rasayan-shalla and also purchased some prepared drugs and distributed these drugs to patients in pursuance of its objective. Drugs remained after distribution to patients become part of Finished Stock of Drugs. During the year 2015-16, cost of preparation of Siddha Aushadhi was ₹ 124.29 lakh and purchase of prepared Aushadhi was of ₹ 127.23 lakh. As such total cost of drugs made available for treatment of patients was ₹ 251.52 lakh. Out of ₹ 251.52 lakh ₹ 76.56 lakh was disclosed at item No. 33 as Raw Drugs consumed, ₹ 92.61 lakh was included in Item No-29: Medical Aid to Backward Area-SC, and remaining amount ₹ 82.35 lakh was to be disclosed against Item No.43 Consumption of Siddha Aushadhi. However, the institute disclosed ₹ 139.23 lakh against this item. It resulted in overstatement of Deficit by ₹ 56.88 lakh.

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10/06/2019

It was pointed out vide audit memo CRA-II/EAP- 7/ SAR-2015-16/POM No.22 dated 25-07-2016, however, reply of which was awaited till the end of the Audit.

C. General

- (i) Depreciation has not been charged on depreciable Fixed Assets during the year 2015-16 by virtue of decision taken in its Standing Finance Committee. Hence, Fixed Assets overstated by ₹ 219.07 lakh with the amount of Depreciation that was estimated by Audit based on available information. Depreciation is a measure of wearing out, consumption or other loss of depreciable assets arising from use, efflux of time and obsolescence through technology and market changes and it is to be provided on all depreciable assets in compliance of Accounting Standard 6-Depreciation. Further, till previous year 2014-15 the Institute was providing depreciation on its depreciable fixed assets on written down method. Hence, to change the accounting policy without necessitating by any statute or standard or resulting in more appropriated preparation or presentation of Annual Accounts was not commensurate with Accounting Standard-1- Disclosure of Accounting Policies.
- (ii) Journal Proper was not maintained which is necessary prime entry book under double entry system of book keeping for keeping a record of transactions other than Cash/Bank transaction.
- (iii) The opening / Closing balances of accounts were generally not found in the Ledger.
- (iv) The Assets Register was not maintained as per GFR. Hence, Gross Value of Assets except Land could not be verified.
- (v) Schedule Numbers given to Schedules annexed to Final Accounts in respect of Current Liabilities, Fixed Assets, Investment from Earmarked Funds, Investment Others, Current Assets-Loans and Advances, Significant Accounting Policy, Contingent liabilities and Notes on Accounts, Grants/Subsidy, Fees/Subscription, Interest Income, Other Income, Increase in Stock of Finished Goods and Work-in-Progress, Establishment Expenses

and Other Administrative Expenses were different from the Schedule's Numbers assigned to these Items in Common Format of Accounts.

- (vi) There were no details available in the records produced to Audit as to ascertain capital gain/loss on assets sold/discarded during the year. Postings in the in the Ledgers had not been found in respect of sale/writing off of Assets.
- (vii) It is inconsistency not to provide depreciation on Fixed Assets during the year 2015-16 while it was being provided in previous years. This policy was in violation of Accounting Standard 1-Disclosure of Accounting Policies and Accounting Standard 6- Depreciation.
- (viii) Despite of repeated verbal request Trial Balance as on 31.03-2016 has not been provided to Audit. In absence of Trial Balance arithmetic accuracy of Accounts would not be ascertained.
- (ix) Outstanding advance ₹ 30.49 lakh has shown as advances to PWD from last 15 to 18 years. This was persistently pointed out in previous years Audit Reports for the year 2013-14 and 2014-15. It was stated that a committee had been constituted to reconcile the balances with state PWD. However, the outstanding balances were not settled till the end of Audit.
- (x) Account's heads were generally not mentioned on vouchers.
- (xi) Ledgers are not maintained as per account heads / sub-heads disclosed in Income and Expenditure Account. Opening balances were also not shown in Ledgers.
- (xii) Compliance of comments issued in Management Letter on Accounts of previous year 2014-15 was not produced to audit

SK 10/06/18

D. Effect of Audit comments on Accounts.

The net impact of the comments given in preceding paras is that as on 31st March, 2016, Liabilities overstated by ₹ 131.38 lakh, Assets overstated by ₹ 178.81 lakh and Deficit understated by Rs 42.97 lakh.

[Signature]
10/06/19

[Signature]
19.8.16
Deputy Director/CRA-II

Annexure-1 to Separate Audit Report 2015-16

1. Adequacy of Internal Audit System

There was no adequacy of Internal Audit System that was in existence in the Institute. Only Ministry of Finance conducted internal audit of the institute for the year 2009-10 to 2012-13 during the period 22-07-2013 to 26-07-2013. Institute should also have its own internal audit system.

2. Adequacy of Internal Control System

Internal Control System is not adequate in the Institute hence should be strengthened more by removing its shortcomings some of which noticed by audit were as follows:

- (i) For control over inventories of Rasayanshala minimum, maximum and re-order levels of raw materials had not been fixed.
- (ii) Advance/other amounts recoverable in cash or in kind on capital accounts from CPWD, PWD had not been reconciled.
- (iii) There was no internal control and internal audit Manual in the Institute.
- (iv) There was no frequent rotation of staff dealing in cash, store and accounts work.
- (v) No meeting of Board of Governors was held during the year 2015-16.

3. System of Physical verification of Fixed Assets.

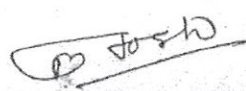
Physical verification of fixed assets was not made by the institute at the end of year 2015-16

4. Physical verification of inventory.

Physical verification of inventories lying in hospital/ departments was not conducted by the institution during the year 2015-16

4. Regularity in payment of statutory due

No case of outstanding statutory dues came to the notice of audit.


Senior Audit Officer /(Exp.)



सत्यमेव जयते

संख्या / No.....

भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय प्रधान निदेशक लेखापरीक्षा (केन्द्रीय)
शाखा कार्यालय राजस्थान, जनपथ, जयपुर-302 005

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
Office of the Principal Director of Audit (Central)
Branch office Rajasthan, Janpath, Jaipur-302 005

To,

दिनांक / Date.....

The Secretary,
Ministry of Health and Family Welfare,
Department of Ayush, AYUSH Bhawan,
B-Block, GPO Complex,
INA, New Delhi -23

Sub.: Separate Audit Report on the accounts of National Institute of Ayurveda,
Jaipur for the year 2016-17.

Sir,

Please find enclosed the Separate Audit Report on the accounts of National Institute of Ayurveda, Jaipur for the year 2016-17 along with copy of Annual Accounts.

2. The Audited accounts and Separate Audit Report required to be placed before the AGM of the Apex Governing Body of the Institute for consideration and adoption and resolutions passed thereon before these are sent by the Ministry for being placed before parliament.
3. The dates of presentation of Audited Accounts and Separate Audit Report before the Parliament may please be intimated. Five sets of printed documents (Audit Report, Annual Report & Audited Accounts) may also please be sent to this office.
4. Hindi version of the Separate Audit Report will be issued shortly.
5. Kindly acknowledge receipt of the documents.

Encl.: As above

Yours sincerely,

Sd/

Deputy Director/CRA-II

Dated : 28.11.17

No. CRA-II (Exp.)/SAR/NIA/2016-17/ 1648

Copy of the Separate Audit Report and Audited Accounts forwarded to Prof. Sanjeev Sharma, Director, National Institute of Ayurveda, Madhav Vilas Palace, Amer Road, Jaipur-302002 with the remarks to ensure that Audited Accounts and Separate Audit Report is adopted/considered in the AGM of Institute's Apex Governing Body and resolution adopted/considered on the Audited Accounts and report thereon may be furnished to this office.

Encl : As above

10/06/19

Deputy Director/CRA-II
28/11/17

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Separate Audit Report of the Comptroller & Auditor General of India on the accounts of the National Institute of Ayurveda, Jaipur for the year ended 31st March, 2017

We have audited the attached Balance Sheet of the National Institute of Ayurveda (NIA), Jaipur as at 31 March 2017, the Income and Expenditure Account and the Receipts and Payments Account for year ended on that date under Section 20(1) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act 1971. The audit has been entrusted for the period 2016-17 to 2020-21. These financial statements are the responsibility of NIA'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 the Comptroller & Auditor General of India (C&AG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards, 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/C&AG's Audit Reports separately.
3. We have conducted our audit in accordance with the 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 been drawn up in the format approved by Ministry of Finance.

SLK
18/06/2017

iii. In our opinion, proper books of accounts and other relevant records have been maintained by the National Institute of Ayurveda, Jaipur as required under section 17 of the Memorandum and Article of Association and the Rules and Regulations of NIA so far as it appears from our examination of such books.

iv. We further report that:

Comments on Accounts

A Balance Sheet

A.1 Liabilities

A1.1.1 Earmarked /Endowment funds (Schedule-3) ₹13.77 crore.

It includes accrued interest of GPF amounting to ₹.91.68 lakh instead of ₹89.68 lakh and the excess accrued interest earned amounting to ₹.2.00 lakh was shown in the head of accrued interest of GPF of Earmarked /Endowment fund of Balance Sheet.

This resulted in overstatements of current assets and overstatement of liabilities by ₹ 2.00 lakh.

B. Assets

B.1 schedule 11: Current Assets Loan and Advances ₹.7.96 crore

B.1.1. (C) Stock of eye Hospital ₹.2.02 lakh.

It includes ₹.2.02 lakh in Finished Stock of Drugs lying at Eye Hospital which was returned to Shreedhareeyam Ayurvedic Eye Hospital & Research Centre P. Ltd. Koothatukulam, Kerala, in the year of 2012. However, it was not credited to stock at that time.

This resulted in overstatement of Finished Stock of Drugs lying at Eye Hospital as well as Capital Fund by ₹. 2.02 lakh.

This point was taken in previous year SAR but rectification/adjustment was not done.

Handwritten signature and date: 10/06/2019

B.2.1 Fixed Assets ₹. 24.23 Crore (Schedule-08)

Plant Machinery & Equipment Rs. 2.54 Crore

It includes ₹ 9.60 lakh for three year subscription to M/s. Kendriya Bhandar, Jaipur for Unified Threat Management (UTM) appliances

The subscription amount of ₹. 3.20 lakh for the first year only was to be taken in the income & expenditure account & remaining amount of ₹.6.40 lakh was to be booked under prepaid expenses.

This resulted in overstatements of fixed asset by ₹.9.60 lakh, understatement of current Assets by ₹6.40 lakh and overstatement of surplus by ₹3.20 lakh.

C. Income and Expenditures Account.

C.1 Total Expenditure ₹ 54.56 crore

C.1.1 Schedule-21 :Other Administrative Expenses etc. ₹.7.17 crore.

It includes ₹ 33.56 lakh paid to Dr. Servpally Radhakrishanan Rajasthan Ayurved Vishvidhayaly Jodhpur for affiliation for the session 2017-18. The amount of ₹ 33.56 lakh was to be booked under prepaid expenses

This resulted in understatements of current Assets and understatement of surplus by ₹ 33.56 lakh.

C 1.2 Grant subsidies received ₹ 54.69 Crore (Schedule-13).

It does not include ₹ 13.68 lakh which Government of Rajasthan agreed to pay the Institute annually as recurring grant-in-aid representing the yearly expenditure incurred by the State Government on Government Ayurvedic College and Seth Surajmal Bombaywala Hospital, Jaipur on the date of transfer.

This has resulted in understatement of Grant Income as well as Current Assets to the extent of ₹13.68 lakh.

Signature
10/06/2019

D. General

- (i) As per accounting policy depreciation of ₹ 219.07 lakh (calculated by Audit) during the year 2015-16 and ₹ 206.47 lakh in the year 2016-17 was not charged on depreciable Fixed Assets by virtue of decision taken in its Standing Finance Committee. Agenda and Minutes of standing finance committee were not available.
- (ii) Journal was not maintained.
- (iii) The Assets Register was not maintained as per GFR. Hence, Gross Value of Assets except Land could not be verified.
- (iv) Schedule Numbers are not as per Common Format of Accounts
- (v) No provision for retirement benefits were made in Accounts as per actuarial valuation as prescribed in AS-15.
- (vi) Compliance of comments issued in Management Letter on Accounts of previous year 2015-16 was not produced to audit.

E. Grant- in – Aid

The Institute received grants in aid of ₹ 5557.00 lakh during the year 2016-17 from Govt. of India (GOI) (Plan ₹ 2400.00 lakh, Non-Plan ₹ 3157.00 lakh). Out of which ₹ 50.00 lakh was received in the month of March 2017. At the beginning of the year ₹0.07 lakh was available with the institute(As per utilization certificate submitted to Ministry by the institute). The institute could utilize a sum of ₹ 5523.38 lakh (₹ 2355.1 lakh Plan and ₹3168.28 lakh Non-Plan) leaving a balance of ₹ 33.69 (₹ 44.97 lakh Plan and ₹ (-) 11.28 lakh Non Plan) as unutilized grant as on 31st March 2017.

F. Effect of Audit comments on Accounts.

The net impact of the comments given in preceding paras is that as on 31st March,2017. Liabilities understated by ₹ 9.66 lakh, Assets understated by ₹ 40.02 lakh and Surplus understated by ₹ 30.36 lakh.

Handwritten signature and date: 10/06/2019

- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income & Expenditure Account and Receipts & 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 Separate 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 National Institute of Ayurveda, Jaipur as at 31 March 2017, and
- b. In so far as it relates to Income & Expenditure Account of the surplus for the year ended on that date.

For and on behalf of the C&AG of India

Place: Ahmedabad

Date: 27.11.2017

SK 10/06/2019

Archanu Guja
Principal Director of Audit (Central)
Ahmedabad