

Separate Audit Report of the Comptroller and Auditor General of India on the accounts of Indian Institute of Management, Kashipur for the year ended 31 March, 2016

We have audited the attached Balance Sheet of Indian Institute of Management, Kashipur (Institute) as at 31 March, 2016, Income and Expenditure Account and Receipts and Payments Account for the year ended on that date under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. The audit has been entrusted for the period up to 2015-16. These financial statements are the responsibility of the Institute'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 (CAG) 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 to be reported through Inspection Reports/CAG'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 test basis, evidences supporting the amounts and disclosures 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 and Expenditure Account and Receipts and Payments Accounts dealt with by this report have been drawn in formats of Financial Statements for Central Educational Institutions prescribed by Department of Higher Education, Ministry of Human Resource Development, Government of India; and

iii. In our opinion, proper books of accounts and other relevant records have been maintained by Institute in so far as it appears from our examination of such books.

iv. We further report that:

(A) Balance Sheet

(A.1) Fixed Assets (Tangible) ₹ 902.03 lakh

(A.1.1) This does not include audio visual musical items of ₹ 0.94 lakh purchased by the Institute during the year 2015-16, which was not capitalised. This resulted in understatement of fixed assets and overstatement of expenditure by ₹ 0.94 lakh each.

No depreciation has also been charged on the Audio visual Musical items of ₹ 0.94 lakh.

(A.1.2) As per point no. 3.2 of Schedule 23 (Significant Accounting Policies) the fixed assets (Tangible and Intangible) were valued at cost less accumulated depreciation. The Institute charged depreciation of ₹116.13 lakh on Written Down Value of Boundary Wall, Office Equipment, Computers & Peripherals, Furniture, Fixtures & Fittings, etc. at rates (ranging from 10 to 60 per cent) during the year 2015-16.

As per rate provided in the Formats of Financial Statements for Higher Education Institutions, the depreciation should be provided on straight Line Method as per rates provided for each item. The depreciation of ₹41.15 lakh only was chargeable on the above Fixed Assets (Tangible and Intangible). However, ₹ 116.72 lakh depreciation was charged. Hence, depreciation on Fixed Assets (Tangible and Intangible) was overstated by ₹ 74.97 lakh and 'Capital Fund' was understated by the same amount.

The adjusting figure being difference of depreciation chargeable on the fixed assets as per straight line method and charged as per written down method calculated abnition is also required to be suitably incorporated in the account.

(A.2) Loans, Advances and Deposits (Schedule 8)

(A.2.1) Capital Account ₹3239.40 lakh

This does not include amount paid to the Executive Engineer (EE) Almora, CD, CPWD (₹129.29 lakh) and EE, PWD Kashipur (₹1.68 lakh). These amounts were classified as 'Others' instead of 'On Capital Account' in the schedule-8. Thus, the sub-head 'Others' was overstated by ₹130.96 lakh (129.29+1.68) and 'Capital Account' understated by the same amount.

(B) General

(B.1) The Institute has adopted the Formats of Financial Statements for Central Higher Education Institutions, however, Schedule-4 (Fixed Assets) to the Annual Accounts was not in accordance with the said Format. As per the format, depreciation is provided for whole year on addition during the year, however, half rate of depreciation is charged on assets capitalised on addition less than 180 days.

(C) Grants-in-Aid

The Institute received Grants-in-aid of ₹ 81.50 crore (Plan) during the year 2015-16. Taking opening balance of ₹32.22 crore (Plan), the total funds available worked out to ₹ 113.72 crore, out of which the Institute utilised a sum of ₹ 82.79 crore (Plan) leaving a balance of ₹ 30.93 crore (Plan) as un-utilised as on 31 March, 2016.

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.

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 Indian Institute of Management, Kashipur as at 31 March, 2016; 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 the C&AG of India

Place: Lucknow


7.10.16

Date:

Principal Director of Audit (Central)

Annexure

1. Adequacy of Internal Audit System

The Institute does not have its own Internal Audit wing. The internal audit of the Institute was conducted by a Chartered Accountant firm during 2015-16.

2. Adequacy of Internal Control System

The Internal Control System in the Institute reflected the following deficiencies:

- Non-adjustment of advances paid to staff amounting to ₹ 15.42 lakh; and
- Non-adjustment of advances of ₹ 3.36 crore given to various Institutes for organising programmes.
- Physical verification of Inventories has not been done during 2015-16

3. System of Physical Verification of fixed assets

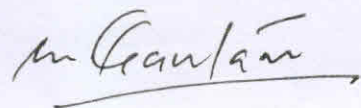
Physical verification of fixed assets was carried out during the year 2015-16.

4. System of Physical Verification of Inventory

Physical verification of inventory was not conducted during the year 2015-16. It was last conducted in 2014-15.

5. Regularity in Payment of statutory dues

Service tax amounting to ₹0.39 lakh was outstanding as on 31 March, 2016, which had been subsequently, paid in April, 2016.



Dy. Director of Audit (CE)