



भारतीय लेखा तथा लेखा-परीक्षा विभाग
महा निदेशक, लेखा-परीक्षा का कार्यालय,
केन्द्रीय, कोलकाता

CONFIDENTIAL

**INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF AUDIT,
CENTRAL, KOLKATA.**

No: OA II (AB)/AR/2016-17/CNCI/ 365

Date: 31-10-2017

A copy of the Separate Audit Report alongwith Annexure on the accounts of the **Chittaranjan National Cancer Institute**, for the year 2016-17 is forwarded to the **Director, Chittaranjan National Cancer Institute, 37, S.P. Mukherjee Road, Kolkata700026**, for information and necessary action.

Arrangement may please be made for preparation of Hindi Version of the Separate Audit Report with Annexure at your end and sending the same directly to the Ministry.

It may please be ensured that the Audited Accounts and the Separate Audit Report along with Annexure are placed before the apex body for consideration and adoption before the same are sent to the Government for being placed in Parliament.

Two copies of the printed Annual Report for the year 2016-17 (both English and Hindi Version) containing the Audited Accounts and the Separate Audit Report along with Annexure, as laid before Parliament, may please be forwarded to this office for necessary action at this end.

Encl.: As stated

Accounts Officer
Japas Maji
2/11/2017

Mr Ajay Basu
Consultant Audit & Accounts
30/11/17

Deputy Director (Inspection)



भारतीय लेखा तथा लेखा-परीक्षा विभाग
महा निदेशक, लेखा-परीक्षा का कार्यालय,
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**INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF AUDIT,
CENTRAL, KOLKATA.**

SPEED POST

No: OA II (AB)/AR/2016-17/CNCI / 364
Date: 31-10-2017

To
The Secretary,
Ministry of Health and Family Welfare,
Government of India,
Nirman Bhawan
New Delhi - 110001

**Subject: Separate Audit Report on the accounts of the Chittaranjan National Cancer
Institute, Kolkata for the year 2016-17**

Sir,

I am to forward herewith the Separate Audit Report in the prescribed format introduced by the C & A.G of India on the accounts of the **Chittaranjan National Cancer Institute, Kolkata** for the year 2016-17. A copy of the annual accounts of the organisation for the year 2016-17 is also enclosed.

2. Two copies of Separate Audit Report (both English and Hindi Version), as presented before Parliament, may please be forwarded to this office for necessary action at this end.
3. The dates of laying the audited accounts and the Separate Audit Reports for the years 2016-17 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,

P.K. Singh
31.10.17

(P.K.Singh)

**Director General of Audit
Central: Kolkata**

Encl.: As stated

जि. आई. प्रेस बिल्डिंग, 8 किरण शंकर राय रोड (1म मंजिल), कोलकाता- 700001
Govt. of India Press Building, 8, Kiran Sankar Roy Road, Kolkata-700001
Phone : 2254-0221, (Gram : ACCOUNTCENT) POST BOX : 2699, Fax No.: 033 22135377

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of the Chittaranjan National Cancer Institute (CNCI), Kolkata for the year ended 31 March 2017

We have audited the attached Balance Sheet of the Chittaranjan National Cancer Institute (CNCI), Kolkata as at 31 March 2017, the 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, Power and Conditions of Service) Act, 1971. The audit has been entrusted for the period upto 2018-19. 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 and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 Account dealt with by this report have been drawn up in the format prescribed by the Ministry of Finance.
 - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Chittaranjan National Cancer Institute (CNCI), Kolkata as required under the rules and regulations of the CNCI in so far as it appears from our examination of such books.
 - iv. We further report that

Comments on accounts

A. Balance Sheet

1.1 Liabilities

1.1.1 Earmarked Fund (Schedule-3): ₹6544.43 lakh

The above head had been understated by ₹ 68.26 lakh due non-inclusion of interest accrued to three Earmarked Funds, namely, 'Fund for New Campus', 'Pension Fund' and 'Patient Welfare Fund' with the Fund balance. This had also resulted in understatement of Current Assets, Loans and Advances (Schedule 11) by ₹ 68.26 lakh.

1.1.2 Current Liabilities and Provision (Schedule-7): ₹ 1738.61 lakh

The above head had been understated by ₹21.92 lakh due to incorporation of receivable amount from Pension Fund as negative liability instead of exhibiting in Current Assets (Schedule-11). This also resulted in understatement of Current Assets, Loans and Advances (Schedule-11) by ₹ 21.92 lakh.

B. Income and Expenditure Account

2.1 Expenditure

2.1.1 Depreciation: ₹ 660.05 lakh

The above head had been understated by ₹ 0.83 lakh due to accountal of depreciation of Server worth ₹ 3.68 lakh under the head "Equipment" @ 15 per cent instead of booking the same under the head "Computer Peripherals" @ 60 per cent. This had also resulted in understatement of "Excess of Expenditure over Income" by ₹0.83 lakh.

C. Project Fund

3.1 Income and Expenditure Account

3.1.1 Income-Interest Earned: ₹ 5.72 lakh

The above head had been understated by ₹ 1.32 lakh due to non-inclusion of interest earned from Project no. 104 and 105 during the financial year 2016-17. This also resulted in overstatement of Excess of Expenditure over Income for the year by ₹ 1.32 lakh.

D. General:

4.1 Common Format of Accounts specified that Earmarked Funds, considering their nature, were represented by specifically earmarked investments or other assets. In violation of the provision, Institute did not exhibit investments or other assets against the Earmarked Fund balance of ₹ 65.94 crore.

4.2 In contravention of Common Format of Accounts, no separate disclosure was made in Income and Expenditure Account for inclusion of prior period expenditures of ₹ 17.66 lakh for Salaries and Wages (Bonus), ₹ 11.11 lakh for

Children Education Allowances and ₹ 0.24 lakh for News Paper and Overtime Allowances, pertaining to the years 2014-15 and 2015-16.

4.3 Institute in its Schedule of Accounting Policies stated that provision of retirement benefits on actuarial basis has not been made. Despite mention in earlier Audit Reports, Institute did not adopt accounting policy for retirement benefit in conformity with the Common Format of Accounts.

4.4 In violation of Common Format of Accounts, Advance paid to NPCC under Earmarked Fund namely, 'Urgent Repair of CNCI Staff Quarters', amounting to ₹ 91.80 lakh had been debited to Earmarked fund and credited the same in Capital Fund. This resulted in understatement of Earmarked Fund and overstatement of Capital Fund by ₹ 91.80 lakh.

4.5 In violation of Common Format of Account, termed deposits valued ₹57.46 crore in the name of Earmarked Fund and accrued interest thereof ₹ 5.20 lakh had been shown mixed with Termed Deposits and Accrued Interest of General Fund, respectively, instead of distinctly in Current Assets, Loans and Advances (Schedule 11).

E. Grants-in-Aid

The Institute is mainly financed by grants from Government of India (GoI) and Government of West Bengal (GoWB). During the year 2016-17, the Institute had received only Non-Plan grants of ₹4305.39 lakh (GoI: ₹ 2000 lakh, GoWB: ₹2305.39 lakh) and no Plan grants had been received. The Institute had utilised ₹4578.66 lakh out of Non-Plan grants of ₹4305.39 lakh, and ₹ 131.23 lakh of Plan grants. The excess expenditure of Non-Plan grants and Plan grants were met from unspent Non-Plan grants and Plan grants of previous years respectively.

During the year 2016-17, Institute had also received Specific Purpose Funds of ₹4846.45 lakh and spent ₹ 3175.64 lakh leaving an unspent amount of ₹ 1670.81 lakh.

F. Net effect:

The net impact of the comments given in preceding paragraphs was that both Assets and Liabilities were understated by ₹ 90.18 lakh as at 31 March 2017 and Excess of Expenditure over Income was understated by ₹ 0.83 lakh for the year ended 31 March 2017.

G. Management letter

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Institute 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 Chittaranjan National Cancer Institute, Kolkata as at 31 March 2017 and

- b. in so far as it relates to Income and Expenditure Account of the deficit for the year ended on that date.

For and on behalf of the C&AG of India

P.K. Singh
31.10.17

Place: Kolkata
Date: 31.10.2017

(P.K.Singh)
Director General of Audit
(Central) Kolkata

Annexure

A. Adequacy of Internal Audit System

Internal Auditing System is inadequate due to the following:

1. There is no separate Internal Audit wing. However, the work of Internal Audit is partly looked after by retired Govt. officials appointed as Consultants on contractual basis by the Institute. No Internal Audit Reports was prepared.
2. There is no Internal Audit Manual and Internal Auditor is not independent of Accounting System.

B. Adequacy of Internal Control System

The following facts show inadequate Internal Control System:

1. The Institute had not maintained Stock Registers, Expenditure Control Register, Contract Register etc., as a result necessary information cannot be obtained in a consolidated form. Further, Grants in Aid Register had been maintained in prescribed format by the CNCI since 2009-10 but without having any authentication of the competent authority.
2. During 2016-17 the Institute kept a sizeable amount in the Saving Bank A/c instead of keeping the same in sweep account and thereby losing higher rate interest due to ineffective operation of internal control and proper monitoring system on investment.
3. No fixed deposits Register was maintained by the Institute, in lieu, the same was maintained in e-form.
4. No system of Physical verification of Inventory was followed and hence shortage or excess of stock could not be ascertained.
5. In absence of proper records for journal entries, audit could not ascertain the veracity of journal entries posted in Ledger Accounts.

6. Due to non-maintenance of Advance Register or any consolidated record of advances, figures shown in Advance heads were remained un-reconciled.

C. System of Physical verification of Assets and Inventories

The Institute did not update the Fixed Asset Register and therefore could not conduct annual physical verification of Assets since 2011-12 in terms of the provisions contained in Rule-192(1) of GFR 2005. As a result, actual existence as well as condition of Assets valuing ₹30.85 crore as shown in the Balance Sheet (Schedule- 8) could not be ascertained in audit.

D. Statutory Liabilities:- The Institute was regular in payment of statutory dues.

CHITTARANJAN NATIONAL CANCER INSTITUTE
PARAWISE REPLY TO THE SEPERATE AUDIT REPORT
ON THE ACCOUNTS OF CNCI FOR THE YEAR 2016-17.

PARAGRAPHS IN THE SEPARATE AUDIT REPORT	REPLY
A. Balance Sheet	
1.1 Liabilities	
1.1.1. Earmarked Fund (Sch-3): Rs.6544.43 Lakh	The Institute have two types of Earmarked Funds one for which separate Balance Sheet and Income & Expenditure Account is prepared and other for which no separate Balance Sheet and Income and Expenditure Account is Prepared. The Institute prepares Balance Sheet and IE for those Earmarked Fund for which separate Bank Account is maintained. In the first case, interest/accrued interest are included and shown in respective Earmarked Balance Sheet and IE. But in the second case, interest/accrued interest for which no Balance Sheet and IE is maintained, are included in General Fund. Therefore, non inclusion of interest /accrued interest in Earmarked fund are not in consonance with the actual disclosure in Accounts. If CNCI has to show interest/accrued interest in General Fund (Schedule11), justification for preparing separate Balance Sheet of "Pension Fund", "Patient Welfare Fund", "Fund for New Campus" falls flat. . In that case those Balance Sheets will needed to be merged with General Fund Balance Sheet. which may in turn reduce the detailed disclosure in Accounts.
1.1.2 Current Liability and Provision (Sch.7) Rs.1738.61 Lakh	This is simply an accounting entry and matter of presentation of a particular Head of Account in the Balance Sheet .Negative balance under one head of Current Liability means the Current Assets of the same amount under the same accounting head.
B. Income & Expenditure Accounts	
2.1 Expenditure	
2.1.1 Depreciation Rs.660.05 Lakh	Noted for rectification during Financial Year 2017-18
C. Project Fund	
3.1 Income and Expenditure Account	
3.1.1 Income-Interest Earned Rs.5.72 Lakh	This will be incorporated in the financial year 2017-18.
D General:	
4.1	From the year 2017-18, Institute will show Investment out of Earmarked Fund in the Earmarked Fund Account itself.
4.2	Disclosure as to any prior period expenditure will be made on & from FY the year 2017-18 as suggested by Audit to the extend applicable following the accounting practice of the Institute.
4.3	It has been mentioned in the significant accounting policies (Sch.24 Sl.No.7.1) that provision of liabilities on Retirement benefits on actuarial basis is not feasible in the Institute considering non availability of corresponding sufficient allocation of fund. Actuarial Provision of Liability requires creation of Fund and investing the same fund to meet the liability which the Institute does not consider it necessary.

PARAGRAPHS IN THE SEPARATE AUDIT REPORT	REPLY
4.4	It will be revealed from the Accounts that Rs.91.80 Lakh was initially paid as advance to NPCC for renovation of CNCI Staff Quarters. While paying the sum the amount was booked under Advance Head abiding usual procedure of Accounting disclosure . The objective of showing it in Advance Account is that, anyone while going through the Books of Accounts can find and understand that a sum has been given as advance to NPCC. But instead of showing it in advance if Institute included it in Earmarked fund, it may be constrained to understand that a sum has already been given as advance. In that case, the possibility of double payment/overpayment could not be ruled out. As usual, when full utilization with commissioning certificate is received, the advance amount will be capitalized.
4.5	Same reply as SAR No. A Balance Sheet- 1.1.-Liabilities Sl. No 1.1.1 Earmarked Fund
E. Grants-in-Aid	Facts and Figure confirmed
E.. Net Effect	No. Comments.

Japas Maji
6.11.2017
Director
CNCI, Kolkata

Director
Chittaranjan National
Cancer Institute

Annexure

Audit Comments under	Replies to comments
<p>A.A Adequacy of Internal Audit System. B.A Adequacy of Internal Control System.</p>	<p>A.1. Noted A.2. Noted B.1. Institute maintains Stock Register in Stores besides stock registers/store accession registers are also maintained in various Departments/Unit level. Expenditure control register may not be required in case of CNCI as the computerized accounting system in vogue which contains relevant information of expenditure. This computerized system is regularly updated and information flow is very smooth facilitating proper monitoring. B.2. & 3. Institute maintains fund in Term Deposit for time to time based on availability of funds vis-à-vis requirement of fund for disbursement. Opening of Sweep A/c is not compatible to the financial & accounting functioning of the Institute due to non availability of proper documentary support of transactions, duplication Accounting entries and resulting difficulties in drawing Bank Reconciliation Statement. With the introduction of computerized system of Accounts of Institute, maintaining Fixed Deposit Register in e-form is befitting and compatible. B.4. Physical verification of Assets of the Institute is being carried on by engaging external expert as per consistent practice followed in the Institute and same has been completed upto 2011-12. as per the prescribed format of Common Format of Accounts recommended by the Govt. of India.. Those are produced the Audi and Auditors has suggested certain corrections /modification on its. The action is being initiated for modification/correction of Asset Register and also to upto dated the same for and upto FY 2016-17 B.5. Suggestion of the Audit is noted. Corresponding Journal Voucher towards adjustment entries will be reflected in the Accounts of the following financial year. B.6. Register for TA, LTC Advance have been produced to Audit. Festival Advance is being monitored through computer system. There are no long term Advances. The advances paid for contingent expenditure are recorded in a memorandum register in Research Cash. C. Asset register upto 31.03.2012 as produced before the Audit are prepared as per the prescribed form of Common Format of Accounts. Asset register of the Institute upto 2015-16 had been completed and produced before Audit. However, Audit suggested certain modifications Revised version of Asset Register upto 2016-17 together with Physical Verification Report will be furnished during Audit f 2017-18.</p>
<p>D. Statutory Liabilities:-</p>	<p>NIL</p>

Japas Meji
6.11.2017

Director
Chittaranjan National
Cancer Institute

Chittaranjan National Cancer Institute

37, S P Mukherjee Road, Kolkata : 700 026

BALANCE SHEET AS AT 31ST MARCH, 2017

		(Amount - Rs.)	
		Current Year	Previous Year
		Schedule	
<u>CAPITAL FUND & LIABILITIES</u>			
Capital Fund	1	67,81,55,960	69,72,87,400
Reserve & Surplus	2	Nil	Nil
Earmarked/Endowment Funds	3	65,94,47,094	49,02,06,929
Secured Loans & Borrowings	4	Nil	Nil
Unsecured Loans & Borrowings	5	Nil	Nil
Deferred Credit Liabilities	6	Nil	Nil
Current Liabilities & Provisions	7	17,38,60,467	20,47,74,104
TOTAL		1,51,14,63,521	1,39,22,68,433
<u>ASSETS</u>			
Fixed Assets	8	30,85,45,472	33,80,69,130
Investments - From Earmarked/Endowment Funds	9	Nil	Nil
Investments - Others	10	Nil	Nil
Current Assets, Loans & Advances etc.	11	1,20,29,18,049	1,05,41,99,303
Miscellaneous Expenditure (to the extent not written off or adjusted)		Nil	Nil
TOTAL		1,51,14,63,521	1,39,22,68,433
SIGNIFICANT ACCOUNTING POLICIES			
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS			
	24		
	25		

(Signature)
Accounts Officer
Chittaranjan National
Cancer Institute
24/06/2017

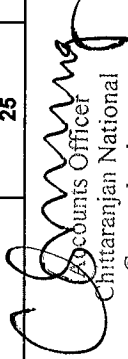
(Signature)
24.06.2017
Director
Chittaranjan National
Cancer Institute


Chittaranjan National Cancer Institute

37, S P Mukherjee Road, Kolkata : 700 026

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2017

		(Amount - Rs.)	
	Schedule	Current Year	Previous Year
INCOME			
Income form Sales/Services	12	54,31,405	58,68,075
Grants/Subsidies	13	43,53,02,368	39,98,07,125
Fees/Subscription	14	15,27,000	11,85,000
Income from Investments (Income on Investment from earmarked/endowment Funds transferred to Funds)	15	Nil	Nil
Income from Royalty, Publication etc.	16	Nil	Nil
Interest Earned	17	2,91,16,784	3,31,79,827
Other Income	18	13,04,416	8,34,222
Increase/(decrease) in Stock of Finished Goods & Works-in-Progress	19	Nil	Nil
TOTAL (A)		47,26,81,973	44,08,74,249
EXPENDITURE			
Establishment Expenses	20	34,83,05,881	30,04,71,707
Other Administrative Expenses	21	9,99,00,482	8,96,64,214
Expenditure on Grants, Subsidies etc.	22	Nil	Nil
Finance Charges (Bank Charges only)	23	21,636	86,543
Depreciation (Net Total at the year-end - Corresponding to Schedule 8)	23A	6,60,05,405	8,02,68,382
TOTAL (B)		51,42,33,404	47,04,90,846
Balance being excess of Income over Expenditure (A-B)		(4,15,51,431)	(2,96,16,597)
Transfer to Special Reserve		Nil	Nil
Transfer to/from General Reserve		Nil	Nil
Balance being Surplus/(Deficit)carried to Capital Fund		(4,15,51,431)	(2,96,16,597)
SIGNIFICANT ACCOUNTING POLICIES			
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS			
	24		
	25		


 Accounts Officer
 Chittaranjan National
 Cancer Institute
 24/03/2017


 Director
 Chittaranjan National
 Cancer Institute
 24.06.2017