



SPEED POST/CONFIDENTIAL
कार्यालय, महालेखाकार (लेखापरीक्षा)
मेघालय, शिलांग-793 001

**OFFICE OF THE
ACCOUNTANT GENERAL (AUDIT)
MEGHALAYA, SHILLONG-793 001**

EPABX- 0364-2228861/62/63; FAX-2223494
पत्र संख्या/Ltr.No. ES-II/4-16/ 2016-17/ 190

Email: agauMeghalaya.gov.in
दिनांक/Date : 25 October 2016

To,

The Secretary to the Government of India,
Ministry of Health and Family Welfare,
Room No-128, C Wing,
Shastri Bhavan, New Delhi - 110001.

**Sub: Separate Audit Report on the accounts of the North Eastern Indira Gandhi
Institute of Health & Medical Sciences, Shillong for the year ended 31 March
2016.**

Sir,

I am to forward the Separate Audit Report on the accounts of the North Eastern
Indira Gandhi Institute of Health & Medical Sciences (NEIGRIHMS), Shillong for the
year 2015-16 and a set of audited **Annual Accounts of the NEIGRIHMS** for the year 2015-
16.

2. The Hindi version of the Separate Audit Report will be prepared by the NEIGRIHMS.
3. The Separate Audit Report and the Annual Accounts sent may please be placed before both Houses of Parliament as soon as possible. The date(s) of placing of the Report and Accounts may please be intimated and ten copies of the Report, placed before Parliament, may please be sent to this office for record.
4. The Separate Audit report may please be treated as Confidential till it is placed before the Parliament.

Kindly acknowledge receipt.

Yours faithfully,

Encl: As stated above

Sd/-
Accountant General (Audit)

AAO(A)
[Signature]
28/10

Ltr.No. ES-II/4-16/2016-17/ 491

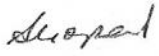
Date: 25 October 2016

Copy of the Separate Audit Report on the accounts of the **North Eastern Indira Gandhi Institute of Health & Medical Sciences (NEIGRIHMS), Shillong** for the year 2015-16 are forwarded for information and necessary action to:

**The Director,
North Eastern Indira Gandhi Institute of Health & Medical Sciences,
Mawdiangdiang,
Shillong – 793018.**

2. Necessary arrangement may please be made for preparation of Hindi version of the Separate Audit Report and issue of the same to the Government of India, Ministry of Health and Family Welfare, with copy to this office.
3. The date(s) of placing the Separate Audit Report and Annual Accounts before both Houses of Parliament may please be intimated.
4. The Separate Audit Report sent herewith may please be treated as **confidential** till it is placed before both Houses of Parliament.

Kindly acknowledge receipt.


Sr. Dy. Accountant General
Economic Sector-II

**Separate Audit Report of the Comptroller and Auditor General of India on
the Accounts of the North Eastern Indira Gandhi Regional Institute of
Health and Medical Sciences (NEIGRIHMS), Shillong for the year ended 31
March 2016.**

We have audited the attached Balance Sheet of the North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences (NEIGRIHMS), Shillong as at 31 March 2016; the Income and Expenditure Account and Receipt and Payment Account for the year ended on that date under section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971 read with Rule 31 (2) of the Memorandum of Association of the Institute. The audit has been entrusted to us for the period up to 2019-20. These financial statements are the responsibility of the NEIGRIHMS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the proposed comments of the Comptroller and 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 mis-statements. An audit includes examining, on a 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 the Receipt & Payment Account dealt with by this report have been drawn up in the format approved by Ministry of Finance. However, cases of deviations have been pointed out in the preliminary observations/Draft SAR;
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the NEIGRIHMS, Shillong, as required under Rule 31(1) of the Memorandum of Association of the NEIGRIHMS, in so far as it appears from our examination of such books.

iv. We further report that:

A. Balance Sheet:

A1: Assets

1. Investments – Others (Schedule – 10) – ₹21.26 crore

The above represents balance in Fixed Deposits with Banks. As against this, the actual amount in Fixed Deposits with Banks as on 31 March 2016 was ₹23.05 crore. This has resulted in understatement of Investments – Others and Overstatement of “Income Accrued” by ₹1.79 crore each.

2. Current Assets, Loans/ Advances, etc. (Schedule – 11) – ₹77.97 crore

(i) The above includes ₹9.07 crore being advances and other amounts recoverable in cash or in kind or for value to be received which have not been categorised separately as good/recoverable and doubtful. Advances which are considered good and recoverable and which are considered doubtful were not categorised and disclosed separately as required in the “Notes and Instructions for Compilation of Financial Statements of Non-Profit Organisations and Other Similar Institutions”.

(ii) Confirmation of Loans and Advances from respective parties was not obtained by the institute.

3. Fixed Assets (Schedule 8): Electric Installations (SL. No 8) - ₹13.03 lakh

The above does not include ₹23.14 lakh being cost of Electrical installations and to be capitalised as required under “Notes and Instructions for Compilation of Financial Statements of Non-Profit Organisations and Other Similar Institutions” which was wrongly charged to “Other Administrative Expenses” under the Income & Expenditure Account. This has resulted in understatement of Fixed Assets - Electric Installations and Excess of Income over Expenditure by ₹21.50 lakh each (Cost ₹23.14 lakh – Depreciation ₹1.64 lakh).

A2. Current Liabilities and Provisions (Schedule-7)

1. Current Liabilities: ₹1453.25 lakh

The above does not include ₹33.65 lakh being the value of cheques issued prior to 31 December 2015 by the Institute but were not presented for payment up to 31 March 2016. Since validity of these cheques has already expired, liability has to be created against these stale cheques and reverse entry has to be made in the Cash Book. This has resulted in understatement of Current Liabilities and Current Assets by ₹33.65 lakh each.

2. No provision for unutilised grant of ₹52.45 crore were made in Accounts. This has resulted in the understatement of Current liabilities and provision and overstatement of Corpus fund by the same amount.

B. Income & Expenditure Account:

B1: Expenditure:

1. Other Administrative Expenses (Schedule- 21): ₹2.81 crore.

(i) The above does not include ₹42.73 lakh being expenditure on Annual Maintenance Contract (AMC) incurred up to 31 March 2016 but paid in June 2016. This has resulted in overstatement of "Excess of Income over Expenditure" and understatement of "Current Liabilities and Provisions" by ₹42.73 lakh each.

(ii) The above includes ₹1.69 crore being expenditure on AMC pertaining to the period up to 31 March 2015 paid during the year. This should have been separately disclosed as prior period expenditure so that the effect thereof on the net expenditure for the year is known as required under the "Notes and Instructions for Compilation of Financial Statements of Non-Profit Organisations and Other Similar Institutions".

2. Establishment Expenses (Schedule- 20): ₹99.59 crore

The above does not include provision for liability towards gratuity payable on death/retirement of employees and liability towards accumulated leave encashment benefits to the employees amounting to ₹9.25 crore (current year and prior period) as required under Accounting Standard 15. This has resulted in overstatement of "Excess of Income over Expenditure" and understatement of "Current Liabilities and Provisions" by ₹9.25 crore each.

B2: Income:

1. Income Accrued on Loans and Advances (Sl. No. 4 iii) – NIL

There are interest bearing advances to staff such as House Building Advances (₹26.55 lakh), Motor Cycle Advance (₹6.03 lakh), Computer Advance (₹37.15 lakh), etc on which the actual recovery of interest would commence only after repayment of Principal. The interest accrued on such advances were however, not worked out and accounted as required under "Notes and Instructions for Compilation of Financial Statements of Non-Profit Organisations and Other Similar Institutions".

2. Interest Earned (Schedule 17) – ₹3.98 crore

The above does not include ₹17.31 lakh being Tax deducted at Source by the Bank while crediting interest on Term Deposits. This should have been added to interest income and shown as Advance Income Tax under "Current Assets, Loans, Advances, etc". This resulted in understatement of Excess of Income over Expenditure for the year and Current Assets, Loans and Advances etc to the same extent.

C. General:

1. As per Fixed Assets Registers, the value of Medical Equipments-Project (₹46.63 lakh), Medical Equipments (₹1,839.91 lakh) and Library Books & Journals (₹126.64 lakh) were purchased/acquired and installed during the year. However, as per Annual Accounts, the value of Medical Equipments-Projects (₹31.47 lakh), Medical Equipments (₹2,336.09 lakh) and Library Books & Journals (₹164.25 lakh) were added during the year. The difference of short account of Medical Equipments-Project (₹25.16 lakh), excess account of Medical

Equipments (₹696.09 lakh) and excess account of Library Books & Journals (₹37.61 lakh) in the Annual Accounts needs to be reconciled.

2. The Cost/value of Fixed Assets (Gross Block) at the year ended includes ₹3.10 crore being the cost/value of Buildings on Lease Hold (₹2.07 crore) and Super Structures on Land not belonging to the entity (₹1.03 crore). As these assets were already amortised, inclusion of the same is redundant and misleading.

3. Deviations from Form of Financial Statements for the Central Autonomous Bodies:

The following are the deviations in the Annual Accounts from the format of "Form of Financial Statements for the Central Autonomous Bodies":

- (i) The Fixed Deposit Accounts with Banks amounting to ₹21.26 crore was wrongly classified under Investments-others (Schedule-10) instead of Bank Balances.
- (ii) The Institute had not shown the presentation of Current Assets, Loans/ Advances, etc as per the following sequence:
 1. Current Assets.
 2. Cash balances in hand (including cheques/drafts and imprest)
 3. Bank Balances:
 - (a) With Scheduled Banks:
 - On Current Accounts
 - On Deposit Accounts (includes margin money)
 - On Saving Accounts
 - (b) With non-Scheduled Banks:
 - On Current Accounts
 - On Deposit Accounts
 - On Savings Accounts
- (iii) The sale of Prospectus amounting to ₹55.19 lakh was wrongly classified as "Fees/subscription" instead of "Schedule -18-Other Income".
- (iv) The revenue from sale of Medicines/Consumables through the Pharmacy amounting to ₹1.82 crore was wrongly classified under "Other Income (Schedule-18)" instead of "Income from Sales/Services".
- (v) The expenses incurred towards re-imburement of Medical Expenses (₹1.12 crore), Children Education Allowance (₹0.83 crore) and Overtime Allowance (₹0.61 lakh) to the Staff were wrongly classified under Schedule 21-Other Administrative Expenses instead of Establishment Expenses.
- (vi) The cost of consumables/Medicines amounting to ₹17.44 crore was categorised under "Others". However, this being the main items of procurement for supply to the patients and the stock of these items are also correctly classified under "Schedule – 19-Increase/(Decrease) in Stock of Finished goods & Work in Progress" this expenses should have been classified under "Purchases".

(vii) The interest accrued on Deposits with Banks but not received should have been classified as "Income Accrued: Others (Bank Deposits)" instead of Income Accrued on investments- Others.

(viii) The interest received for periods prior to 1 April 2015 amounting to ₹68.69 lakh should have been disclosed separately under prior period items.

D. Grants-in-aid

Out of the grants of ₹178.98 crore received during the year & unutilised grant of ₹38.33 crore from previous year, the Institute had utilised a sum of ₹164.86 crore during the year leaving a balance of ₹52.45 crore as unutilised grant as on 31 March 2016.

v. Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account and Receipt and Payment Account dealt with by this report are in agreement with the Books of Accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure I to the 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 North Eastern
Indira Gandhi Regional Institute of Health and Medical Sciences as at 31 March, 2016;
and
- (b) In so far as it related to the Income and Expenditure Account of the Surplus for the year
ended on that date.

For and on behalf of the Comptroller and Auditor General of India.



(Stephen Hongray)

Accountant General (Audit), Meghalaya

Place: Shillong

Date: 25 October 2016

Annexure I to Separate Audit Report

1. Adequacy of Internal Audit System

The NEIGRIHMS neither has an Internal Audit Wing nor conducted internal audit through external agency during the year.

2. Adequacy of Internal Control System

The Internal Control Systems are inadequate as the Institute has not yet developed any Internal Control Manual relating to Accounts, Procurement, Administration, Personnel Etc. for effective Internal Control Systems and no system for correct classification of Account Head & Capitalisation of Assets.

Further, there is no system of covering all the assets in physical verification

3. System of Physical Verification of Fixed Assets

Physical Verification was done only in respect of medical equipments which were added during the year. In respect of remaining assets including library books (Books & Journals), physical verification had not been carried out during the year. There is difference between Fixed Assets shown in Assets registers and Annual Accounts. This needs to be reconciled.

4. System of Physical Verification of Inventory

The physical verification of Inventory was done by the NEIGRIHMS during the year.

5. Regularity in payment of Statutory Dues

The NEIGRIHMS was regular in payment of its statutory dues.


Audit Officer
Economic Sector-II

**NORTH EASTERN INDIRA GANDHI REGIONAL INSTITUTE OF HEALTH
AND MEDICAL SCIENCES, SHILLONG
SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.3.2016.**

SCHEDULE 24-SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the accrual method of accounting

2. INVENTORY VALUATION

1 Consumables and medicines etc are valued at cost by using FIFO method.

3. INVESTMENTS

1 Investments, which consist of only Fixed Deposits out of Grant in Aid, Hospital Charges & Pharmacy along with interest accrued to be accrued are reflected in the Balance Sheet except for the amount invested on account of General Provident Fund (GPF) and New Pension Scheme are not reflected in the Balance Sheet. However, an amount of ` 04.35 Crore & ` 06.92 Crore is towards GFP & NPS consisting of Principal amount, interest earned and accrued interest and the same will be reflected in the Annual Account (2016-2017)

4. EXCISE DUTY

Not applicable.

5. FIXED ASSETS

5.1 In respect of projects involving construction, related pre-operational expenses, form part of the value of the assets capitalized.

6. DEPRECIATION

6.1 Depreciation is provided on written down value method as per rates specified in the Income-tax Act, 1961.

6.2 In respect of additions to fixed assets during the year, depreciation is provided for as under.

a) Assets acquired upto 30.9.2015-100%

b) Assets acquired after 30.9.2015-50%

6.3 Assets costing ` 5,000 or less each are fully provided.

The following are the rate of Depreciation of various Assets which are as follows

Building @ 10%, Electrical Installation @ 10%, Office Equipments, Medical Equipments & Sports Equipment @ 15%, Vehicle @ 15%,
Computer/Peripherals 60% & Books & Journal @ 60% & Solar Plant @80%

7. MISCELANEUOUS EXPENDITURE: Nil

SCHEDUL 24-SIGNIFICANT ACCOUNTING POLICIES

8. ACCOUNTING FOR SALES: Nil

9. GOVERNMENT GRANT/SUBSIDIES

Government Grants are accounted for on realization basis.

10. LEASE: Nil

11. RETIREMENT BENEFITS

Payments of Retirements benefits like gratuity, leave encashment, pension etc., given to the employees have been accounted for on cash basis.

12. PREVIOUS YEAR FIGURES

12.1 Figures for the previous year have been regrouped/arranged wherever necessary to conform to figures of the current year.

**NORTH EASTERN INDIRA GANDHI REGIONAL INSTITUTE OF HEALTH
AND MEDICAL SCIENCES, SHILLONG
SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.3.2016.**

SCHEDULE 25- CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

1.1 In respect of

- Bank guarantees given by/on behalf of the Entity – ` Nil (Previous year ` Nil)
- Bills discounted with banks ` Nil (Previous year ` Nil)

1.2 Disputed demands in respect of:

- Income-tax ` Nil (Previous year ` Nil)
- Sales-tax ` Nil (Previous year ` Nil)
- Municipal Taxes Nil (Previous year ` Nil)

1.3 In respect of claims of contracts from parties for non-execution of orders, but contested by the Entity-` Nil.

1.4

(i) Money Suit for realisation of outstanding rent:-

- The outstanding amount for recovery of rent and electricity charges on demise of (L) B. C. Japang is Rs. 9,95,235/- (Nine lakhs ninety five thousand two hundred thirty five) only and payment of interest during the pendency of the suit at the rate of 18% per annum compounded quarterly from the date of filing of the suit till the repayment of the entire outstanding amount.
- With regard to the latest position of the case is that the matter was listed on 12.05.2016 in which the counsel for NEIGRIHMS, Shri.R.Debnath submitted that the counsel for the opposite party has become a Central Government Counsel and cannot conduct cases against the Government. However the Court has asked to file an affidavit in that respect and the matter is fixed for hearing on 14.06.2016.

(ii) Arbitration Case:-

- The Arbitration No. 1 regarding claims of Liquidated Damages amounting to Rs. 3 crore, claims filed by M/S ABL amounting to Rs.18.92 crore and Counter Claims filed by NEIGRIHMS/Respondent for an amount of Rs. 18.74 crore was concluded on 1st April, 2014.However, the Learned Sole Arbitrator has made an observation that the final order regarding the said claims shall be passed on the conclusion of the hearing of Arbitration No.2 relating to Bank Guarantee/Territorial Jurisdiction (Order enclosed).
- The Arbitration No.2 relating to performance Guarantee amounting to Rs. 1.50 crore, Retention Money Bank Guarantee amounting to Rs.0.29 crore and Mobilisation Advance Bank Guarantee amounting to Rs. 2.58 crore is in the final stage and the next date of hearing for further arguments on the question of territorial jurisdiction is fixed on 23rd to 25th June, 2016 at SHIMLA.(Order enclosed).

(iii)Disposed Cases during the period from 01.04.2015 to 31.03.2016.

- (i). O.A. No. 040/00333/2014.
Smt.Pratibha Boro versus Union of India & Ors.
- (ii). Misc Case No. 22 of 2013.
Smt. Lydia Kurbah versus NEIGRIHMS.

(iv)Pending Case:-

- (i). Misc. Case No. 154 (T) 2012.
Shri. B.C.Japang versus Union of India & Ors.
- (ii). Arbitration Case No.1 (ABL vs. NEIGRIHMS)
(Relating to Liquidated damages, Claims & Counter Claims).
- (iii). Arbitration Case No.2 (ABL vs. NEIGRIHMS)
(Relating to Bank Guarantee/Territorial Jurisdiction).
- (iv). W.P(C) No.191 of 2015
Dr.Rituparna Barooah vs. Union of India & Ors.
- (v). PIL/3/2016.
In Re Suo Motu Cognizance of Deficiencies in Health Services in the state of Meghalaya vs. Union of India.

2. CAPTIAL COMMITMENTS

1.5 Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)
` _____ (Previous year ` _____) (Could not ascertain the amount at this stage).

3. LEASE OBLIGATIONS

Future obligations for rentals under finance lease arrangements for plant and machinery amount to ` . Nil
(Previous year ` . Nil)

4. CURRENT ASSETS, LOANS AND ADVANCES

In the opinion of the Management, the current assets, loans and advances have a value on realization in the ordinary course of business, equal to least to the aggregate amount shown in the Balance Sheet.

5. TAXATION

In view of there being no taxable income under Income-tax Act 1961, no provision for Income tax has been considered necessary.

6. Notes on Accounts

- i. Out of ` 169.31 Crore which relates to expenditure ` 02.38/- Crore relates to Prior Period Items
- ii. ` 04.22 Crore is the amount involved for Foreign Exchange (Letter of Credit)
- iii. Out of ` 3.76 Crore which relates to income ` 68.69/- Lakh relates to Prior Period Items

7. OTHERS

----Nil----