

FINANCIAL STATEMENTS

Audit Report on the Accounts, 2006-2007

Audit Report on the accounts of Victoria Memorial Hall, Kolkata for the year 2006-07

1. Introduction

1.1 The Victoria Memorial Hall, Kolkata (VMH) was established under the Victoria Memorial Act, 1903. It was declared an Institution of National Importance in 1935.

1.2 The Hall is financed by grants from the Government of India. During the year 2006-07, the Hall had received a total grant of Rs. 9.32 crore (Plan Rs. 7.22 crore and Non-Plan Rs. 2.10 crore) from the Government of India. The Plan Grants above included a receivable grants of Rs. 0.40 crore of previous year (2005-06) and a specific purpose grant of Rs. 0.82 crore for the development of North-East Region.

The Hall had utilised Rs. 7.24 crore (Plan Rs. 3.97 crore and Non-Plan Rs. 3.27 crore) leaving an unspent balance of Rs. 3.25 crore under plan and excess expenditure under non-plan Rs. 1.17 crore (Rs. 3.27 crore – Rs. 2.10 crore) was met out of revenue of the Hall.

The unspent balance under plan included the advances paid and provision for sundry creditors made during the year 2006-07.

1.3 The accounts of VMH for the year 2006-07 have been audited under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The audit has been entrusted for a period of five years upto 2007-08.

2. Comments on Accounts

2.1 Balance Sheet – Assets

Out of a total of 28,393 art objects (as on 31 March 2007), as disclosed in Notes on Accounts (*Schedule 25*), physical verification of only 565 art objects (*i.e.* about 2%) was conducted during 2006-07. Besides, no condition report of the art objects was prepared at the time of physical verification. As such, the physical existence and condition of the art objects as shown in the records of the Hall could not be ascertained in audit.

Despite mention in previous year's Audit Report no proactive action was initiated to this effect.

The Hall disclosed in its Notes on Accounts (*Schedule 25*) that the total number of art objects as on 31 March 2007 was 28,393. However, as per Accession Register of art objects, 10,176 art objects were accessioned upto 31 March 2007. The discrepancy remains unsettled despite mention in previous year's Audit Report.

3. General

3.1 The Hall had furnished Utilization Certificates in form GFR 19-A to the Ministry separately for Non-Plan and Plan showing utilization of the entire amount of grants sanctioned during the year 2006-07. No separate Utilization Certificate was issued for the Specific Purpose Plan Grants for North-East. During the year 2006-07, the organization paid advances of Rs. 0.13 crore under Non-Plan, Rs. 0.79 crore under Plan and Rs. 1.11 crore under Plan (North-East). But those advances were not reflected in the Utilization Certificates as required

in terms of the provision contained in Note 2 below Rule 212(1) of GFR. Further, the amount shown as utilized under Plan included the provision of Rs. 1.41 crore, which did not constitute actual utilization of grants.

- 3.2** The Ministry of Finance, Government of India in O.M. No. 1(13)/EV/2001 dated 15 March 2004 clarified that all persons joining an autonomous body under the administrative control of different Ministries/Departments on or after 1 January 2004 will compulsorily be covered by the new Pension Scheme. Under this scheme, the Government servant will have to make a contribution at 10 per cent of the salary plus DA and the Government will make a matching contribution. The contributions and the investments return will be deposited in a non-withdrawable pension account. Scrutiny of the annual accounts for 2006-07 revealed that the Hall made no deduction as required under the new Pension Scheme from the salary of 27 employees who joined service on or after 1 January 2004, thereby deviating from the specific guidelines of the Government of India. Consequently, employer's contribution payable by the Hall was also not set aside in absence of which the Hall could have to bear a lump sum liability at the time of commencement of the scheme. Even the new Pension Scheme Account has also not been implemented so far. The Hall is advised to implement the new Pension Scheme of 27 employees who have joined service on or after 1 January 2004.
- 3.3** The Balance Sheet of General Provident Fund Account (GPF) (*Schedule 7A*) as at 31 March 2007 depicted 'Investment' of Rs. 1.21 crore. The entire amount was invested in fixed deposits in Public Sector Banks. Despite mention in earlier Audit Reports, the Hall did not follow the pattern of investment prescribed by the Government of India with effect from 1st April 2005.
- 3.4** VMH received Specific Purpose Plan grants for North-East from the Government of India for Rs.0.82 crore during the year 2006-07. But the Hall had not exhibited the receipt, utilisation and unspent balance of the specific purpose grant in Earmarked Fund (*Schedule 3*). The Hall had spent Rs. 1.14 crore against the grant of Rs. 0.82 crore resulting in excess utilisation by Rs. 0.32 crore (Rs. 1.14 crore – Rs. 0.82 crore). In the absence of proper disclosure in *Schedule 3*, the unspent/unutilized portion or excess utilisation of the Specific Purpose Plan grants for North-East could not be ascertained in audit.

4. Management Letter

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Secretary and Curator, Victoria Memorial Hall, Kolkata through a management letter issued separately for remedial/corrective action.

Place : Kolkata
Date : 06.05.2008

Sd/
(G. BHATTACHARJEE)
Pr. Director of Audit
Central: Kolkata