

## **Separate Audit Report on the accounts of Victoria Memorial Hall, Kolkata for the year 2007-08**

We have audited the attached Balance Sheet of Victoria Memorial Hall, Kolkata as at 31 March 2008 and 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, Powers, and Conditions of Service) Act, 1971 read with the Memorandum of Association, Rules, Regulations and Bye laws of the Victoria Memorial Hall, Kolkata registered under the West Bengal Societies Registration Act, 1961. The audit has been entrusted for the period upto 2009-10. These financial statements are the responsibility of the Hall'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, 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/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, 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 and 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 Victoria Memorial Hall, Kolkata as required under the Memorandum of Association and Rules, Regulations and Bye Laws of the Victoria Memorial Hall, Kolkata registered under the West Bengal Societies Registration Act, 1961 in so far as it appears from our examination of such books.
- iv. We further report that

## **1 Balance Sheet**

### **1.1 Liabilities**

Current liabilities and Provisions (Schedule -7) exhibited an amount of Rs. 328.57 lakh under the head "Sundry Creditor- Others". The amount included a provision for Sundry Creditors for erection of security fencing for Rs. 144.00 lakh. The provision was made without having any supporting documents viz. bill of the creditors etc. as no work was undertaken during the year.

Sundry Creditors further included a provision of Rs.184.57 lakh made in the years between 2004-05 and 2006-07 not supported by bills/vouchers etc. and the earlier years' provisions still existed at the end of 2007-08 as no works were carried out till date.

Booking of provisions without any work done by the agencies resulted in overstatement of "Sundry Creditors" under the head "Current Liabilities and Provisions" at the end of 2007-08.

The provision was made out of the Plan grant but in the absence of incurring any expenditure, those provisions (Rs. 184.57 lakh) resulted in an unspent balance of Plan Funds till end of 2007-08. The Hall already had furnished utilization certificates in earlier years in support of utilization of Plan grant which did not depict true picture of unspent balance.

## **2 Assets**

- 2.1 The Hall in its 'Notes on Accounts' (Schedule 25) disclosed that it had a total of 28,393 art objects (upto 31 March 2008), out of which the value of 5604 Art objects was assessed as Rs.362.31 lakh.

Following mention in previous Audit Reports, the Hall has begun physical verification of art objects but the work was not completed in the year 2007-08.

In absence of physical verification, the physical existence and actual condition of all art objects as disclosed in 'Notes on Accounts' could not be ascertained in audit.

- 2.2 "Fixed Assets" (Schedule 8) exhibited the net value of Fixed Assets of Rs.7.27 crore {(Rs. 11.16 crore - Rs.3.62 crore (art objects) - Rs.0.27 crore (books and journals)} at the end of 2007-08. The Hall had not conducted physical verification of Fixed Assets during the year 2007-08. In the absence of physical verification, the actual existence of those assets (Rs.7.27 crore) could not be verified in audit.

- 2.3A "Fixed Assets" (Schedule-8) exhibited total depreciation of Rs.73.65 lakh at the end of 2007-08. The rate of depreciation charged in respect of Buildings, Plant and Machinery, Vehicles, Furniture and Fixture and Electrical Installation were not at par with the rates of Income Tax Authority.

The Hall had charged depreciation amounting to Rs.46.88 lakh instead of the actual depreciation required to be charged i.e.Rs.67.67 lakh resulting in overstatement of Fixed Assets and Capital Fund by Rs.20.79 lakh at the end of 2007-08.

### **2.3B Accounting Policy (Schedule 24)**

Accounting Policy No. 6 provides that depreciation is provided on assets on the value at the beginning of the year. The Policy is deficient to the extent that it does not provide for the depreciation to be charged on assets put to use during the year.

### **B GPF Account**

The Balance Sheet of GPF (Schedule-7A) exhibited investment of Rs.130.10 lakh. This whole investment was made in Fixed Deposit in Public Sector Bank. Despite mention in previous Audit Report, the Hall had not followed the pattern of investment prescribed by the Government of India effective from 1 April 2005.

### **4. General**

- 4.1** The Hall had furnished utilization certificate in form GFR-19A to the grant sanctioning authority separately for Plan and Non-Plan showing the utilization of the entire amount of grants sanctioned during the year 2007-08. The grants sanctioning authority had sanctioned a total grant of Rs.230.00 lakh under Non Plan. The amount of Rs.69.00 lakh was receivable as on 31 March 2008 but the utilization certificate was issued showing the utilization of receivable grant of Rs.69.00 lakh at the end of 2007-08.

Further, the Hall had paid advances of Rs.114.63 lakh under Plan and Rs.11.77 lakh under "Non-Plan but those advances were not reflected in the utilization certificate as required in terms of the provisions contained in Note-2 below Rule 212(1) of GFR.

- 4.2** Schedule-8 (Fixed Assets) was not in conformity with the Common Format of Accounts because in the column 'Gross Block', the value of Fixed Assets should have been shown at the actual cost of acquisition of the assets but the Hall had exhibited Net Block (after charging depreciation) on the Assets in Column 'Gross Block'.

### **5 Effect of Audit Comments**

The net impact of the comments given in the preceding paragraphs is that both Capital Fund and Fixed Assets remained overstated by Rs.20.79 lakh as at 31 March 2008.

### **D Grants-in-aid**

Out of the grants-in-aid of Rs.6.51 crore (Plan Rs.4.90 crore and Non-Plan 1.61 crore) received during the year, the Hall could utilize a sum of Rs.5.74 crore (Plan Rs.2.46 crore and Non-Plan Rs.3.28 crore) leaving an unspent balance of Rs.2.44 crore as unutilized grant under Plan as on 31 March 2009.

## **E Management letter**

Deficiencies not 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.

- v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts.
- vi. Based on the information and explanations provided to us, we are of the opinion that 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 in so far as
  - a. it relates to the Balance Sheet, of the state of affairs of the Victoria Memorial Hall, Kolkata as at 31 March 2008 and
  - b. 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:-Kolkata  
Date:- 12-06-2009

**Pinuel Basumatary**  
Principal Director of Audit  
Central: Kolkata

## **Annexure to Audit Report**

**1. Adequacy of Internal Audit System**

There is no Internal Audit Manual in use.

**2. System of Physical verification of fixed assets**

Annual Physical Verification Report of assets as well as artifacts was not made available to Audit in respect of the year 2007-08.