

**Separate Audit Report of the Comptroller & Auditor General of India
on the Accounts of Victoria Memorial Hall, Kolkata for the year
ended 31 March 2017**

We have audited the attached Balance Sheet of the Victoria Memorial Hall (VMH), 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, Powers and Conditions of Service) Act, 1971 read with Rule 12 of Victoria Memorial (2nd Amendment) Rule 1973 under section 5(2) (e) of Victoria Memorial Act, 1903. The audit has been entrusted for the period upto 2017-18. These financial statements are the responsibility of the VMH'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 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 misstatements. 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 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, Government of India.
- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Victoria Memorial Hall, Kolkata, as required under Rule 12 of Victoria Memorial (2nd Amendment) Rule 1973 under section 5(2) (e) of Victoria Memorial Act, 1903, 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 Assets

1.1.1 General Provident Fund (Schedule-7A): ₹346.84 lakh

The above head indicated the assets and liabilities in respect of subscribers of General Provident Fund of VMH. Since the Fund was owned by subscribers, inclusion of Fund balance in the Balance Sheet of VMH instead of annexing with annual accounts resulted in overstatement of both assets and liabilities by ₹346.84 lakh

B. General

2.1 Administrative Expenses (Schedule-21): ₹108.32 lakh

The above head included prior period expenses amounting to ₹0.25 lakh for service and maintenance of lift and ₹2.07 lakh for consultancy fees and professional charges under the sub-heads 'Repair and Maintenance' and 'Auditors Remuneration' respectively instead of Prior Period Expenses in contravention of Common Format of Accounts.

2.2 Though an amount of ₹1139.06 lakh was shown as Land and Buildings under Fixed Assets (Schedule-4), no segregation was made for value of assets under Land and Buildings each. Also, there was no separate disclosure for 'Leasehold land' and 'Freehold land' as per provision of Common Format of Accounts. Despite mentioned in previous Audit Report, no rectification was done.

2.3 Despite mentioned in previous Audit Report, actuarial provision amounting to ₹228.63 lakh and ₹158.91 lakh for gratuity and leave encashment respectively were not made in the accounts.

C. Grants-in-Aid

The VMH is mainly financed from Government of India. During the year 2016-17, VMH received total grants of ₹ 1267.50 lakh (Plan-Non ₹ 361 lakh and Non-Plan ₹ 734 lakh including previous receivable Non-Plan grant of ₹ 172.50 lakh). However, VMH had spent ₹1481.79 lakh (Plan ₹ 555.40 lakh and Non-Plan ₹ 926.39 lakh) which resulted in excess expenditure of ₹ 214.29 lakh (Plan ₹ 194.40 lakh and Non-Plan ₹ 19.89 lakh). The excess expenditure of ₹214.29 lakh was met out of unspent balance of ₹3082.86 lakh of previous year (2015-16). Further, VMH adjusted an amount of ₹660.53 lakh during the year 2016-17 out of capital advance provided in the year 2015-16 and thus, net unspent balance of previous years comes to ₹2208.04 lakh.

D. Net Effect

The Net Effect of the comments given in the preceding paragraph is both Assets and Liabilities were overstated by ₹346.84 lakh as at 31 March 2017.

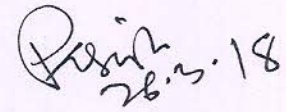
v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.

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 the Annexure to this Separate Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India.

- i. In so far as it relates to the Balance Sheet, of the state of affairs of the Victoria Memorial Hall, Kolkata as at 31 March 2017 and
- ii. 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



Place: Kolkata
Date: 26-03-18

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

Annexure

A. Adequacy of Internal Audit System

Internal Audit System is inadequate due to the following:

- 1) There is no Internal Audit Department in the Victoria Memorial Hall, Kolkata.
The Internal Audit for the year 2016-17 was conducted by a chartered firm.
- 2) Internal Audit Manual was not in use.

B Adequacy of Internal Control System

Internal Control System was inadequate in view of the following:

- 1) The VMH did not have any accounting manual.
- 2) Meeting of Board of Trustees of VMH was not held during the year.

C. Physical verification of Fixed Assets/Inventory

The actual existence of Fixed Assets valued ₹5015.86 lakh as exhibited in Schedule-8, could not be verified in audit due to non-conducting of physical verification of assets during the year 2016-17. The physical verification was also not conducted in respect of Inventories during the year 2016-17.

D. Regularity in payment of statutory dues:

The Victoria Memorial Hall was regular in payment of statutory dues.