

REPLIES ON THE INSPECTION REPORT ON THE ACCOUNTS OF THE DIRECTOR VISVESVARAYA INDUSTRIAL AND TECHNOLOGICAL MUSEUM (VITM), BENGALURU FOR THE YEAR 2022-23 UNDER SECTION 13 OF COMPTROLLER AND AUDITOR GENERAL'S (DUTIES, POWERS AND CONDITIONS OF SERVICE) ACT, 1971

<u>MATERIAL FOR SEPARATE AUDIT REPORT</u>	<u>DIRECTOR'S REPLIES</u>	<u>DIRECTOR GENERAL'S REPLIES</u>												
PART - I														
<p>1.Introduction :</p> <p>Visvesvaraya Industrial and Technological Museum (VITM), Bengaluru, is a constituent unit of National Council of Science Museums (NCSM), Ministry of Culture, Government of India. It was established in memory of Bharat Ratna Sir M. Visvesvaraya and has four science Centres at Tirupati, Calicut, Gulbarga and Tirunelveli which are functioning directly under the administrative control of VITM. VITM is the southern zone headquarters of NCSM. The audit is conducted under Section 20(1) of the CAG's DPC Act (1971).</p> <p>VITM prepares Balance Sheet, Income and Expenditure statement and receipt and payment account.</p>	No comments	No comments												
<p>2. Financial Position :</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>Opening Balance</td> <td style="text-align: right;">14361476.99</td> </tr> <tr> <td>Grants Received</td> <td style="text-align: right;">266004093</td> </tr> <tr> <td>Other Receipts</td> <td style="text-align: right;">274234366.60</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">554599936.59</td> </tr> <tr> <td>Expenditure</td> <td style="text-align: right;">534577890.54</td> </tr> <tr> <td>Closing Balance</td> <td style="text-align: right;">20022046.05</td> </tr> </tbody> </table>	Opening Balance	14361476.99	Grants Received	266004093	Other Receipts	274234366.60	Total	554599936.59	Expenditure	534577890.54	Closing Balance	20022046.05	No comments	No comments
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Part –II(Audit Findings)

**3. Comments on Accounts:
Balance Sheet :**

3.1 Reference Number : OBS-086874

Schedule 11 – Current Assets, Loans, Advances etc – Improper entry of Amount Rs. 504235.

During the certification audit of the Visvesvaraya Industrial and Technological Museum (VITM), Bangalore for the financial year 2022-23, it was noticed that there is an improper entry of Rs. 504235 under the Head – Current Assets, Loans, Advances etc., - Schedule 11 as shown below:

Financial Year	Head under which the amount is shown
2021-22	Claims Receivable
2022-23	Accrued Receipt

The amount of Rs. 504235 is being shown as claims receivable in the year 2021-22 and as accrued receipt in the year 2022-23, the classification of the amount may be clarified to audit.

Reply : In reply it is stated that the amount of Rs. 504235 shown pertains to Accrued receipt of 2021-22. The same is reflected in Sch-11 while giving the link the same is missed by one row, The same will be corrected and shown to next audit.

Audit Remark : The required correction is to be effected. Hence taken to DSAR.

The amount of Rs.504235/- for FY 2021-22 and Rs.688328.43 for 2022-23 shown under main Schedule-11 pertains to Accrued Receipt to be shown in (4) Claims Receivable. While giving link from the sub-schedule the same is missed by one row under (3) Income Accrued. But net effect under Sch-11 is NIL.

However, the comment of the audit is noted and necessary corrections will be made and shown to the next audit.

Hence, the above para may kindly be dropped.

The matter may be settled at the earliest and shown to the Audit.

3.2 Reference Number : OBS -986880

**Schedule 08 – Fixed Assets – B. Capital Work –in –Progress – a)
Innovation hub Incorrect valuation of the Fixed Asset.**

During the certification audit of the Visvesvaraya Industrial and Technological (VITM), Bangalore for the financial year 2022-23, it was noticed that the gross block of the fixed asset – Innovation Hub has been calculated in the Annual Accounts as shown below :

Cost / Valuation as at the beginning of the year	Additions during the year	Deductions during the year	Cost / Valuation at the year-end
32020133	15837586	3257781	51115500

From the above table, it was shown that the Cost / Valuation at the year's end is a sum of Cost / Valuation at the beginning of the year and Additions during the year and Deductions during the year. However, the Cost / Valuation at the year end comprises of Cost / Valuation at the beginning of the year and Additions during the year minus Deductions during the year. Hence, is has resulted in the Over statement of Cost / Valuation of the fixed asset at the year-end to the tune of Rs. 3257781.

Reply :The figure shown in Schedule 8 main Fixed Asset under B-Capital work – in –progress- Innovation Hub is shown as Rs. 511115500.08 instead of figure shown in working sheet of Sch-8 Innovation Hub due to formula and linking of the sheets. However no net effect in the closing figure as at the Current year end 2022-23. The same will be corrected and shown in the next audit.

Audit Remark : The necessary correction is to be effected hence taken to DSAR.

The total addition and deduction during the year under Fixed Asset of Innovation Hub for the FY 2022-23 as per working Sch-8 is linked to the main schedule-8 (B) work in progress. The total of the Cost valuation at the year end shows as Rs.511115500.08 which is due to formula in the main schedule instead of deduction of Rs.3257781 it has added. However no change is the Net effect total of Rs.26,493,949/- .

However, the comments of the audit is noted and necessary corrections will be carried out and shown to the next audit.

Hence, the above para may kindly be dropped.

Care may be taken in this regard so that such error may not take place in future.

<p>3.3 Reference Number : OBS-986890 Schedule 08- Fixed Assets – A. Fixed Asset (NSCD Units) – 5. Furniture and Fixtures – Incorrect depiction of Deductions during the year.</p> <p>During the certification audit of the Visvesvaraya Industrial and Technological Museum (VITM), Bangalore for the financial year 2022-23, it was noticed that under furniture and fixtures, Rs. 1077998 was shown as deductions during the year. Out of Rs. 1077998, an amount of Rs. 138839 was shown towards the Deductions during the year for VITM centre.</p> <p>However, check of the relevant records, it was noticed that the institute has added the Original cost of items (furniture) – Rs. 113738 and written off the item amount – Rs. 25101 in spite of subtracting it and the amount should be Rs. 88637. Thus, it has resulted in an Overstatement of deduction during the year to the tune of 25101.</p> <p>Reply : In reply it is stated that the observation is noted and the figure shown in the deduction during the year pertains to written off item of Furniture and the Residual value after deduction of written off from the face value of the items is to be reflected but it is added. The same is noted and correction will be carried out and shown in the next audit.</p> <p>Audit Remark : The necessary correction is to be effected hence taken to DSAR.</p>	<p>The comments of the audit is noted. The Written off value of Furniture of Rs.25101/- needs to be deducted from the original value of Rs.113738/- instead it is added by oversight. Necessary corrections for adjustment of the same will be made and shown to the next audit.</p> <p>Hence, the above para may kindly be dropped.</p>	<p>Care may be taken in this regard so that such error may not take place in future & necessary corrections may be done immediately for adjustment and shown to the audit at the earliest for settlement of the issue.</p>
<p>3.4 Reference Number : OBS-986992 Schedule 7- Current Liabilities and Provisions – Rs. 233217394.46</p> <p>As per Accounting Standards 29, Provision has to be created for payment of 'Audit Fees' under the above schedule.</p> <p>On a check of the above Schedule, it is observed that no provision has been made for 'Audit Fee' to be paid to CAG for the year 2022-23.</p> <p>This has resulted in non-creation of provision for payment of Audit Fees.</p>	<p>The comment of the audit is noted. The provision for Audit fee for the years from 2021-22 & 2021-22 is not received till the date of Audit though the provision for the same was made in 2021-22. Hence, the provision of audit fee for 2023-24 is missed out by oversight. Necessary</p>	<p>Necessary steps may be taken for provision of audit fees for F/Y-2022-23 & 2023-24 in the current F/Y-2023-24 and shown to the audit.</p>

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<p>Reply :In reply it is stated that the observation of Audit is noted and provision for payment of Audit fee is not added. Since the bill for the audit for year 2021-22 is also not claimed till now audit fee for 2022-23 and 2023-24 will be included accordingly while preparing Annual Accounts of 2023-24.</p> <p>Audit Remark : The provision for payment of Audit fee is not provided in the Annual Accounts hence taken to DSAR.</p>	<p>additions in the provision for the same will be made in 2023-24 Accounts. Hence the above para may kindly be dropped.</p>	
<p>3.5 Reference Number : OBS-987013 Schedule 7- Current Liabilities and Provision – Rs.233217394.46 Understatement of Pension Liability</p> <p>As per Accounting Standard 29, Provision has to be created for payment of pension under the above Schedule.</p> <p>On a check of the actuarial valuation report of this Institute, the amount of Pension liability to be paid to its employees works out to Rs. 145,12,04,855 as on 31st March 2023.</p> <p>However, no provision has been created for the pension benefit to be payable as per the schedule resulting in understatement of liability to the extent Rs. 145,12,04,855.</p> <p>Reply : The observation of the Audit is noted and it is clarified that Provision of an amount of Rs. 1,45,12,04,855 as on 31.03.2023 was kept towards payment of terminal benefits viz Gratuity, Leave Encashment, etc only of employees of VITM and its satellite units who superannuated last year. It is further clarified that no Pension is released by VITM Bangalore out of its fund and hence no provision for Pension was created by VITM.</p> <p>Audit Remark : The reply is not acceptable as pension was disbursed by VITM in the year 2022-23 for an amount of Rs. 52827791 and a provision was to be created for the liability for payment of pension.</p>	<p>The provision for Retirement Gratuity and Leave encashment in r/o the Officers/ staff members of VITM & its satellite units upto 31/3/2023- valuation is made and shown under main schedule-20 Establishment expenses.</p> <p>However, the payment of pension for the FY 2022-23 is paid at VITM and further expenditure will be taken care by Centralized Pension Cell, NCSM(Hqrs.), Kolkata and the provision for the pension will be shown by NCSM Hqrs. only. Hence the provision is not added during the current year.</p> <p>In view of the above, the para may kindly be dropped.</p>	<p>In NCSM provision for Pension is not accounted for as per the practice followed in the previous years. The audit should be informed accordingly.</p>

4. General Comments on Accounts

4.1 Reference Number : OBS-986868

Schedule 24- Significant Accounting Policies – Non- disclosure of method adopted for calculating the Depreciation of Fixed Assets in the Annual Accounts for the Financial year 2022-23

During the certification audit of the Visvesvaraya Industrial and Technological Museum (VITM), Bangalore for the financial year 2022-23, it was noticed that this institute did not disclose the method adopted for calculating the depreciation of fixed assets for the financial year 2022-23 in Schedule 24- Significant Accounting Policies.

Reply : In reply it is stated that calculation of Depreciation on the Fixed Asset is done with Written Down Value. However, observation of audit is noted and necessary action will be taken to reflect in Schedule 24- Significant Accounting Policies.

Audit Remark : The disclosure regarding the method of depreciation adopted is to be reflected in the Significant Accounts Policies.

The comments of the audit is noted. The adopted Depreciation value on the fixed assets for the financial year 2022-23 to be shown under Significant Accounting policies under Schedule-24. The same is missed out by oversight. Necessary incorporation of the same will be made and shown to the next audit.

Hence, the above para may kindly be dropped.

Care may be taken in future on observation of audit in this regard.

R. Renuka Kalaiyani

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Visvesvaraya Industrial And Technological Museum

राष्ट्रीय विज्ञान संग्रहालय परिषद्
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संस्कृति मंत्रालय, भारत सरकार / Ministry of Culture

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