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**Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of India Development Foundation of Overseas Indians for the year 2011-12**

We have audited the attached Balance Sheet of India Development Foundation of Overseas Indians, IDF-OI (Trust) as at 31 March 2012 and the Income & Expenditure Account/Receipts & Payments Account for the year ended on that date under *Section 20(1)* of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. These financial statements are the responsibility of the India Development Foundation of Overseas Indians (IDF-OI) 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 and 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. The audit has been conducted 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 except purchase voucher of Rs. 0.46 lakh as stated in Comment No. B.1;

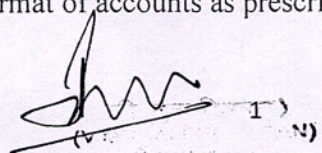
ii The Balance Sheet and Income & Expenditure Account/Receipts & Payments Account dealt with this report have not been drawn up in the uniform format of accounts prescribed by Ministry of Finance.

iii In our opinion, proper books of accounts and other relevant records have not been maintained by the India Development Foundation of Overseas Indians (IDF-OI) as required and so far as it appears from our examination of such books.

iv We further report that:

**A. Non-adherence to Uniform Format of Accounts**

1. Autonomous Bodies under Government of India are required to compile their accounts in a Uniform Format of accounts as prescribed by Government of India, Ministry of

  
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Finance. The accounts prepared by IDF-OI are not in the uniform format of accounts as prescribed.

2. Previous year's figure are not mentioned in the balance sheet, income and expenditure account and receipt and payment account.
3. Provision for depreciation has not been made in the income and expenditure account.

## **B. Balance Sheet**

### **B.1 Assets**

During the year Rs. 6.98 lakh was directly paid by ICM on behalf of IDF. The voucher for purchase of assets of Rs. 6.52 lakh was provided to audit against Rs. 6.98 lakh and vouchers of balance of Rs. 0.46 lakh was not provided to audit.

### **B.2 Liabilities**

#### **B.2.1 Unspent Grant**

In Balance Sheet, grant of Rs. 141.55 lakh has been depicted under sources of funds. Further in the schedule of grant (Annexure – 1), opening balance of Rs. 73.12 lakh is shown. The amount of grant received from the Government (Rs. 115.00 lakh) and contributions towards philanthropy received (Rs. 3.98 lakh) from donors had been clubbed (Rs. 118.98 lakh) and after reducing amount of Rs. 50.55 lakh as grant utilised (details are not there) balance of Rs. 141.55 lakh has been shown as closing balance in the accounts. IDF-OI has not maintained separate account and not depicted foreign grant separately in the accounts.

The correctness of amount of Government grant utilised and unspent grant could not be commented upon due to non maintenance of separate account for each grant and non reflection of grant related expenditure in the Income and Expenditure account.

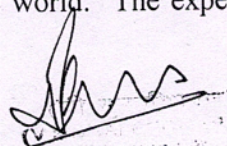
#### **B.2.2 Advances received of Rs. 4.81 lakh**

In the Balance Sheet, an amount of Rs. 4.81 lakh has been shown as advances received from ICM. However, audit noticed that during 2011-12, an expenditure of Rs. 22.91 lakh has been incurred by ICM on behalf of IDF. Out of Rs. 22.91 lakh, Rs. 18.10 lakh has been paid and the balance amount of Rs. 4.81 lakh is payable to ICM. However, provision for expenditure payable has not been made in the Income and Expenditure account and directly taken into Balance Sheet. Thus Rs. 4.81 lakh has been incorrectly depicted as advances received in Balance Sheet instead of expenses payable. This resulted in understatement of expenditure and overstatement of liabilities.

#### **B.2.3 Non-depiction of foreign contribution as a separate Earmarked Fund**

It has been seen in IDF-OI that foreign contributions are received through Institution or individuals across the world. The expenditure out of the contributions for the specified

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purposes are not separately shown in the accounts. Amount received for the specified purposes are to be shown in separate schedule indicating opening balance, additions and utilisation/expenditure towards objectives of funds, any refund thereon/deletions. Thus, non-depiction of foreign contribution as a separate Earmarked Fund resulted in mixing of fund.

### C. Income and Expenditure Accounts

#### C.1 Non-depiction of grant and related expenditure

As per Schedule 13 – grant/subsidies under Income & Expenditure account of uniform format of accounts, grant/subsidies or other similar assistance received for the general purposes and objective of the entity should be depicted under this head.

During the year 2011-12, IDF has received grant-in-aid of Rs. 115.00 lakh from the Ministry of External Affairs which was not routed through Income and Expenditure. In Schedule of Grant, amount of Rs. 50.56 lakh has been shown as grant utilised. However, expenditure against utilisation of grant has not been depicted in the Income and Expenditure account. This resulted in understatement of Income and Expenditure to the extent of grant utilised during the year.

#### C.2 Depreciation

As per Accounting Standard 6 of ICAI, the total depreciation for the period for each class of assets and the related accumulated depreciation are to be disclosed in the financial statements. Further, as per the uniform format of accounts, the depreciation methods used; depreciation rates or the useful lives of the assets, are also to be disclosed in the financial statements. Scrutiny of accounts revealed that although in the fixed assets schedule depreciation has been charged but the entries relating to depreciation has not been shown in Income and Expenditure account and in the Balance Sheet. Further, in significant accounting policies no disclosure as to the rates and method of depreciation used for charging depreciation has been made.

### D. General

#### D.1 Cash/Accrual Basis of Accounting

In the significant accounting policies and Notes to the accounts, disclosed that mercantile basis of accounting has been adopted. However, no provisions for salary/other expenditure pertaining to current year but payable in future have been made in the accounts. Besides expenditure incurred against the grant had not been routed through Income and Expenditure account. Only expenditure of Rs. 2.55 lakh has been debited to Income and Expenditure account break-up of which was not provided to audit. Hence, it is not clear from the Income and Expenditure and Balance Sheet that the accrual basis of accounting has been followed.

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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 not in agreement with the books of accounts as stated in comment no. B.1, B.2.1, B.2.3, C.1, C.2, D.1.**

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 to this Audit Report we state that the accounts **do not present a true and fair view.**

a. In so far as it relates to the Balance Sheet, of the state of affairs of the India Development Foundation of Overseas Indians as at 31st March 2012; and


b. In so far as it relates to Income and Expenditure Account of the nil balance for the year ended on that date.

For and on behalf of the C &AG of India



Director General of Audit  
Central Expenditure

Place: New Delhi  
Dated: 10-01-2017



(V. M. SWAMIYAN)  
Minister of State for External Affairs  
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## Annexure-I

### 1. Internal Audit System:

There is no internal audit mechanism and no internal audit has been conducted for the period 2011-12.

### 2. Adequacy of Internal Control System:

#### Control Environment

- Inadequate internal control system due to absence of internal audit and physical verification of assets/inventory.
- There was no separate full-time official assigned for preparation of bills, maintaining the accounts etc.

#### Internal Control System

- No Fixed Assets register has been maintained during the period 2011-12.

### 3. System of physical verification of fixed assets/inventory

No physical verification of assets/inventory have been carried out during the period 2011-12.

### 4. Regularity in payment of statutory liabilities:

Rs. 21,288/- was outstanding as per accounts.

  
(V. M. SWAMY, IAS (RAN))  
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