Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of India Development Foundation of Overseas Indians for the year 2015-16

We have audited the attached Balance Sheet of India Development Foundation of Overseas Indians, IDF-01 (Trust) as at 31 March 2016 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-01) 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, which to the best of our knowledge and belief were necessary for the purpose of our audit;

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-01) 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
Finance. The accounts prepared by IDF-OI are not in the uniform format of accounts as prescribed.

2. Previous year’s figures are not mentioned in the balance sheet, income and expenditure account and receipt and payment account.

3. Amount of unutilized grant cannot be ascertained from the accounts.

A.1 Opening balances

In view of observation in previous SAR, correctness of opening balance under the fixed assets, current liabilities and provisions and grant-in-aid cannot be ascertained.

B. Balance Sheet.

B.1 Assets

B.1.1 Sale of Fixed asset

As per the ledger account, an I-pad costing Rs. 43,930/- was purchased during the year 2011-12 (December 2011) and was shown under office equipment in the accounts. A depreciation at the rate of 15% was being charged on office equipment. In February 2016, I-pad was retained by the official then CEO & JS (IDF-OI) by paying 10% of the cost of I-pad i.e., Rs. 4,393/-. In the accounts, amount of Rs. 4,393/- has been shown as sale of fixed asset and deducted from the office equipment without working out the written down value (WDV) and corresponding profit/loss on sale of asset. The loss on sale of asset has been worked out to Rs. 17,442/- which should have been depicted to Income & Expenditure accounts as loss on sale of asset and book value of I-pad (i.e., Rs. 21,836/-) should be reduced from the fixed asset. This resulted in overstatement of fixed asset and understatement of expenditure by Rs. 17,442/-.

B.2 Liabilities

B.2.1 Mixing of Fund

During the year 2015-16, opening balance under foreign contribution and Government grant has been shown as Rs. 19.30 lakh and Rs. Nil respectively. However, in the previous years (2011-12 & 2014-15), the figures of foreign contribution and Government grant has not been depicted separately in the accounts. Therefore, correctness of opening balances under this head cannot be ascertained. IDF-OI may recast these two accounts separately since inception to ascertain the correctness of figure shown in the accounts.

It has been seen in IDF-OI that foreign contributions are received through Institution or individuals across the world. During the year Rs. 52,048.17 has been transferred from grant to foreign contribution on the basis that this amount pertains to foreign contribution. However, in the absence of a separate schedule for earmarked/endowment funds for foreign contribution indicating opening balance, additions and utilisation/expenditure towards objectives of funds since inception correctness of transaction could not be ascertained in audit.
B.2.2 Unspent grant

During 2015-16, excess of expenditure over income of Rs. 46.73 lakh has been transferred to Grant-in-aid accounts in the schedule of grant instead of showing it as grant utilised. Therefore, as per the prescribed uniform format of accounts, unutilized portion and utilized portion of the grant –in-aid are to be distinctly readable from the balance sheet.

C. Income and Expenditure account

C.1 Non-depiction of grant received as income

During the year, grant-in-aid of Rs. 65,70,000/- has been received as per Receipts and Payments account. However, grant to the extend utilised towards revenue expenditure after deducting unspent grant and amount of grant capitalised has not been shown as income in the Income & Expenditure account. This resulted in underestimation of income and overestimation of excess of expenditure over income in the Income and Expenditure account.

D. General

D.1 No physical verification of assets and inventory was done during the year 2015-16. Hence we are unable to certify the correctness of assets and inventory.

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 mentioned in comment no. B.2.1, B.2.2, C.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 2016; and

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

For and on behalf of the C&AG of India

Place: New Delhi
Dated: 11-01-2017

Director General of Audit, Central Expenditure
To audit report of India Development Foundation of Overseas Indians for 2015-16

1. **Internal Audit System:**
   There is no internal audit mechanism and no internal audit has been conducted for the period 2015-16.

2. **Adequacy of Internal Control System:**
   - **Control Environment**
   - Inadequate internal control system due to absence of internal audit and physical verification of assets
   - There was no separate full-time official assigned for preparation of bills, maintaining the accounts etc..

3. **System of physical verification of fixed assets/inventory**
   No physical verification of assets and inventory have been carried out during the period 2015-16.
   No Fixed assets register has been maintained during the period 2015-16.

4. **Regularity in payment of statutory liabilities:**
   Rs. 14,331/- was outstanding as per accounts.

\(\text{Signature}\)

(V MURALEEDHARAN)
Minister of State for External Affairs
Govt. of India, New Delhi