



AUDIT CERTIFICATE

I have audited the attached Balance Sheet of Ali Yavar National Institute for the Hearing Handicapped as at 31st March, 2007 and the Income and Expenditure Account and Receipts and Payments Account for the year ended on that date. Preparation of these financial statements is the responsibility of Ali Yavar Jung National Institute for the Hearing Handicapped. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that I 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, evidence supporting the amounts and disclosures in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Based on our audit, I report that :

1. I have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. Subject to the major observations given below and detailed observations in the Audit Report annexed herewith, I report that the Balance Sheet and the Income and Expenditure Account and receipts and Payments account dealt with by this report are properly drawn up and are in agreement with the books of accounts. (Significant comments)
 - ◆ Assets understated by Rs.77.64 lakhs (para 2.2.2.1 & 3.1.1).
 - ◆ Expenditure overstated by Rs.42.63 lakh (para 3.1.1)
3. In my opinion and to the best of my information and according to the explanations given to me:
 - (i) The accounts give the information required under the prescribed formats of accounts;
 - (ii) The said Balance Sheet, Income and Expenditure Account and Receipts and Payments Account read together with the Accounting Policies and Notes thereon, and subject to the significant matters stated above and other matters mentioned in the Audit Report annexed herewith, give a true and fair view.
 - a) In so far as it relates to the Balance Sheet of the state of affairs of Ali Yavar Jung National Institute for the Hearing Handicapped as at 31st March 2007.
 - b) In so far as it relates to the Income and Expenditure Account of the surplus for the year ended on that date.

Place : Mumbai
Date : 26th October, 2007

Sd/-
(Mridula Sapru)
Principal Director of Audit (Central)



AUDIT REPORT ON THE ACCOUNTS OF ALI YAVAR JUNG NATIONAL INSTITUTE FOR THE HEARING HANDICAPPED, MUMBAI FOR THE YEAR 2006-07

1. Introduction

Ali Yavar Jung National Institute for the Hearing Handicapped (AYJNIHH), Mumbai is a Society registered under the Societies Registration Act, 1860 (Act XXX of 1860) with the objective to serve as an institution for information, education, training and rehabilitation of the hearing handicapped.

The Ministry of Social Justice and Empowerment, Government of India vide letter dated 12.01.2006 had realigned the control of Composite Regional Centre (CRC), Bhopal from the National Institute for the Mentally Handicapped, Secunderabad to AYJNIHH and CRC was taken over by AYJNIHH on 1.2.2006. Therefore, the accounts for the year 2006-07 include the transactions of CRC, Bhopal.

The Institute is mainly financed by grant-in-aid from the Central Government. During the year 2006-07 the institute received from the govt. of India grant-in-aid aggregating Rs. 14.87 crore (Rs. 9.50 crore under Plan and Rs. 5.37 crore under Non-Plan) and Rs. 20 lakh under the Scheme of Assistance to Disabled Person for Purchase (ADIP) for fitting of Hearing Aids and Appliances. In addition the Institute received Rs. 83,800 from the Government of Orissa. The Institute had incurred an expenditure of Rs.10.07 crore during the year.

Audit of the accounts of the Institute was conducted under Section 20(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971.

Comments on Accounts

2. BALANCE SHEET

2.1 Liabilities

2.1.1 Current Liabilities and Provisions (Rs. 73.38 lakh) Sch-7 (H.O. Mumbai)

2.1.1.1. RCI Exam (Rs.29.16 lakh) Sch-7

This is the net balance out of the opening balance (Rs.13.36 lakh), the total receipts (Rs.22.50 lakh) and the total expenditure (Rs.6.70 lakh) during the year. These transactions were not routed through the Income and Expenditure Account. There was overstatement of liabilities and understatement of income.

The Institute stated that entire amount collected from centers would be spent even in the subsequent years since TA/DA and other contingent bills were received from the officials even after the examinations; being ongoing activity unspent amount at a given time could not be ascertained.



The reply is not acceptable since for the said examinations no separate and exclusive facilities were created but the general facilities available were made use of and hence, both income and expenditure relating to conduct of the examinations should have been routed through the Income and Expenditure Account.

2.2. Assets

2.2.1. Fixed Assets (Rs.2539.19 lakh) Sch - 8

The fixed asset account depicted book value of acquisition and did not exclude obsolescent, irreparable and condemned assets and also did not take into account depreciation with corresponding reduction of capital account.

The notes on accounts stated that depreciation was not provided in view of clarificatory order from the Ministry of Human Resource Development. The Ministry's instructions related to only assets acquired out of Government grant. The Institute had not exhibited separately the assets acquired out of non-government or own funds for charging depreciation.

2.2.2. Current Assets, Loans, Advances, etc. (Rs.1564.07 lakh)

2.2.2.1. Closing Stock of Hearing Aids (Rs.3.78 lakh) Sec - 11

The closing stock was understated by Rs.35.01 lakh due to non-inclusion of stock of hearing aids and solar chargers available with OSED Section and Audiology Section of the Institute as on 31st March, 2007.

The Institute stated that it had a full fledged stores section for procurement and distribution and the closing stock maintained by that section had been taken into account.

The balance of stock commented about was in OESD/Audiology Section and not in Stores Section and hence the observation is reiterated.

3. INCOME AND EXPENDITURE ACCOUNT

3.1. Expenditure

3.1.1 Expenditure on Object of the Society (Rs. 365.89 lakh) Sch - 22

This includes cheques issued in the month of March, 2007 for Rs.24.63 lakh under the Scheme of Collaborative Activities and Rs.18 lakh under Early Intervention Project for which Utilisation Certificates



were not due during the year and hence were to be treated as “Advances under Current Assets”. The incorrect classification resulted in overstatement of expenditure and understatement of Current Assets, Loans and Advances by Rs.42.63 lakh.

4. EFFECT OF AUDIT COMMENTS ON ACCOUNTS

The net impact of the comments given in the preceding paragraphs is that assets are understated by Rs.77.64 lakh and expenditure is overstated by Rs. 42.63 lakh.

5. Deficiencies, which are of a relatively minor nature and are not included in the this report are being brought to the notice of the Director, Ali Yavar Jung National Institute for the Hearing Handicapped (AYJNIHH), Mumbai through a management letter for corrective and remedial action.

Place : Mumbai
Date : 26th October, 2007

Sd/-
Principal Director of Audit (Central)