

**SEPARATE AUDIT REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
ON THE ACCOUNTS OF THE KARNATAKA STATE
HUMAN RIGHTS COMMISSION, BANGALORE, FOR
THE YEAR ENDED 31 MARCH 2016.**

KARNATAKA STATE HUMAN RIGHTS COMMISSION, BANGALORE.

AUDIT REPORT & ANNUAL ACCOUNTS FOR THE YEAR OF 2015-16

I N D E X

Sl.No.	Details	Page No.
1.	Audit Report for the year of 2015-16	1-4
2.	Balance Sheet as at 31-03-2016	5
3.	Income and Expenditure Account for the year ended 31-03-2016	6
4.	Receipt and Payment Account for the year ended 31-03-2016	7
5.	Schedule-12 and Schedule 13	8
6.	Schedule-18, Schedule-19 and Schedule-20	9
7.	Schedule-21	10
8.	Schedule-24 – Significant Accounting Policies	11
9.	Schedule-25 – Notes on Accounts	12-13

SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF THE KARNATAKA STATE HUMAN RIGHTS COMMISSION, BANGALORE FOR THE YEAR ENDED 31st MARCH 2016.

- 1) We have audited the attached Income & Expenditure Account and the Receipts & Payments Account of Karnataka State Human Rights Commission, Bangalore (KSHRC) for the year ended 31st March 2016 under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 35(2) of the Protection of Human Rights Act 1993. These financial statements are the responsibility of the KSHRC's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) The 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) 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 mis-statements. 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 Income & Expenditure Account and Receipt & Payment Account dealt with by this report have been drawn up in the format prescribed by the Government of India, Ministry of Finance.

- iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Karnataka State Human Rights Commission as required under Section 35(1) of the Protection of Human Rights Act 1993 in so far as it appears from our examination of such books.
- iv. We further report that:

COMMENT ON ACCOUNTS

A) GENERAL

- i) Despite comments in the Audit reports of previous years, the KSHRC has not prepared the Balance Sheet as on 31 March 2016. The Receipts and Payments Account and the Income and Expenditure Account have been prepared on Cash basis instead of on accrual basis. This is in contravention of Section 35(1) of the Protection of Human Rights Act. 1993. This has resulted in the following discrepancies.
 - a) KSHRC has acquired various assets like Computers and Furniture worth Rs.51.19 lakh (including Rs. 21.37 lakh purchased during the current year). Apart from this, the Commission also owns 9 cars and 4 two wheelers, Franking Machine, Vacuum Cleaner, Oven, Refrigerators, Laptops, Fax machine, Photocopier, Air Conditioners, Televisions, Handy Cam, Voice Recorder, Scanner, Metal Detector, etc. In the absence of a Balance Sheet, the existence of the said Assets would be not known to the user of the Financial Statements.
 - b) An advance of Rs. 27.34 lakh paid towards procurement of Motor Cars was accounted as revenue expenditure and charged to Income and Expenditure account, although they are of Capital nature. Further, "Electricity, Power and Water Charges" includes Office renovation amounting to Rs.8.55 lakh carried out by PWD and Rs.0.15 lakh being cost of Refrigerator and Oven. The misclassifications have resulted in overstatement of expenditure and understatement of Assets.
 - c) Deviation from Accounting Standard-6 is evident, as no depreciation has been charged on the assets owned. This was also a subject matter of qualification in the previous year's report.

B) Grants-in-aid

During the year 2015-16, out of Rs. 499.63 lakh allotted by the Government, the Commission could utilize an amount of Rs. 464.84 lakh leaving an amount of Rs. 34.74 lakh as unutilised as on 31st March 2016 and the same was surrendered to Government.

C) Management letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of the Secretary, Karnataka State Human Rights Commission, Bangalore through a management letter issued separately for remedial / corrective action.

- v. Subject to our observations in the preceding paragraphs, we report that the Income & Expenditure Account and Receipt & Payment 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 with the Accounting Policies and Notes on Accounts, and subject to the matters stated above and other matters mentioned in **Annexure** to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India.
 - a. In so far as it relates to Income & Expenditure Account of the surplus for the year ended on that date.

For and on behalf of the C&AG of India

Sd/-

**PRINCIPAL ACCOUNTANT GENERAL (G&SSA)
KARNATAKA.**

Place: Bangalore

Date: 23 February 2017.

ANNEXURE

1. Adequacy of Internal Audit:

There is no Internal audit Department in the Organization. Internal Audit functions are executed by the staff of the Accounts Department. This is irregular as the Internal Audit Wing needs to function independently.

2. Adequacy of Internal Control:

Apart from the absence of independent audit department, Internal Control System prevailing in the Board is adequate and commensurate with the size and nature of the activities of the Commission.

3. System of Physical verification of fixed assets:

Although the Commission has not prepared Balance Sheet, all fixed assets Viz. Office furniture, Books, Computers, Vehicles etc. are recorded in the fixed assets register and have been physically verified by the management at reasonable intervals and no deficiencies have been notified.

4. Regularity in Payment of statutory dues:

Since the KSHRC is not operating any Bank Account and is drawing net amounts payable from the treasury, the payment of statutory dues does not arise.

Sd/-
PRINCIPAL ACCOUNTANT GENERAL (G&SSA)
KARNATAKA

Karnataka State Human Rights Commission, Bangalore

BALANCE SHEET AS AT 31-03-2016

(Amount-Rs.)

CORPUS / CAPITAL FUND AND LIABILITIES	Schedule	Previous Year	Current Year
CORPUS/CAPITAL FUND (Grant from State Govt.)	1	Not Applicable	
RESERVES AND SURPLUS	2		
EARMARKED/ENDOWMENT FUNDS	3		
SECURED LOANS AND BORROWINGS	4		
UNSECURED LOANS AND BORROWINGS	5		
DEFERRED CREDIT LIABILITIES	6		
CURRENT LIABILITIES AND PROVISIONS	7		
TOTAL			
ASSETS		Not Applicable	
FIXED ASSETS	8		
INVESTMENTS-FROM EARMARKED/ENDOWMENT FUNDS	9		
INVESTMENTS-OTHERS	10		
CURRENT ASSETS, LOANS, ADVANCES ETC.	11		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) unspent amount surrendered to Govt.,			
TOTAL			
SIGNIFICANT ACCOUNTING POLICIES	24	Enclosed separately	
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25	Enclosed Separately	

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**

Karnataka State Human Rights Commission, Bangalore
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2016

(Amount-Rs.)

INCOME	Schedule	Previous Year	Current Year
Income from Sales/Services	12	.....	.....
Grants/Subsidies	13	5,10,00,000	4,99,63,000
Fees/Subscriptions	14	.....	.....
Income from Investment (Income on Invest. From earmarked/endow. Funds transferred to Funds)	15	.....	.....
Income from Royalty, Publication etc.	16	.....	.....
Interest Earned	17	.....	.....
Other Income (RTI-10142+Others-8277 = 18419)	18	4,65,874	18,419
Increase (decrease) in stock of Finished goods and works-in-progress	19		
TOTAL (A)		5,14,65,874	4,99,81,419
EXPENDITURE			
Establishment Expenses	20	2,99,89,533	3,29,41,308
Other Administrative Expenses etc.	21	2,03,71,934	1,35,42,399
Expenditure on Grants, Subsidies etc.	22	.....
Interest	23	.....
Depreciation (Net Total at the Year-end- corresponding to Schedule -8)		.....
Recovery and Remitted to Govt Account	18	480	18,899
		4,65,394	
TOTAL (B)		5,08,27,341	4,65,02,606
Balance being excess of Income over Expenditure (A-B)		6,38,533	34,79,293
Unspent Amount refunded to Government		6,38,533	34,79,293
Transfer to Special Reserve (Specify each)		.....
Transfer to form General Reserve		.....
BALANCE BEING SURPLUS / Unspent amount surrendered to Govt.		6,38,533	34,79,293
SIGNIFICANT ACCOUNTING POLICIES	24	Enclosed separately	
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25	Enclosed Separately	

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**

Karnataka State Human Rights Commission, Bangalore
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31-03-2016

(Amount-Rs.)

RECEIPTS	Previous Year	Current Year	PAYMENTS	Previous Year	Current Year
I. Opening Balances			I. Expenses		
a) Cash in Hand (Cash-21968+ paid Vouchers -3032= 25,000) Permanent Amount	25,000	25000	a) Establishment Expenses	2,99,89,533	3,29,41,308
b) IPO		480	(corresponding to Schedule 20)		
c) Bank Balances			b) Administrative Expenses	2,03,71,934	1,35,42,399
i) In current accounts	.....	.....	(corresponding to Schedule 21)		
ii) In deposit accounts	.....	.....	Payments made against funds	.....	.....
iii) Savings accounts	.....	.....	for various Projects		
II. Grants Received			(Name of the fund or project should be shown along with the particulars of payments made for each project)		
a) From Government of India	.....	.....	III. Investments and deposits made		
b) From State Government	5,10,00,000	4,99,63,000	a) Out of Earmarked/Endowment funds	.....	.....
c) From other sources (details) (Grants for Capital & Revenue Exp., to be shown separately)	.....	.....	b) Out of Own Funds (Investment- Others)	.....	.....
III. Income on Investments from			IV. Expenditure on Fixed Assets & Capital Work-in Progress		
a) Earmarked/Endow.Funds	.....	.....	a) Purchase of Fixed Assets	.....	.....
b) Own Funds (Oth.Investment)	.....	.....	b) Expenditure on Capital Work-in-progress	.....	.....
IV. Interest Received			V. Refund of Surplus Money/ Loans		
a) On Bank deposits	.....	.....	a) To the Government of India	.....	.....
b) Loans, Advances etc.	.....	.....	b) To the State Government (unspent amount surrendered to Government)	6,38,533	34,79,293
V. Other Income (Specify)	.....	.....	c) To other providers of funds	.....	.....
VI. Amount Borrowed	.....	.....	VI. Finance Charges (Interest)	.....	.....
VII. Any other Receipts (give details)	4,65,874	18,419	VII. Other Payments (Specify) *	4,65,394	18,899
* A) RTI - 10,142			VIII. Closing Balances		
* sale of Old News paper & Vehicle Old parts Others = 8,277			1 Cash in Hand	25,000	25,000
* Total: 18,419/-			2 TA		450
B) TA		450	3 I.P.O		
TOTAL	5,14,90,874	5,00,07,349	4 Bank Balances	480	
			i) In Current Accounts	.....	.....
			ii) In Deposit Accounts	.....	.....
			iii) Savings Accounts	.....	.....
			TOTAL	5,14,90,874	5,00,07,349

Karnataka State Human Rights Commission, Bangalore

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2016

(Amount-Rs.)

	Previous Year	Current Year
<u>SCHEDULE 12 - INCOME FROM SALES/SERVICES</u>		
1) <u>Income from Sales</u>		
a) Sale of Finished Goods
b) Sale of Raw Material
c) Sale of Scraps
2) <u>Income from Services</u>		
a) Labour and Processing Charges
b) Professional/Consultancy Services
c) Agency Commission and Brokerage
d) Maintenance Services (Equipment/Property)
e) Others (Specify)
<u>TOTAL</u>

	Previous Year	Current Year
<u>SCHEDULE 13 - GRANTS/SUBSIDIES</u>		
(Irrevocable Grants & Subsidies Received)		
1) Central Government	.....	.....
2) State Government	5,10,00,000	4,99,63,000
3) Government Agencies	.....	.....
4) Institutions/Welfare Bodies	.....	.....
5) International Organisations	.....	.....
6) Other (Specify)	.....	.....
<u>TOTAL</u>	5,10,00,000	4,99,63,000

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**

Karnataka State Human Rights Commission, Bangalore

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2016

(Amount-Rs.)

	Previous Year	Current Year
<u>SCHEDULE 18 - OTHER INCOME</u>
1) Profit on Sale/disposal of Assets:
a) Owned assets
b) Assets acquired out of grants, or received free of cost
2) Export Incentives realized
3) Fees for Miscellaneous services
4) Miscellaneous Income (RTI-10142+Others-8277 =18,419)	4,65,874	18,419
	4,65,874	18,419
<u>SCHEDULE 19 - INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS</u>
a) Closing Stock
- Finished Goods
- Work-in-progress
b) Less: Opening Stock
- Finished Goods
- Work-in-progress
<u>NET INCREASE / (DECREASE) {a-b}</u>
<u>SCHEDULE 20 - ESTABLISHMENT EXPENSES</u>	Previous Year	Current Year
a) Salaries and Wages	2,99,89,533	3,29,41,308
b) Allowances and Bonus
c) Contribution to Provident Fund
d) Contribution to Other Fund (specify)
e) Staff Welfare Expenses
f) Expenses on Employees Retirement and Terminal Benefits
g) Other (specify)
TOTAL	2,99,89,533	3,29,41,308

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**

Karnataka State Human Rights Commission, Bangalore

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31-03-2016

(Amount-Rs.)

SCHEDULE 21- OTHER ADMINISTRATIVE EXPENSES ETC	PREVIOUS YEAR	CURRENT YEAR
a) Purchases (Computer + Furniture's	7,85,503	21,37,060
b) Labour and processing expenses		
c) Cartage and Carriage Inward		
d) Electricity Power and Water Charges	3,78,558	8,70,250
e) Insurance/ Library Books	34,229	
f) Repairs and Maintenance (Xerox Mc + Franking mc + AMC)	1,18,452	1,83,126
g) Excise Duty/ Computer + Peripherals + AMC Computers + Biometric installation)	3,65,906	
h) Rent, Rates and Taxes		
i) Vehicles Running and Maintenance and purchase new vehicles	72,18,918	58,66,632
j) Postage, Telephone and Communication Charges	8,70,310	5,39,320
k) Printing and Stationary	9,23,845	11,36,871
l) Travelling and Conveyance Expenses	6,92,653	5,93,282
m) Expenses on Seminar/workshops	12,23,486	10,02,688
n) Subscription Expenses		
o) Expenses on Fees		
p) Auditors Remuneration		
q) Hospitality Expenses	15,356	29,817
r) Professional Charges (Legal Fee paid)	70,000	80,000
s) Provision for Bad and Doubtful Debts/advances		
t) Irrecoverable Balances Written-off		
u) Packing Charges		
v) Freight and Forwarding Expenses		
w) Renovation of Interior	72,93,000	
x) Advertisement and Publicity	5,000	1,75,891
y) Others (specify) News paper, Publications and Miscellaneous expenses.	3,76,718	6,46,417
z) Members Home office expenses		2,81,045
TOTAL	2,03,71,934	1,35,42,399

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**

Karnataka State Human Rights Commission, Bangalore

SCHEDULE-24

Significant Accounting Policies

1. As the funds are being drawn through Government Treasury, the accounts of the Commission are prepared on cash basis.
2. The Commission does not have any fixed assets and movable assets like Vehicles, Computers, Xerox Machines, Office Equipments etc., have been purchased out of grant allotment. Such assets are being accounted on historical cost basis. Hence no depreciation has been provided.
3. The Commission is following the accounting procedure prescribed under Karnataka Financial Code, Manual of Contingent expenditure and Budget Manual etc.
4. The Commission is not a commercial undertaking and has its own source income. Therefore it is not liable to pay Income Tax.

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**

Karnataka State Human Rights Commission, Bangalore

Schedule 25

Notes on Accounts:

1. Karnataka State Human Rights Commission has been established under section 21(1) of Protection of Human Rights Act-1993 vide G.O. No. LAW 20 LAG 2005, date: 28-06-2005. The Commission started functioning from 25-7-2007.
2. The Government of Karnataka is releasing funds under the Head of Account 2014-00-105-0-12” (plan) for salaries and other administrative expenses. Allotment and expenditure for the financial year 2015-16 is as follows:

Allotment Rs.	Expenditure Rs.	Unspent Amount surrendered to Government Rs.
4,99,63,000	4,64,83,707	34,79,293

3. The Commission is following the accounting procedure prescribed under K.F.C., Manual of Contingent Expenditure and Budget Manual i.e. the bills are presented to the treasury in the prescribed Government forms for encashment and a General Cash book is being maintained for the sums received. The Commission is not operating any Bank Account.
4. The Monthly expenditure of the Commission has been sorted and categorised as per prescribed schedules.
5. The Monthly expenditure so arrived have been reconciled with monthly Treasury schedules/ Statement of Expenditure of the Accountant General.
6. After compilation of monthly statements as stated above, Annual Financial statements have been prepared in the formats prescribed by the Principal Accountant General (C.& CA), Karnataka, (in the applicable formats and schedules suitable to this Commission).
7. The moveable assets have been purchased out of Government funds and the State Government Rules does not provide for depreciation, the Commission is not having its own source of Income provision for depreciation and resource fund for replaced is not provided

8. The Commission has engaged most of its Employees on Contract basis. The Officers/Employees who are on deputation are Government servant. Hence provision for payment of pension/PF/bonus does not arise.
9. Except holding office furniture, computers, vehicle and library books, the Commission has no fixed assets or loans and liabilities, it is unable to draw the balance sheet.
10. All the expenditure are supported by the resolution of the Commission.

**Secretary,
Karnataka Human Rights Commission,
Bangalore.**