

**Audit and inspection report on the accounts of H.P. Tourism
Development Board, Shimla-171009 for the period from
01.04.2014 to 31.03/2016**

Part-I

1 Preliminary:-

(a) The Himachal Pradesh Tourism Development Board was established vide Himachal Pradesh Tourism Development and Registration Act, 2002 on dated 22.04.2004. The objective of the Board is to formulate policy guidelines for the development and promotion of Tourism Industry in the state and to advise the State Government on matters regarding regulation and licensing in the Tourism Industry.

(b) The following officers functioned as member-Secretary and Drawing & Disbursing Officer for the period under audit:-

Ex-Officio Member-Secretary:-

Sr.No.	Name of officer	Period of posting
1	Sh. Mohan Chauhan, IAS	01-04-2014 to 31-03-2016

Drawing & Disbursing Officer:-

Sr.No.	Name of officer	Period of posting
1	Dr. Manoj Sharma, Additional Director	01-04-2014 to 31-03-2016

(c) An overview to the audit and inspection report on the accounts of H.P. Tourism Development Board for the year 2014-15 to 2015-16

Sr.No.	Brief description	Para No.	₹(in Lacs)
1	Non-receipt of 25% of income by Tourism Development Councils	10	872.86
2	Non-receipt on account of Annual Grant from State Government	11	168.00
3	Non-receipt/credit of amount in the account of Tourism Development Board on account of interest on loan given to Mashobra Resort property	12	168.40

4	Recoverable amount from different Tourist Information officers/centers/officials of the H.P. Tourism Department/Tourism Development Corporation	13	15.19
5	Rent recoverable from the Tourism Department	14	3.21
6	Loss of interest on account of delayed receipt of license fees from the Promoter	15	3.23

2 Previous Audit and Inspection Notes:-

The latest position of the audit paras in respect of previous audit inspection notes was as under:-

(a) Audit note for the period from 01.04.2007 to 31.03.2009

1	Para No. 5	Outstanding
2	Para No. 6	Outstanding
3	Para No. 9 (b)	Outstanding
4	Para No.9 (c)	Outstanding

(b) Audit note for the period from 01.04.2009 to 31.03.2010

1	Para No. 6	Partially Settled
2	Para No. 8	Partially Settled

(c) Audit note for the Period from 01.04.2011 to 31.03.2014

1	Para No. 4	Settled	(Audit free deposited vide Ch. No. 286279 dt. 20.02.15 Amounting to ₹10000)
2	Para No. 5	Settled	(and up to date position taken in present audit report)
3	Para No. 6	Outstanding	
4	Para No. 7 (a,b,c,d,e & f)	Settled	(and up to date position taken in present audit report)
5	Para No. 8	Outstanding	
6	Para No. 9	Settled	(and up to date position taken in present audit report)
7	Para No. 10	Settled	(and up to date position taken in present audit report)
8	Para No. 11	Settled	(and up to date position taken in present audit report)

9	Para No. 12	Settled	(and up to date position taken in present audit report)
10	Para No. 13	Settled	
11	Para No. 14	Settled	(and up to date position taken in present audit report)
12	Para No. 15	Settled	(and up to date position taken in present audit report)
13	Para No. 16	Outstanding	
14	Para No. 17	Outstanding	
15	Para No. 18	Settled	(relevant record seen)
16	Para No. 19	Outstanding	
17	Para No. 20	Outstanding	
	(a,b,c,d)		

Part-II

3 Present Audit:-

The present audit of the accounts of H.P. Tourism Development Board, Shimla for the period from 01.04.2014 to 31.03.2016 was conducted by Sh.Anil Kumar, Asstt. Controller of Local Audit Department, H.P. Shimla-171009 from 22.02.2017 to 03.03.2017 in the Headquarters office of Department of Tourism, Shimla-171009.

The audit report is prepared on the basis of record/information furnished and made available by the Controlling Officer of the Board. The Local Audit Department disclaims any responsibility for any misinformation or non submission of information on the part of auditee.

4 Audit Fee:-

The audit fee for conducting the audit of accounts of the Board for the period from 01.04.2014 to 31.03.2016 work out to ₹8000 (₹Eight thousand only). The Secretary, H.P. State Tourism Development Board, Shimla-171009 is requested vide Assitt. Controller (Local Audit) Audit Requisition No. 03/2017,

Dated 1/03/2017 to remit the above amount in favour of the Director, Local Audit Department, Shimla-171009 through banker's cheque/draft payable at Shimla.

5 Financial Position:-

The financial position of the H.P. Tourism Development Board is given in the Balance Sheets for the financial year 2014-15 to 2015-16 which includes Trial Balances, Income & Expenditure Account as detailed at **Annexure-“A”, “B” and “C”** respectively of this report.

6 Investment in FDR/STDR amounting to ₹1146.93 lakh as on 31.03.2016

(a) An amount of ₹114693465 was shown as invested in FDR's account as on 31.03.2016 as per **Annexure-“D”** of this report. The board had invested in FDR's since the year 2004 but no connected record i.e. FDR certificates (except Sr.No. 1 to 5 of **Annexure-D**), photocopies of FDR's and FDR Register etc. were being kept/prepared in the absence of such important record, necessary check to verify the correctness FDR could not be exercised. This matter was highlighted by the audit vide Para No. 5, 11 and 6 of the Audit and inspection notes for the period from 1.4.07 to 31.3.09 and 1.4.10 to 31.3.11 and 1.04.2011 to 31.03.2014 respectively. But nothing in this regard was done by the Tourism Development Board. As such this matter is once again brought to the notice of the board's authorities for suitable and prompt action to maintain such an important record since the year 2004 and to put up the same for verification in the next audit.

7 Bank Reconciliation Statement:-

The bank reconciliation as on 31.03.2016 is appended at **Annexure-“E”**. On perusal of the statement, the following observations have been noticed:-

(a) Cheque book charges amounting to ₹63 not accounted for in cash book:-

The bank had levied cheque book charges amounting to ₹63 as per pass book on dated 4.1.2012, but this amount was not accounted for in the cash book of

the board. The needful may therefore be done in the cash book and compliance thereof may be shown to audit.

(b) Bank charges amounting to ₹68 not accounted for in cash book:-

The bank had levied charges amounting to ₹68 as per pass book on dated 4.2.2012, but this amount has not been accounted for in the cash book of the board. The needful may therefore be done in the cash book and compliance thereof may be shown to audit.

(C) Cheque book charges amounting to ₹50 refunded by bank not accounted for in the cash book:-

The bank had refunded cheque book charges amounting to ₹50 as per pass book on dated 19.1.2012, but this amount has not been accounted for in the cash book. The said amount may therefore be entered in the cash book and compliance may be shown to audit.

(d) An amount of ₹2700 less accounted for in cash book:-

Cheque No. 757802, dated 2.1.12 amounting to ₹9625 was issued on account of toll free online BSNL bill payment but the same was accounted for in cash book for ₹6925 only. The balance amount of ₹2700 less accounted for in cash book may be accounted for now and compliance to this effect may be shown to audit.

(e) An amount of ₹635 accounted for in cash book:-

Cheque No. 286283 dt. 10.03.15 issued and cleared by bank amounting to ₹66885 and entered in the cash book ₹66250 resulting in to less accounted of ₹635.

(f) An amount of ₹5374 was deposited in another bank account:-

Draft No. 216594, Dated 8.2.12, ₹3724

Draft No. 216788, Dated, 16.2.12, ₹1650

These bank drafts were received from Distt. Tourism Development Officer, Chamba on account of sale of literature etc. but wrongly deposited in another bank account No. 65109219201 (SBOP). The above amount was not transferred and

deposited in Board's bank account till 31.3.2014. Hence the needful may be done now under intimation to audit.

(g) Less accountal of ₹1500 in cash book on receipt side:-

Draft No. 685402, dated 7.4.2012 amounting to ₹8075 received from Tourist Information Centre, Chandigarh on account of sale of literature and deposited in bank on dated 29.5.2012 but the same was accounted for in the cash book for ₹6575 Hence, the balance amount of ₹1500 less accounted may be entered in the cash book now under intimation to audit.

(h) Less accounting of ₹200 in the cash book on payment side:-

Cheque No. 757838, dated 5.11.12 amounting to ₹2444 was issued on account of payment of Kangra Forte electricity bill, but the same was accounted for in the cash book for ₹2244 only. Thus, balance amount of ₹200 less accounted in the cash book may be entered now and compliance of the same may be shown to audit.

(i) Amount of ₹10000 of credited by bank on 1.09.2014 but not entered in the cash book.

On dated 1.09.2014 an amount of ₹10000 was credited in the bank pass book but not enter in the cash book. Now the same may be entered in the cash book and compliance be shown to next audit.

(k) Interest ₹3.18 lac given by the bank but not accounted for in the HPTDB books.

The bank has given interest amounting to ₹318000 on 30.6.14 but the same was not entered in the cash book. The entry of interest be shown in credit side of cash book and compliance be shown in next audit.

(l) On dated 22.6.2015 a credit of ₹6780 was given by bank but not entered in the cash book:-

As per bank pass book the bank had given a credit of ₹6780 on 22.6.15 but the amount was not entered in the cash book. Now the entry be made in cash book and compliance may be shown to next audit.

(m) As per bank reconciliation statement there was a difference of ₹580 which may be reconciled and compliance be shown to next audit.

8 Cash in hand as on 31.03.2016:-

As on 31.3.2016 a sum of ₹12794 was Kept as cash in hand which can be kept only for emergent payments and such type of parties be avoided in future.

9 Receipt of Central Financial Assistance amounting to ₹1214.01 lacs on behalf of Tourism Department:-

An amount of ₹4315800 and ₹7825000 for imparting Driving skill to 3900 and 2500 persons under CBSP and part of Hunar Se Rozgar Tak for the training programmes for imparting skill was received from Ministry of Tourism. Govt. of India as Central Financial Assistance to the Himachal Pradesh Tourism Development Board under CBSP during the financial year 2014-15 and same amount was released to the Director. Technical Education Vocational & industrial Training, Sunder Nagar Distt. Mandi (H.P.) vide cheque bearing No. 291729 dt. 4.04.15 and 291728 dated 4.4.15 as per details at Annexure-“F”. This amount was released to Tourism Department for purpose as the grant for which purpose was received of Tourism Department but reflected in the books of Tourism Development Board.

10 Non-receipt of 25% share of income from Tourism Development Councils amounting to ₹872.86 Lacs:-

Vide Commissioner, Tourism & Civil Aviation letter No. 11-1/2004-TSM-4997, dated 9.9.2004, 25% of income/receipts of Tourism Development Councils are to be contributed to H.P. Tourism Development Board. In reply to Audit Requisition No. 02/2015, dated 5.1.2015, the Additional Director, Tourism Department informed as per Annexure-“G” that there are four Tourism Development Councils in H.P. at Kufri-Naldehra Distt. Shimla, Dalhouse-Khajjiar Distt. Chamba, Dharamshala-Mcleodganj Distt. Kangra and Manali Distt. Kullu but the income generated by above councils were nil as on 31.03.2016 except

Tourism Development Council Manali which collected the following income as green tax during the years 2004-05 to 2013-14:-

Year	Income generated	25% of income generated
2004-05	11323200	2830800
2005-06	20861700	5215425
2006-07	24231000	6057750
2007-08	25003600	6250900
2008-09	26009100	6502275
2009-10	31294100	7823525
2010-11	32021600	8005400
2011-12	32278600	8069650
2012-13	34717300	8679325
2013-14	30934700	7733675
2014-15	39795200	9948800
2015-16	40672400	10168100
Total	349142500	87285625

However, no amount has been contributed by Tourism Council Manali, whereas 25% amount of ₹87285625 upto 31.3.2016 as worked out above was required to be deposited with H.P. Tourism Development Board by the Council. It was brought to the notice of audit during discussion that the Hon'ble High Court has restrained to contribute any money from green tax of Tourism Development Council Barrier Manali. The matter may therefore be taken in the Board for further necessary action.

11 Non-receipt of ₹168.00 lacs on account of Annual Grant from State Government:-

As per copy enclosed with Department of Tourism & civil Aviation letter No. TSM-A(3)-1/2002, dated 30.9.2005, it was approved in the Board meeting vide item No. (C) that, the Government is to provide ₹14 lacs per annum as recurring grant for the efficient discharge of the functions of the Board. In addition

to this, the annual grant from the State Government also needs to be released well in time for effective functioning of the Board. In this regard, information was sought vide Audit Requisition No. 01 dated 25.02.17, In reference to reply submitted by the Board and intimated that the matter regarding annual grant has been taken up with the Govt. but reply is still awaited. During discussion the Additional Director, Tourism & Civil Aviation verbally informed that TDB had received any such grant till date. Thus, an amount of ₹16800000 (14.00 lakh x12 years) towards such grant has not been received for the year 2004-05 to 2015-16 Hence, the reasons for non-receipt of annual grant from state Government may be explained in detail and effective efforts/steps may be taken with the Government to receive the same. The outcome on this account may also be intimated to audit.

12 Non-receipt/credit of ₹168.40 lacs in the account of Tourism Development Board on account of interest on loan given to Mashobra Resort property:-

The Tourism Department has entered in to a 'Joint Venture Agreement' with the East India Hotels Limited on 20.10.1995 to set up a Five Star Deluxe Hotel Resort at the Wild Flower Hall, Chharabra, near Shimla. Beside equity share of ₹7.00 crore, the Govt. had also given loan amounting to ₹50.00 lacs to the Joint Venture Company as per Schedule-D of the agreement. As per copy enclosed with Department of Tourism & Civil Aviation letter No. TSM-A(3)-1/2002, dated 30.9.2005, it was approved in the Board meeting vide item No. (c) that the interest received from the Mashobra Resort property on loan given to them shall be credited to the TDB fund. But since the Board came in to existence on dated 22.04.2004 no amount of interest on above loan was credited in the TDB's account till 31.3.2016. In reply to the Audit Requisition No.02/2017, dated 27.2.2017, the Additional Director, Tourism & Civil Aviation informed vide Annexure-"H" that the interest received against loan to Mashobra property is being deposited in Govt. Major Head 142-Tourism, 800-Other Receipts, 03-Receipts. Thus an amount of ₹16840180 on account of interest as detailed in above annexure for year 2004-05

to Sept, 2016 has not been credited in Tourism Development Board account but it is stated that the same was deposited in the above mentioned “Head of Account”, which is against the above said approved proposal. There is also a recurring loss of interest on such non-credited income to the Board. Hence the factual position may be explained in this regard and the above interest income of ₹16840180 may be got deposited/credited in TDB’s account under intimation to audit.

13 Recoverable amount of ₹15.19 lac from different Tourism Information officers/centers/officials of the H.P. Tourism Department/Tourism Development Corporation:-

The Himachal Pradesh Tourism Development Board has issued publicity material/literature/books for sale to different officials of the H.P. Tourism Department/Tourism Development Corporation. While scrutiny of the connected record, it is revealed that a sum of ₹1518515 is still recoverable from different officials as on 31.03.2014 as per details at Annexure-“I” out of which an amount of ₹178515 was received from different Tourist Information officers/centers/officials of the H.P. Tourism Development /Tourism Development Corporation as per details at Annexure “II” and a sum of ₹1340000 is still recoverable from different officials Resulting it a low pace of recovery resulted loss in the shape of interest to the Board. As such effective efforts may be made to recover the above said amount immediately in order to save the board from the loss of anticipated interest.

14 Rent amounting to ₹03.21 lacs recoverable from the Tourism Department:-

An amount of ₹321439 was shown as rent recoverable from H.P. Tourism Department. This rent was lying outstanding for a Godown which was hired by the Tourism Department at Bilaspur for its activities. Although this irregularity was pointed out in the previous audit notes also since 4/2005 but no action was taken till date. Hence, this amount requires immediate recovery from proper source and then the same should be credited to the Board’s fund so that the

anticipated loss of interest could also be avoided. The compliance of action taken in this matter may also be communicated to audit.

15 Loss of interest amounting to ₹3.23 lacs on account of delayed receipt of licence fees from the “Promoter”:-

While scrutinizing the record of Tourism Development Board, it was noticed that for ‘Ariel Ropeway cum Ski-Centre Project’ at Solang Nallah, Manali, an agreement deed was executed on dated 18.1.2003 with M/S Power Himalayas Limited, Solang, Manali called as “Promoter” and Clause 12.1 (a) of the agreement deed provides that, the Promoter shall pay Annual License fee to the Govt. w.e.f the operation date (Schedule given at Annexure-J). The Clause 12.1 (b) of the agreement deed also provides that during the first year of operation, the promoter shall pay 50% of the license fees within six months from the operation date and the balance fees shall be paid at the end of first operating year. During the balance authorization period, license fees shall be paid by the Promoter in two half yearly installments on same dates as in the first operating year. In the event of delay in payment of Annual License fee by the promoter, the promoter shall be required to pay the Government/Board interest at the rate of 12%per annum.” It is noticed that as per copy enclosed with Department of Tourism & Civil Aviation letter No. TSM-A (3)-1/2002, dated 30.9.2005, it was approved in the Board meeting vide item No. (c) that the Annual License fee is a receipt of Tourism Development Board. But while going through the record in respect of above mentioned case, it was observed that the below mentioned annual license fee was either not paid/credited by the promoter by the due dates or credited late in the Board’s account. Resultantly, there is a loss of interest amounting to ₹160274 as per detail given below which is a clear violation of the agreement deed. Hence, the factual position in this regard may be stated and recovery of above interest may be made from the promoter after careful scrutiny of the record. In future, the recovery of interest on delayed receipts of Annual License Fee may also be ensured:-

Sr. No.	Authoriz ation date as per schedule	Due date of payment at the end of six months	Amount as per schedule	Date of payment received in TDB's A/C	Delay in days	Interest @ 12% recovered	Remarks
3	1.2.15	1.8.15	1500000		365 days	180000	
4	1.8.15	1.2.16	1500000	05/04/16	289 days	142521	An amount of ₹3160274 received from Co-out of which ₹160274 was received as interest as pointed out in Audit Para of the previous audit report for the period 1.4.13 to 31.3.14
5	1.2.16	1.8.16	1500000	16/11/16		322521	

16 Miscellaneous:-

(a) Non-maintenance of self explanatory record:-

On perusal of the Balance Sheets along with Trial Balance and Income & Expenditure Account for the period under audit, it was noticed that the Board had not maintained self explanatory record in respect of following heads of account. In the absence of maintenance of connected/self explanatory record at one place, the scrutiny of these items of income and expenditure could not be carried out to the entire satisfaction of the audit. Hence, it is suggested that the requisite record of following items may be maintained at one place now and shown to next audit:-

Sr. No.	Head of Account
1	On line Hotel Reservation Commission
2	Heli Sking Royalty (Solang Naallah)
3	Sale of Tender Documents
4	Destination Himachal Fund
5	Auction of Equipment
6	Earnest Money (Tender)
7	Rent from leased out property
8	Legal Charges
9	Toll Free (BSNL)

(b) Amount of ₹0.04 lacs payable to Tourism Department:-

An amount of ₹3704 was payable to Tourism Department as wrongly booked from few years back. The same may be settled to clear the liability depicted in the balance sheet and compliance there of may be shown to next audit.

(c) Improper maintenance of voucher files:-

During audit, it has been observed that the payment/receipt vouchers are not being prepared properly and payments are also being made without passing the original bills by the DDO/ competent authority. This observation was also raised in the previous audit notes also but needful has not been done till date. It is also noticed that in majority of cases, the supporting documents/details of receipts/payments are not being attached with the voucher file. Resultantly, the scrutiny of such receipt/payment vouchers without requisite document/detail could not be carried out to the entire satisfaction of audit. Hence it may be ensured that all the payment/receipt vouchers should contain the supporting documents/details and dully passed by the DDO/competent authority in the first instance.

(d) Non-utilization of Board's fund for prescribed objectives:-

The H.P. Tourism Development Board was established vide Himachal Pradesh Tourism Development and Registration Act, 2002 on dated 22.04.2004. The objective of the Board is to formulate policy guidelines for the development and promotion of Tourism Industry in the State and to advise the State Government on matters regarding regulation and licensing in the Tourism Industry.

But during audit of the accounts of the Board, it was observed that the Board's had not been utilized the funds towards the objective for which it was established. Hence, it is suggested that the funds of the Board may be utilized for the development and promotion of the tourism.

17 Non Certification of income/expenditure Statement/Trial Balance and Balance Sheet:-

During course of audit of accounts of H.P. Tourism Development Board, it has been observed that the Trial Balance, Income and expenditure statement and balance sheet prepared by the Board was not got certified from chartered Accountant. The accounts be got certified the chartered accountant under intimation to audit.

18 Minor objection Statement:- No minor objection Statement was issued separately.

19 Conclusion:- The accounts need proper upkeep and improvement from time to time.

St/-
(Chandresh Handa)
Deputy Director,
Local Audit Department
Himachal Pradesh, Shimla-09
Ph.No. 0177-2620881

Endst:-No.Fin(LA)H(2)C(15)(14)254/07-Vol-1-5262-5263, Dated 25.08.17
Shimla-09

Copy alongwith audit report is forwarded for information and necessary action to:-

- Registered: 1 The Secretary, H.P. State Tourism Development Board, Shimla-09
2 The Secretary, (Tourism) to the Govt. of H.P. Shimla-02

St/-
(Chandresh Handa)
Deputy Director,
Local Audit Department
Himachal Pradesh, Shimla-09
Ph.No. 0177-2620881