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Government of Himachal Pradesh
Local Audit Department.

From

The Director,
Local Audit Department,
Himachal Pradesh, Shimla-171009

To

The Additional Chief Secretary (Housing) to the,
Government of Himachal Pradesh,
Shimla-171002.

Dated, Shimla-171009, the .28-11-2016

Subject: *Audit and Inspection Report on the Final Accounts (Balance Sheet, Profit & loss Account) of HIMUDA for the period 2014-2015.*

Sir,

Please find enclosed herewith the Audit and Inspection Report on the Final Accounts (Balance Sheet, Profit & loss Account) of HIMUDA for the period 2014-2015 alongwith certified balance sheet for taking further necessary action.

Yours faithfully,

Endst. As above

Sd/-
(Padam Singh Kanwar)
Joint Director,
Local Audit Department
Himachal Pradesh Shimla-171009

Endst. No. As Above.,dated, the.28-11-2016. Shimla-171009

Copy forwarded to:- The Chief Executive Officer-Cum-Secretary, HIMUDA Nigam Vihar, Shimla-171002 alongwith a copy of Audit and Inspection Report and certified balance sheet for information and necessary action.

Sd/-
(Padam Singh Kanwar)
Joint Director,
Local Audit Department
Himachal Pradesh Shimla-171009

**Government of Himachal Pradesh
Local Audit Department
Block No. 38, SDA Complex,
Kasumapti, Shimla-171009**



**Audit and Inspection Report
On Final Accounts of HIMUDA
For the Period 4/2014 to 3/2015**

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PREFACE

The audit of final accounts (Balance Sheet, Profit and Loss Account) of HP Housing and Urban Development Authority, Nigam Vihar, Shimla -02 for the year 2014-15 was conducted by the Local Audit Department under the provision of the HP Govt. Notification No. HSG-4(D) 1-1/92/2 dated 13.09.2004.

The audit and inspection report on the final accounts of HIMUDA for the period 4/2014 to 3/ 2015 has been prepared for the submission to the Government of Himachal Pradesh through the Principal Secretary Housing.

This report is a summary of serious findings arising out of audit of final accounts of HIMUDA for the period 2014-15

The report highlights the financial status of HIMUDA to draw the attention of the State Government for remedial actions and improvement where ever necessary.

OVERVIEW

**An overview on the audit and inspection report on the final accounts
of
HIMUDA for the year 2014-15**

Sr. No.	Para No.	Brief Description	(₹) In crore
1	2.2	Hiding of amount of overdraft against FDR by merging the figure under Fixed Deposit Account in the Balance Sheet.	4.79
2	3.1	Irregular inflation of Capital Reserve /Net profit.	1.45
3	3.2	Payment to the Government on account of valuation of Assets & Liabilities (NVP) over and above the Reserves & Surplus (NVP)	4.90
4	3.3	Unjustified creation of provision for interest redemption.	3.66
5	4	Wrong depiction under the head Secured Loan.	3.40
6	5.1	Non adjustment of accounts under Current Liabilities.	1.04
7	5.2	Depiction of Debit entries under the head Initial Deposit/Earnest Money.	25.59
8	5.3	Non utilization of Funds received against deposit works.	46.12
9	5.4	Non Settlement/Adjustment of accounts under Current Liabilities.	0.59
10	7.1	Non adjustment of Work in Progress.	1102.43
11	7.2	Non adjustment of Work Completed in hands.	4.48
12	7.3	Non settlement of "Cash in Transit account"(Cr.)	2.54
13	7.4	Non recovery on account of excess expenditure incurred on "Deposit Works" from other departments.	2.37
14	7.5	Non adjustment of advances.	1.04
15	7.6	Non Reconciliation of "Cost of Sale Receivable" account.	4.03
16	7.7	Payment of advance tax.	13.42
17	7.8	Non recovery on account of "Maintenance charges, Water & Rent Charges Receivable"	3.80
18	8	Excess accounting of interest receivables on FDRs	0.44

		amounting to lac in final accounts of HIMUDA for the year 2014-15.	
19	9.1	Excess Income/Net Profit/Receipts shown in Final Accounts of HIMUDA for the year 2014-15	2.21
20	9.2	Huge gap between Administrative/Departmental charges received and Establishment Expenditure incurred by HIMUDA.	10.88
21	9.3	Revenue loss on maintenance of colonies.	3.31
22	10.1	Different items of various Divisions either wrongly booked or not at all journalized in H.Q. accounts.	5.97
23	11.1	Excess payment to the various contractors by construction Divisions.	0.08
24	11.2	Non recovery of Secured Advances from various contractors by construction Divisions.	0.42
25	11.5	Non adjustment of staff/miscellaneous advances by HIMUDA Head Office and construction Divisions.	2.80

Suggestions

- 1 Uniformity in maintaining the accounts of HIMUDA units may be brought out by preparing accounting manual/code specifying head of account as per accepted principles of accounting.
- 2 Periodicals review of adjustment of advances and recovery of water & maintenance charges etc.
- 3 Fixing of targets for finalization of accounts of various housing colonies whose construction work has been completed.
- 4 Utilization of existing man power to its maximum capacity in most economic manner.
- 5 Construction activities may be increased to bridge the gap between administrative charges receipt and establishment expenditure.
- 6 Advance receipt from different departments/institutions on account of deposit works may be utilized in time bond manner.
- 7 The excess expenditure incurred by HIMUDA on deposit works may be recovered by taking up the matter with the Administrative Secretary of the concerned departments.
- 8 The final settlement of accounts viz. Reserve and surplus of NVP, Material Purchase Account, Sundry Creditor, Stock Adjustment Account, Contractors Deposit(NVP), Deposit Works(NVP), Work in Progress account, Works Completed in Hand, Material for works in store(NVP), Sundry Debtors, Other Misc. Advances(NVP), TDS Recoverable from IT Departmnet, Suspense A/C, Rectification a/c, Accumulated deemed profits, Cash Settlement Suspense A/C, Cash in Transit Account may be carried out in time bound manner so that a fair view of the financial statement can be ascertained.

Audit and Inspection Report on the Final Accounts (Balance Sheet, Profit and Loss Account) of HP Housing and Urban Development Authority, Nigam Vihar, Shimla-02, Period 2014-15

1 Preliminary

The audit of final accounts (Balance Sheet, Profit and Loss Account) of HP Housing and Urban Development Authority, Nigam Vihar, Shimla-02 for the year 2014-15 was conducted under the provision of Section 28(3) of HP Housing and Urban Development Authority Act, 2004 read with the HP Govt. notification No. HSG-4(D)1-1/92/2 dated 13.09.2004.

- 1.1** The following officers functioned as Chief Executive Officer–cum–Secretary of the authority during the period 1.04.2014 to 31.03.2015.

Sr No.	Name of the CEO Cum Secretary	Period
1	Dr. Sunil Kumar Chaudhary, IAS	1.04.14 to 11.07.14
2	Dinesh Kashyap, CEO	14.07.14 to 31.03.15

- 1.2** The audit of accounts of HP Housing and Urban Development Authority (Head Office) and its divisions were conducted by the audit parties consisting of S/Shri Hem Raj Bhardwaj, Assistant Controller, Anil Sharma, Ram Singh, Sandeep Kamal, Manjeet Bhatia, Ravinder Singh, Vipul Kumar Sood, Chet Ram Thakur Section Officers and Sh. Narender Kumar Article Assistant under the supervision of Sh. Padam Singh Kanwar Deputy Director, Local Audit Department. The account for the month of 03/2015 was selected for detailed Audit and the results thereof are embodied in the succeeding paragraphs

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

1.3 Audit Fee

The Audit fee for the audit of accounts of HIMUDA is being communicated separately to the Head Office for its remittance to the Director, Local Audit Department Shimla-9.

1.4 Non Compliance of observations relating to Balance Sheet

None of the observations on the Balance Sheet were either being complied with and no compliance thereof was shown in subsequent audits. The irregularities are being repeated year after year. Compliance of all such observations may be shown at the time of next audit.

2 BALANCE SHEET

The balance sheet for the year 2014-15 was submitted by the HIMUDA Authority to the Director, Local Audit Department vide their letter No. HIMUDA/Acctts-319/BSS/2015-1271, dated 12.04.2016 and thereafter, the same was put to examination along with schedules which were not in order as these schedules were neither sequenced properly nor self explanatory details/ statements in support of items of various schedules were attached. Few such instances are given below:-

Head of Account	Schedule	Amount	Dr/Cr	Remarks
Surplus on Valuation of Assets & Liabilities (NVP)	I	(-)14,00,00,000.00	Dr.	Explanatory details not supplied and the item is also lying pending for settlement for so many years.
Provisions for Arbitrator liabilities anticipated of various works.	XV	7,64,216.020	Cr.	Explanatory details not supplied.
Works completed in hand.	XXXVI	4,48,08,972.53	Dr.	Explanatory details not supplied.
Material for works in Stores.	XLI	6,03,01,209.33	Dr.	Explanatory details not supplied.
Material for works in Stores (NVP)	XXVI	39,35,946.68	Dr.	Explanatory details not supplied.
Other Misc. Advance (NVP)	XXVII	2,41,644.37	Dr.	Explanatory details not supplied.
Sundry Debtors	LI	85,04,270.87	Dr.	Explanatory details not supplied
Cash in Transit.	XLV	25442963.74	Cr.	Explanatory details not supplied.
Cost of Sale Receivable.	XXXI	4,03,47,249.78	Dr.	Explanatory details not supplied.
Suspense Account	XXIX	5,76,425.00	Dr.	Explanatory details not supplied.

Rectification (Cash Book-1)	XXXIV	12,73,840.24	Dr.	Explanatory details not supplied.
Income Tax Recoverable from IT Deptt.	XXXII (TDS2014-15) (Jr.Vr.No.95 Dt.31.03.15)	179000	Dr.	Explanatory details not supplied.

2.1 Under statement of balances in Balance Sheet than actually shown in Schedules of current Assets and liabilities

From the perusal of the relevant record put up to audit, it has been observed that the amount as per schedule of current assets & liabilities has been taken/shown less than the actual as per detail given below which is affecting the true & fair position of HIMUDA as shown in financial statements:-

Head of Account	Amount as per detail supplied to Audit	Amount shown in the Schedule/ taken in Balance Sheet	Diff.	Remarks (Effects in Financial Statements)
Imprest & CCS A/C	3,23,43,944.33 Dr.	3,22,81,182.33 Dr.	62,762 Dr.	Amount of ₹62,762 Dr. pertains to Parwanoo Division as per Schedule-XLIX but the same was not included in total taken in balance sheet under head current assets.
Duties & Taxes A/C	8,93,489.24 Cr.	8,92,739.24 Cr.	750 Cr.	Amount of ₹750 Cr. pertains to S/C Income Tax as per Schedule-XVI but the same was not included in total taken in balance sheet under head current liabilities.

Thus the said discrepancies may be reconciled and concerned financial statements are rectified accordingly under intimation to audit.

2.2 Hiding of amount of overdraft against FDR amounting to ₹4.79 crore by merging the figure under Fixed Deposit Account in the Balance Sheet.

During the course of audit, it has been observed from the perusal of statement of FDRs put up to audit that liability on account of overdraft against FDR amounting to ₹4,79,34,680/- was credited irregularly to 'Fixed Deposit Account' head under Assets side in the Balance Sheet which resulted into understatement of FDRs (assets) as well as overdraft (liability) as per detail given below:-

Head of Account	Actual Amount	Amount shown	Diff	Remarks
Fixed Deposit (Asset)	43,95,34,775 Dr.	39,16,00,095 Dr. (Schedule-XXV)	4,79,34,680 Cr.	Understatement of assets in the Assets Side of

				the Balance Sheet
Overdraft against FDR (Liability)	4,79,34,680 Cr.	Nil	4,79,34,680 Cr.	Understatement of liability in the Liabilities Side of the Balance Sheet

Thus the Balance Sheet put up to audit is not depicting the true & fair position of HIMUDA affairs to this extent. Therefore, the said discrepancies may be reconciled and concerned financial statements are rectified accordingly under intimation to audit.

3 Schedule-“I” (Reserve & Surplus)

3.1 Irregular inflation of Capital Reserve /Net profit by ₹1.45crore

In **Schedule-“I”** under the head Capital Reserve {item No. 1 of Balance Sheet} a sum of ₹1.45 crore has been shown as increase in the Capital reserve due to earning of Profit during the year 2014-15, but after necessary scrutiny, it was found that during the year 2014-15 instead of net profit of ₹1.45 crore, there was actually a net loss of **₹14,095.71** due to the effect of irregularities pointed out vide various Audit Paras of this report. Thus showing of net profit instead of net loss in the financial statements of HIMUDA, is a very serious matter and itself speaks about the poor level of maintenance of accounts. Therefore, the reasons for this serious irregularity may be investigated and remedial measures there to be ensured in order to avoid repetition of such irregularities, in future. The detail of such errors noticed during test check are given below. It is advised that other such errors may be traced by the HIMUDA at their own level and accordingly effect on income tax return of HIMUDA may also be looked into by the authority.

Particulars		Audit Para No.	(₹)
Net Profit as per Profit & Loss Account for the year ending 31.3.2015			1,44,60,010.73
Effect on declared Nett profit due to the following irregularities:-			
1	Less charge of depreciation	6.2	(-) 1644562.41
2	Electrical Division Dharamshala:-		
	Board's own share	10.1	(-)12397
	Interest A/C		(-)1000
	Division Dharamshala:-		
	R/M of Sewerage Holta		(-)63,000
	Electrical Division Shimla:-		
	R/M of HP-68-A/0012		(+)9274
	R/M of Street light Phase-III, New Shimla (Part-II)		(-)242
3	Watch & Ward Charges	10.2	(+)13374
4	Pension Payment to retirees	10.3	(-)5077812

5	Pension to HIMUDA Employees A/C	10.4	(+)231937
	Misc. Recovery A/C		(+)3000
6	Establishment Expenses A/C	10.5	(+)497376
7	Admin/Departmental Charges A/C	9.1	(-)20000000
8	Construction Division Mandi:-		
	Sale of Broachers Form		(+)16,000
	RMM of WSS		(+)1000
9	leave encashment	9.6	(+)1,26,85,124
10	Pension Payable	9.8	(+)30,33,025
11	Excess amount of Interest receivables on FDRs	8.1	(-)4365689
12	Excess credit of receipt from allottee	10.7	(-)15286
13	Interest accrued/received on FDRs	10.8	(-)85681
14	purchase of SURVER HP ML350P with Intel E5-2620v2	10.9	(+)2,64,900
15	double Accounting of payment transaction in Cash Book	10.10	(+)23179
	Nett LOSS after adjustments(31265669.41-31238199.73)		27469.68

3.2 Payment of ₹ 4.90 crore to the Government on account of valuation of Assets & Liabilities (NVP) over and above the Reserves & Surplus (NVP)

In **schedule-“I” (Reserve and Surplus)**, an amount of ₹4.65 crore and ₹4.45 crore were shown as Grant-in-Aid to NVP and Reserve & Surplus (NVP) respectively whereas ₹14.00 crore were paid to HP Government in earlier years resulting thereby an excess payment of ₹4.90 crore [₹14.00 crore-(₹4.45 crore+₹4.65 crore)] on account of valuation of Assets & Liabilities of Erstwhile Nagar Vikas Pradikaran. The excess payment may be justified with reference to finalisation/adjustment of accounts of Erstwhile Nagar Vikas Pradhikarn.

3.3 Unjustified creation of provision of ₹3.66 crore for interest redemption

A sum of **₹3,66,16,025.17** was shown under the head “Interest redemption account” in **Schedule-‘I’** of Balance Sheet. The account represents the provisions for interest chargeable to the various Housing Colonies completed in the earlier years. Since interest paid on all loans taken for Housing Colonies was charged on annual basis and the costing have been finalized. Therefore, there appears no justification for creating the provision unless such liability actually exists. The factual position may

be investigated and results thereof may be intimated to audit besides making settlement of the provision in accordance with accepted principles of accounting.

3.4 Wrong depiction of Provisions for Allocation of interest of ₹0.08 crore under the Head “Grant utilized for development/land acquisition”

₹1.465 Crore was shown under the Head “Grant utilized for development/land acquisition” in **Schedule-I** for several years. ₹1.465 crore includes an amount of ₹8.03 lac ($₹454010.85 + ₹349038.37 = ₹8,03,049.22$) pertaining to “allocation of interest” in respect of Housing Colonies at Mandi, Dharamshala, the allocation of interest in respect of Housing Colonies should have been accounted for and adjusted in the total expenditure chargeable to respective colonies. Therefore, after conducting necessary verification, the correction in Final Accounts may be carried out.

4 Schedule-II [Loans (Liability)]

Wrong depiction of ₹3.40 crore under the head Secured Loan

From the perusal of **Schedule-II (Secured Loan)**, it has been observed that an amount of ₹3,40,09,411 was shown on account of “Interest payable on Govt. Loan” where as being current liability, the amount should have been depicted under the head Current Liabilities. The reasons for depicting the amount of interest payable on Govt. Loan in the Schedule of Secured Loan may be explained besides making necessary correction in the Balance Sheet.

5 CURRENT LIABILITIES

5.1 Non adjustment of Accounts worth ₹1.04 crore under Current Liabilities

Under the head “Current Liabilities”, a sum of ₹1.04 crore was shown as unadjusted in different Head of A/c for so many years as per detail given below, but no efforts were made to settle these accounts. Strenuous efforts may be made to settle these accounts in accordance with rules/regulations and accounting principles in a time bound manner so that these liabilities could be written off and factual position of accounts is reflected in Financial Statements:-

Sr. No.	Head	Amount (₹) in lac	Item No.	Remarks
1	Material Purchase a/c	1.51	4	The amount is pending for final settlement since last 20-21 years

2	Sundry Creditors	2.37	5	The amount is pending for final settlement since last 12-13 years
3	Provision for arbitration/works	7.64	8	The amount is pending for final settlement since so many years
4	Stock Adjustment Account	2.56	9	The stock adjustment account pertains to Mandi Division is pending for final settlement since last 15-16 years
5	I & PH Department for WSS	17.82	10	The amount is pending for final settlement since last 20-21 years
6	“Contractors Deposit” (NVP)	58.85	11	The account pertains to Erstwhile NVP & is pending for final settlement since last 15-16 years
7	R & D Adjustment	3.69	12	The amount is pending for final settlement since so many years
8	Development fund under Apartment Act	10.08	14	The amount is pending for final settlement since so many years
Total		104.52		

5.2 Depiction of Debit entries worth ₹25.59 Crore under the head Initial Deposit/Earnest Money

Under the head “Initial Deposit/Earnest Money” (**Schedule-“XIV”**), an amount of ₹51.32 crore was shown as credit balance at the end of the financial year 2014-15. From the perusal of detail transaction under the schedule, it has been observed that an amount of ₹25.59 crore was shown as debit balance against various scheme as per detail given below. It clearly implies that either ₹25.59 crore was refunded/paid over and above the amount of initial deposit/earnest money so received against these schemes or refunded amount classified to wrong scheme/head of account. Therefore, appearance of debit balance in the schedule needs to be examined minutely so that the instances of excess refund/adjustment of initial deposit/earnest money or misclassification can be ruled out, thus enabling the schedule to show true picture of deposit position:-

Sr. No.	Particulars	Amount (Debit Balance)
1	Demand Survey D/S Shimla	100.00
2	Demand Survey Mandhala Baddi	2,40,000.00
3	Demand Survey various places (Advertisement	1,06,944.00

	charges)	
4	DS Solan, Kasouli, Chail, Nalagarh, Kandaghat, Brog	31,400.00
5	EM-Bid Money Parwanoo	3,00,000.00
6	EM-HIG, MIG Bilaspur	31,410.00
7	EM-HIG, MIG Jawalamukhi	500.00
8	EM-HIG, MIG Nadaun	6500.00
9	EM-LIG, HIG, MIG Basal, Solan	168212.50
10	EM-LIG, MIG Mehatpur	2000.00
11	EM-Rakkar Una	34,08,686.02
12	EM-Straberry & Chhota Shimla, Cat-I,II,III,IV	16,837.00
13	EM-Type-B Plot, New Shimla	22,32,000.00
14	Initial Deposit/Earnest Money	24,92,99,585.78
15	Refund of earnest maney	10,000.00
Total		25,58,54,175.30

5.3 Non utilization of Funds worth ₹46.12 crore received against Deposit Works

A liability of ₹46,11,50,395.45 was shown in the Balance Sheet under the head 'Deposit Works A/C' (**Schedule-XX**). From the perusal of the schedule, it is observed that there was credit balance of ₹61.44 crore as on 31.3.2014. Funds ₹36.69 crore were received during the financial year and against total funds available under the head Deposit Works, only ₹52.02 crore were utilised on the Deposit Works. Therefore, funds worth ₹46.12 crore remained unutilised during the current financial year. Thus, Non-utilisation of available funds under the head 'Deposit Works' may result into loss of receipt of administrative charges. Reasons for non-utilisation of funds received against Deposit Works needs to be explained besides making strenuous efforts for utilization of the same.

5.4 Non Settlement/Adjustment of ₹0.59 crore under Current Liabilities

A sum of ₹59.07 lacs (₹3,14,762+₹33,98,200+₹21,94,373=59,07,335) had been shown in the 'Current Liabilities' under the head "Govt. H.P.- WSS Giri River Project, Government Rental Housing Scheme and Police Rental Housing Scheme" (**Schedule-III, IV & V**). From the perusal of above schedule of Current Liabilities, it appears that a sum of ₹59.07 lacs were payable to the creditors. However, under **Schedule-XLVII** certain amounts have been shown as receivable from other departments which includes Police Rental Housing Schemes (₹86,23,953.55) and Government Rental Schemes (₹57,24,622.29) as per detail given in ensuing Para No.7.4 of this report. Therefore, this matter needs to be examined deeply and in case after proper examination/scrutiny, if it is found that the amount is actually receivable

from then, the same may be settled accordingly and thus the amount needed to be adjusted against the proper head of accounts in the Final Accounts.

6 FIXED ASSETS – (Own Buildings)

6.1 Non adjustment of book value of Rest House at Strawberry Hill

An amount of ₹2.18 crore had been shown in **Schedule-D** under the head “Own Building”. From the scrutiny of the relevant record, it is revealed that this amount includes written down value of Rest House at Strawberry Hill worth ₹75,612.93 as on 31.3.2015, which was sold by the HIMUDA some time back in the year 2004-2005, but the same was shown under the head “Own Buildings” which is contrary to the accepted principles of accounting. Besides, depreciation of ₹8401.44 was also charged to accounts in respect of said property for financial year 2014-15 which is also irregular. Therefore, it is advised that after conducting necessary scrutiny at HIMUDA level, the adjustment of book value of rest house at the time of sale may be carried out immediately so that the financial statements of HIMUDA depict true and fair position of its state of affairs.

6.2 Less charging/depiction of depreciation on Fixed Assets amounting to ₹16.45 lac in the P&L Account

During test audit of Fixed Assets **Schedule-‘D’** annexed with the Balance Sheet for the year 2014-15, it has been observed that the balances of different columns of asset’s values, depreciation etc. has not been filled/prepared properly. The majority of depreciation figures have been depicted under the columns ‘Sale adjustment’ or ‘Addition to the asset’. Further the previous balances of ‘Assets cost’ or ‘Depreciation up to 31.3.2014’ have not been brought forward accurately. Several totaling mistakes also exist there in the schedule. It is observed that besides so many clerical mistakes, the schedule has not been prepared properly and accurately thereby resulting thereby depreciation amounting to ₹16,44,562.41 (₹7,17,885.33+₹9,26,677.08) charged during the year in the Profit & Loss Account and ‘Written Down Value’ of fixed assets has also been shown incorrectly in the Balance Sheet (**as per Annexure-D-I**). It is, therefore, advised that scrutiny may be conducted to rectify the above irregularities in the **Annexure-D-I** as well as in the financial statements and necessary corrections may be carried out accordingly under intimation to audit so that the financial statements of HIMUDA depict true and fair position of its state of affairs.

7 “CURRENT ASSETS” (Work in Progress C/O Building)

7.1 Non adjustment of Work in Progress worth ₹1102.43 crore

An amount of ₹42,35,52,041.01 was shown under the head 'Work in Progress C/O Building' (**Schedule-LII**) of Currents Assets in the Balance Sheet. From the perusal of the schedule, it has been observed that an expenditure of ₹1,102.43 crore was incurred for these colonies as detailed below:-

Housing Scheme(NVP)	1,74,34,14,875.92
BCS Housing Scheme(NVP)	1,62,23,05,241.03
Interest on Overdraft against FDR	1,92,13,134.00
Housing Scheme	7,63,91,35,503.98
Acquisition of land at various places	2,03,660.06
Total	11,02,42,72,414.99

Whereas, the most of the colonies such as Housing Scheme (NVP) had been completed since long and flats/houses were sold out. A perusal of Schedule further revealed that receipt from allottees of the above colonies worth ₹903.81 crore have been credited to the account as detailed below:-

Receipt from Allottees	6,82,04,40,308.08
Receipt from Allottees (NVP)	2,21,76,56,991.87
Commercial/Industrial	44,163.00
Total	9,03,81,41,462.95

It is pertinent to mention here that the works of the most of the colonies have been completed in the earlier years and receipt from allottees of these colonies have been accounted for as ₹9,03,81,41,462.95 in the annual accounts as stated above, but the expenditure incurred against these colonies was shown under the head "Work in Progress C/O Building" which was not found in accordance with the accepted principles of accounting. Besides this an amount of ₹105.28 crore was also shown under the head "Work in Progress as per Percentage Completion Method" (**Schedule-XXX**) under current assets in the Balance Sheet. The head of account, i.e., "Work in Progress as per percentage completion method" appears to be incorrect as it is accumulated deemed profit from the colonies worked out on percentage completion method, the costing of which were not finalized during the financial year 2014-15. Therefore, the HIMUDA authority is advised to finalize the costing of colonies at the earliest and to give its effect in the final accounts.

7.2 Non adjustment of Work Completed in hands of ₹4.48 Crore

An amount of ₹ 4,48,08,972.53 has been shown under the head "Work Completed in hands" in **Schedule-XXXVI** under current assets in the Balance Sheet. From the scrutiny of record, it is revealed that the value of works completed in previous years was shown under this head. It

is, therefore, advised to carry out necessary adjustments in the books of accounts after scrutiny, besides conducting physical verification of works completed in hand, so that the balance sheet depicts the true and fair view of the state of affairs of HIMUDA.

7.3 Non settlement of “Cash in Transit Account” ₹2.54 crore (Cr.)

An amount of ₹2,54,42,963.74 Cr. has been shown under the head “Cash in Transit” in **Schedule-XLV** under current assets in the balance sheet which seems to be irregular because as per accounting principle, current assets has always debit balance and thus this amount should have been shown under current liabilities in the balance sheet. Further, from the scrutiny of record, it is revealed that majority amount of Cash in transit with different Divisions were not reconciled after lapse of two to five years. It is, therefore, advised that the account may be reconciled immediately with the accounts maintained at Divisions level, so that the true and fair view of the final accounts could be ascertained.

Name of Division	OB as on 1.4.14	CB as on 31.3.15	Period for which outstanding for adjustment
Shimla Division-II	25,00,000 Dr.	25,00,000 Dr.	More than a year
Dharamshala Division (4-2012)	1,50,00,000 Dr.	1,50,00,000 Dr.	More than five years
Dharamshala cash in transit (22.3.13)	49,99,999.26 Dr.	49,99,999.26 Dr.	More than a year
Electrical Hamirpur Cash in Transit	5,00,000 Dr.	5,00,000 Dr.	More than a year

7.4 Non recovery of ₹2.37 crore on account of excess expenditure incurred on “Ddeposit Works” from other Departments

An amount of ₹2,37,28,539.00 was shown under the head “Recoverable Amount on A/C of Other Dept. Scheme” (**Schedule-XLVII**) in current assets of the Balance Sheet as per detail given below:-

Sr. No.	Name of Scheme	Amount (₹)
1	Police Rental Housing Scheme (Net)	86,23,953.55 Dr.
2	Deposit work for Navodya Vidyalaya	93,79,963.16 Dr.
3	Govt. Rental Housing Scheme (Part-1)	57,24,622.29 Dr.
Total		2,37,28,539.00 Dr.

From the scrutiny of the record, it has been observed that the amount is pending for recovery on account of excess expenditure incurred by HIMUDA against amount received for these deposit works. Thus, incurring of expenditure over and above the amount received is a serious irregularity. It is pertinent to mention here that on one hand the HIMUDA is

paying interest @ 12% to 14% on borrowed capital for execution of own Schemes/Colonies but on the other hand, HIMUDA is also facilitating the departments without claiming interest on excess expenditure. The matter is therefore, brought to the notice of the higher authorities to take necessary action immediately to recover the outstanding amount along with interest from concerned departments.

7.5 Non adjustment of advances of ₹1.04 crore

An amount of ₹1,04,08,944.41 was shown under the head “Loans & Advances(Assets) **(Schedule-XL)** in current assets of the Balance Sheet. This huge amount was lying outstanding for adjustment/recovery since long, but no serious efforts seems to have been taken to adjust/recover these advances. Therefore, the authority is advised to take appropriate immediate action for settlement of pending advances.

7.6 Non Reconciliation of “Cost of Sale Receivable” account of ₹4.03 crore

An amount of ₹4,03,47,249.78 was shown under the head “Cost of Sales Receivable” **(Schedule XXXI)**, in the current assets of the Balance Sheet. The scrutiny of account revealed that no record/details of this account was prepared and this amount was not reconciled. This irregularity was also reported in previous Audit reports also but no action was taken by the HIMUDA authorities. It is, therefore, advised that the accounts may be reconciled immediately.

7.7 Payment of Advance tax of ₹13.42 crore

An amount of ₹13,41,91,434.98 was shown under the head “Income tax recoverable from IT Department” in current Assets of the Balance Sheet **(Schedule-XXXII)**. On scrutiny of records, it was observed that advance income tax has been paid to the income tax Department but no final assessment of tax was got conducted by the HIMUDA authorities with said department resulting thereby a huge amount pending for settlement since 2005-06. Therefore, necessary steps may be taken for final assessment of income tax so that financial statements depict the true and fair position of the HIMUDA’s state of affair.

7.8 Non recovery of ₹3.80 crore on account of “Maintenance charges, Water & Rent charges receivable”

An amount of ₹3,79,75,201 [4,21,00,916+(-41,29,439)+3,724] was shown under the heads “Maintenance Charges Receivable”, “Water Charges Receivables” and “Rent Charges Receivable” **(Schedule-XLIII, XXXIX & XXVIII)** in current assets of the Balance Sheet. The year wise detail is given below:-

Sr.No.	Year	Amount Receivable
1	2007-08	1,72,67,815.00
2	2008-09	1,93,30,007.00
3	2009-10	2,48,83,502.00
4	2010-11	2,92,77,194.00
5	2011-12	2,97,53,488.25
6	2012-13	3,62,37,094.00
7	2013-14	3,36,92,039.00
8	2014-15	3,79,75,201.00

The year wise position given above clearly shows that the recoverable amount is increasing sharply year after year, which is a matter of serious concern. Therefore, suitable instructions are required to be issued from the Head Office to the Divisions for making the recoveries of outstanding amount in a time bound manner so that outstanding amount could be recovered at the earliest.

7.9 Non-adjustment of ₹12.74 lac under the head “Rectification (Cash Book)-1”

An amount of ₹12,73,840.24 was shown under the head “Rectification (Cash Book)-1” **(Schedule-XXXIV)** in current asset of Balance Sheet. On perusal it has been observed that no adjustment/rectification was done during the year 2014-15. Hence, it is advised that the necessary steps may be taken to adjust the above amount so that true & fair view of the balance sheet could be ascertained.

7.10 Non adjustment of Accounts worth ₹1.33 crore

An amount of ₹1.33 crore was shown under various heads of account in “Current Assets” of the Balance Sheet as per detail given below. But no efforts were made to settle/adjust these accounts. Strenuous efforts may be made to settle these accounts in accordance with rules/regulations and accounting principles in a time bound manner so that true & fair view of state of affairs of HIMUDA could be reflected by financial statements:-

Sr. No.	Head	Schedule No.	Amount in (₹)	Remarks
1	Material for works in store (NVP)	XXVI	39,35,946.68	The amount is pending for final settlement for twelve years
2	Other miscellaneous advances (NVP)	XXVII	2,41,644.37	The amount is pending for final settlement for twelve years.
3	Suspense a/c	XXIX	5,76,425.00	The amount is pending for final

				settlement for last several years
4	Sundry Debtors	LI	85,04,270.87	
Total			1,32,58,286.92	

7.11 Suspected irregularity with regard to credit balances depicted under various heads of accounts pertaining to Current Assets

During the course of audit it has been observed that the closing balances under various heads of accounts pertaining to Current Assets **(Schedule-E)** have been shown as credit as detailed below, which seems to be irregular because as a matter of accounting principle, the current asset has always have a debit balance. Thus, showing of credit balance of current assets implies that either the amount has been recovered in excess or excess credit has been given to the debtors or the current liabilities have been shown under current assets and vice-versa:-

Head of Account	Amount	Sub-Schedule
Cash in Transit	2,54,42,963.74 Cr.	XLV
Other Misc. Advance	20,36,861.39 Cr.	L
Water Charges Receivable	41,29,439.00 Cr.	XXXIX
Income Tax (TDS) Pensioner A/C	1,59,534.00 Cr.	XXXIII
Other Misc. Advances	8,99,015.00 Cr.	LIII

Similarly closing balance under the head of account 'Pension to HIMUDA Employees' pertaining to Current Liabilities **(Schedule-C-II“A”)** amounting to ₹ 50,77,812/- has been shown as debit, which also seems irregular because as a matter of accounting principle, the current liability has always a credit balance. Thus, showing of debit balance of current liability implies that either the amount has been paid in excess or excess debit has been given to the creditors or the current assets have been shown under current liabilities and vice-versa. Therefore, reasons and circumstances leading to the said discrepancies may be sorted out and reconciled besides doing necessary corrections in the accounts under intimation to audit.

8 Excess accounting of interest receivables on FDRs amounting to ₹43.65 lac in final accounts of HIMUDA for the year 2014-15.

During the course of audit, it has been observed that as per statement of FDRs put up to audit, an amount of ₹3,81,43,691/- was accrued/received as interest on FDRs during the financial year 2014-15, out of which amount deducted as TDS was ₹43,65,689/- and the net interest receivable amount ₹3,37,78,002/-, which actually stand reinvested

in FDRs, but according to Journal Voucher No. 95, dated 31.3.2015, the interest amount was credited to income as ₹4,25,09,380/- instead of ₹3,81,43,691/- and the interest receivable on FDRs account was debited by ₹3,81,43,691/- instead of ₹3,37,78,002/- which is in excess by ₹43,65,689/-. This irregularity not only affects the Assets & Liabilities position of HIMUDA but also the net profit shown in the Profit & Loss Account as per detail given below:-

Head of Account	Amount as taken/shown in financial statements	Actual amount	Diff. Excess amount taken as mentioned above.	Remarks
Net Profit	1,44,60,010.73	1,00,94,321.73	43,65,689.00	Overstatement of net profit in Profit & Loss Account
Reserve & Surplus	1,21,94,36,499.71	1,21,50,70,810.71	43,65,689.00	Overstatement of Reserve & Surplus in Balance Sheet
Fixed Deposit (Interest receivable on FDRs re-invested)	38143691.00	3,37,78,002.00	43,65,689.00	Overstatement of Fixed Deposit in Balance Sheet

Thus the Balance Sheet as well as Profit & Loss Account put up to audit is not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancies may be reconciled and concerned financial statements be rectified accordingly under intimation to audit.

9 The following observations relating to profit & loss may be attended
9.1 Excess Income/Net Profit/Receipts amounting to ₹2.21 crore shown in Final Accounts of HIMUDA for the year 2014-15

During the course of audit it has been observed that while consolidation of Trial Balance of Parwanoo Division into the Final Accounts of HIMUDA, an excess Income/Receipt amounting to ₹2,21,00,000 was taken into account wrongly as per detail given below, which not only affect the Assets & Liabilities position of HIMUDA but also the net profit shown in the Profit & Loss Account. Thus, the Balance Sheet as well as Profit & Loss Account put up to audit is not depicting the true & fair position of HIMUDA affairs.

Head of Account	Actual amount as per Trial Balance	Amount taken in Final Accounts	Difference	Effects in Financial Statements
LIC Premium A/C	2,33,834 Cr.	23,33,834 Cr.	21,00,000 Cr.	Overstatement of liability in Balance Sheet
Admin/	1,73,17,367 Cr.	3,73,17,367 Cr.	2,00,00,000 Cr.	Overstatement of

Departmental Charges				liability (Reserve & Surplus) in Balance Sheet besides income as well as net profit in Profit & Loss Account
Total	1,75,51,201 Cr.	3,96,51,201 Cr.	2,21,00,000 Cr.	

Therefore, the said discrepancies may be reconciled and concerned financial statements be rectified accordingly under intimation to audit.

9.2 Huge gap of ₹10.88 crore between Administrative/Departmental charges received and Establishment Expenditure incurred by HIMUDA.

An expenditure of ₹22,32,39,887.00 was incurred on salary of staff during the year against the receipt of Administrative/Departmental charges of ₹11,44,15,076.00 (₹1,46,09,645+ ₹9,98,05,431), which clearly indicates that the construction activities are not matched with administrative expenses i.e. salary etc. There is dire need to increase the construction activities to bridge the huge gape of ₹10,88,24,811.00 (₹22,32,39,887-₹11,44,15,076). Hence, the HIMUDA authorities are advised to increase its constructions activities in order to bridge the gap between departmental charges received and administrative expenditure incurred from time to time.

9.3 Revenue loss of ₹3.31 crore on maintenance of colonies

From the perusal of Profit & Loss Account, it is revealed that an expenditure of ₹4,92,36,063.00 was incurred on repair and maintenance of various colonies against the actual receipt of ₹ 1,61,62,725.00 resulting thereby a revenue loss of ₹3,30,73,338.00 on this account, which needs full justification. The HIMUDA authorities are advised to bring the expenditure on maintenance of various colonies at par with the receipt on this account, to avoid the revenue losses, in future.

9.4 Surplus on sale of colonies of ₹3.03 crore

Surplus on sale of colonies of ₹3,03,65,713.00 was shown in the profit and loss account. This amount pertains to yearly profit calculated by HIMUDA on the basis of percentage completion of works of different colonies, the adjustment of which shall be carried out subsequently on completion and finalization of costing of each colony. Hence, the amount stated above should have been shown under the head “Deemed Profit on Work in Progress” instead of “Surplus on sale of colonies”. It is, therefore, advised that nomenclature of this account head may be examined and necessary correction may be carried out unless justified.

9.5 Receipt on account of outturn of vehicle ₹5.84 lac

An amount of ₹5,83,622.00 was shown under the head “outturn of Vehicle” in the credit side of Profit & Loss Account, which reflects that income has been earned from Vehicles. This account is actually created to charge the expenditure of running and maintenance of vehicles to different ongoing works and after adjusting the actual expenditure incurred on running and maintenance of vehicles used for the inspection of works, the account should have nil balance but showing a credit balance in this account clearly indicates that outturn of the vehicle has been fixed at higher rate, which needs to be re-examined so that the actual expenditure on running and maintenance of vehicle is debited to works account.

9.6 Wrong classification of payment of ₹1.27 crore as expenditure in Annual Accounts for the year 2014-15.

From the perusal of the relevant record put up to audit, it has been observed that an amount of ₹14,51,490/- was paid as leave encashment to the three Board employees out of HIMUDA fund vide voucher No. 2172, dated 31.3.2015 (Cash Book Page-79) and the same was wrongly debited to ‘leave encashment of earned leave Account’ and charged to Profit & Loss Account of HIMUDA whereas the alone amount should have been debited to ‘Leave Encashment Trust/ Receivable Account’ because the same is receivable amount from Employees Leave Encashment Fund which is constituted & maintained by the HIMUDA separately for this purpose and in which a sum of ₹388.99 lac were lying in credit as on 31.03.15, and shown as Debtors under Head current Assets on Asset side of the Balance sheet. On detailed audit, this irregularity during the whole financial year amounts to ₹1,26,85,124 as per detail given below:-

Month	Journal/cash Voucher No.	Date	Amount (₹)
(i)HQ HIMUDA			
5/2014	Cash Vr. No.303	26.05.14	655880
	Cash Vr. No.304	26.05.14	315765
7/2014	Cash Vr. No.727	24.07.14	947150
8/2014	Cash Vr. No.822	06.08.14	92673
10/2014	Cash Vr. No.1206	14.10.14	521301
	Cash Vr. No.1251	25.10.14	444800
11/2014	Cash Vr. No.1342	12.11.14	35530
	Cash Vr. No.1441	26.11.14	34520
1/2015	Cash Vr. No.1712	12.01.15	67959

2/2015	Cash Vr. No.1842	06.02.15	916167
3/2015	Cash Vr. No.2172	31.03.15	1451490
(ii) Dharamshala Division			
3/2015	Journal Vr. No.12	31.3. 15	1907329
(iii) Division-I			
3/2015	Journal Vr. No.1	31.3. 15	734310
(iv) Electrical Division -Hamirpur			
3/2015	Journal Vr. No.42	31.3. 15	113550
(v) Divison- Mandi			
3/2015	Journal Vr. No.23	31.3. 15	4446700
Grand Total (i)to(v)			1,26,85,124

The above irregularity resulted into understatement of current Assets, net profit, Reserve & Surplus and over statement of expenditure of ₹1,26,85,124/- and thus the Balance Sheet as well as Profit & Loss Account is not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancy may be reconciled and concerned financial statements be rectified accordingly under intimation to audit besides replenishment of 'HIMUDA Fund' from 'Employees Leave Encashment Fund' by said amount.

9.7 Wrong classification of payment of ₹30.89 lac as expenditure in Annual Accounts for the year 2014-15.

From the perusal of the relevant record put up to audit, it has been observed that an amount of ₹27,49,438/- was shown as payable in the pension payable account as on 31.03.15, which seems to be incorrect for the reason that the amount is provisioned in the account for payment of pension of corporate pensioners of HIMUDA and same stands already defrayed during the current financial year 2014-15 itself but while making the payment an amount of pension of ₹30,88,982/- was wrongly debited to 'pension payment Account' instead of 'pension payable Account'. Further, an amount of ₹5,70,876/- was also wrongly debited to 'pension payable Account' instead of debiting ₹55,957/- to 'pension payment Account' & ₹5,14,919/- to 'pension to HIMUDA Employees Account' as per detail given below: -

Month	Journal/cash Voucher No.	Date	Amount (₹)
HQ HIMUDA			
4/2014	Cash Vr. No.66	17.04.14	184163
5/2014	Cash Vr. No.261	21.05.14	184163
	Cash Vr. No.359	21.05.14	181485
7/2014	Cash Vr. No.589	07.07.14	181485

8/2014	Cash Vr. No.811	04.08.14	213847
	Cash Vr. No.958	30.08.14	213847
10/2014	Cash Vr. No.1159	04.10.14	226259
	Cash Vr. No.1285	31.10.14	226774
12/2014	Cash Vr. No.1461	01.12.14	226774
1/2015	Cash Vr. No.1644	01.01.15	225332
2/2015	Cash Vr. No.1905	13.02.15	1024853
Total			3088982
<u>Less:- Wrong Debit</u>	Cash Vr. No.1596	22.12.14=₹514919	
	Cash Vr. No.1600	23.12.14=₹55957	(-)570876
Grand Total			2518106

The above irregularity resulted into understatement of net profit, Reserve & Surplus, Current Assets and over statement of Expenditure & Current Liability to the extent stated above and thus the Balance Sheet as well as Profit & Loss Account is not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancy may be reconciled and concerned financial statements are rectified accordingly under intimation to audit besides replenishment of 'HIMUDA Fund' from 'pension to HIMUDA Employees Fund' by an amount of ₹5,14,919/- .

10 Annual Accounts

10.1 Different items of various Divisions totalling ₹5.97 crore either wrongly booked or not at all journalized in H.Q. accounts.

While consolidation of the Trial Balance entries of various Divisions in the H.Q. the following discrepancies have been observed in the trial Balance for the month of 3/2015.

1. Electrical Division Dharamshala (HMR)				
Sr. No.	Particulars (Item)	Dr./ Cr.	Amount (₹)	Remarks
1	Shifting of L.T. line passing the Plot No. 19 in Dhundi, Mandi	Dr.	65,390	It is the opening as well as closing balance in the Division's Trial Balance but booked as expenditure vide Jr. voucher No. 1 whereas there was no expenditure during current year.
2	SOP to ITI at	Dr.	(-) 9,15,885	Journalized as debit (instead

	Bangana, Una			of reverse debit or simple credit) vide Jr. Voucher No. 5 which may be justified.
3	SC/ST Hostel at Palampur	Dr.	(-) 2,290	Journalized as debit (instead of reverse debit or simple credit) vide Jr. Voucher No. 6 which may be justified.
4	Departmental Charges:-			Items not journalized and hence not accounted for in H.Q. accounts thereby resulting understatement of income /surplus/liability or over statement of Assets
	i. Self Financing Scheme	Cr.	1,80,132	
	ii. Deposit Work	Cr.	27,19,004	
	iii. Board's own share	Cr.	12,397	
5	Interest A/C	Cr.	1,000	
6	Receipt from Principal RGH Paprola	Cr.	93,355	
7	Imprest Account	Cr.	3,26,09,045	
8	Warm Clothing Advance	Cr.	21,600	
2. Construction Division Dharamshala				
1	Receipt from Board Accommodation	Cr.	15,806	This figure wrongly booked under Head "Receipt under RTI Act" D/shala Division vide Jr. Voucher No. 13 which may be justified or corrected.
2	R/M of Sewerage Holta	Dr.	63,000	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting under statement of expenditure or over statement of surplus.
3	Providing & laying heavy duty pre-cast cement	Cr.	68,000	Journalized as Dr. vide Jr. Voucher No. 32
4	C/O Outdoor Stadium Dulehar, Una	Dr.	16,938	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting under statement of expenditure of deposit work or over statement of liability
5	C/O GSSS Majhiana, Kangra	Dr.	49,484	Journalized for ₹49,848 vide Jr. voucher No. 46 thus having difference of Rs.364/-
3. Construction Division Shimla-I				
1	C/O ITI Building at R/Peo	DR.	15,690	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting under statement of expenditure of deposit work or over statement of liability
2	C/O Police line at Bharari:-			
	i. C/O 4 No. Toilets & 1 No. Lock-up room	Dr.	(-) 29,876	

	ii. . C/O 6 No. Toilets & 1 No. Lock-up room	Dr.	2,539	
	iii. C/O RCC gate & Enclosure Wall	Dr.	6,68,904	
3	Veterinary Hospital Cheog C/O Hospital Building i/c installation of WS & SI and external services	Dr.	95,593	
4. Electrical Division Shimla				
1	R/M of HP-68-A/0012	Dr.	1,91,701	Journalized for ₹2,00,975 vide Jr. voucher No. 32 thus having difference of Rs. 9274/
2	R/M of Street light Phase-III, New Shimla (Part-II)	Dr.	242	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting under statement of expenditure or over statement of surplus.
3	C/O Housing colony Theog (SH: Pdg. E.I. to 12 No.s Cat-II Flats)	Dr.	2,73,019	Journalized for ₹2,63,794 vide Jr. voucher No. 23 thus having difference of Rs. 9225/
4	Pdg. E.I. to Lift machine room	Dr.	48,748	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting under statement of expenditure or over statement of surplus.
5	Pdg. Electrical connection to newly constructed Pump House near Block No. 84	Dr.	4,59,696	
6	C/O GHS at Sush, Anni, Distt. Kullu	Dr.	2,12,267	
7	Pdg. E.I. to SOP Urban Poor of Shimla Town at Dhalli	Dr.	697	
8	C/O Indoor Stadium at Rohru (SH: Pdg. Int. E.I.)	Dr.	29,05,425	
		Cr.	6,59,599	
9	C/O Indoor Stadium at Rohru (SH: Pdg. SOP)	Dr.	5,99,635	
10	Providing Heating points in Warden security cabin of Block ABC Model Central Jail at Kanda	Dr.	1,68,481	
11	Central Jail at	Dr.	1,123	

	Kanda (SH: Pdg. Light & Heating points)			
12	Pdg. E.I. to office building for poultry farm at Kamlahi	Dr.	337	
5. Construction Division Shimla-II				
1	Police Work at Shimla:-			
	i. S/R of Police Station Building Chhota Shimla	Dr.	4,99,990	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting under statement of expenditure of deposit work or over statement of liability
	ii. S/R of Police Building at Boileauganj Shimla	Dr.	5,13,397	
	iii. S/R of Sadar Thana Building Shimla	Dr.	3,42,646	
6. Electrical Division Mandi				
1	Receipt from Deputy Director Ayurveda H.P. Shimla	Cr.	20,34,171	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting understatement of receipt/liability
2	Sale of Broachers Form	Cr.	16,000	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting understatement of income /reserve & surplus
3	Warm Clothing Advance	31500 Dr. 19323 Cr.	12177 Dr.	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting understatement of current assets.
4	Staff Advance A/C	36,75,152 Dr. 39,81,160 Cr.	306008 Cr.	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting overstatement of current assets.
5	RMM of WSS	Cr.	1000 Cr.	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting overstatement of expenditure and understatement profit/reserve & surplus
6	C/O IDTR Paplog, Sarkaghat (SH: C/O Admin Block	Dr.	85,63,104 Dr.	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting overstatement of liability
7	S/R of Institute for children	Dr.	8,18,104 Dr.	Items not journalized and hence not accounted for

	with special ability at Sundernagar			in H.Q. accounts thereby resulting overstatement of liability
8	C/O 2 No.s of Inspector Residence P.R. at Janjaheli, Mandi	Dr.	10,06,902 Dr.	Items not journalized and hence not accounted for in H.Q. accounts thereby resulting overstatement of liability
7. Construction Division Parwanoo				
1	Education Loan A/C	75000Dr. 9375Cr.	65,625 Dr.	Item not journalized and hence not accounted for in HIMUDA accounts thereby resulting understatement of current assets
2	C/O Pump House-cum-Attendant Room, Bhatolikhurd	Dr.	76,000 Dr.	Item not journalized and hence not accounted for in HIMUDA accounts thereby resulting understatement of current assets
3	Dev. Of H/C at Jurja (SH: OHT 1.00 lac litr. Capacity)	Dr.	28,23,941Dr.	Item not journalized and hence not accounted for in HIMUDA accounts thereby resulting understatement of current assets
Total		5,97,50,622		

In this way, a huge amount is involved in different items of various Divisions stated above and have either been wrongly booked or booked with wrong amount or not at all accounted for in the HIMUDA Final accounts, which resulted into showing of inflated position of profits/surplus shown/made during the year 2014-15 besides showing understatement of Assets & overstatements of Liabilities thus affected the true & fair position of the state of affairs of the HIMUDA as is shown in Balance Sheet as on 31.3.2015. Therefore, the above said irregularities may either be justified or necessary corrections in the Annual Accounts as well as in the Financial Statements of HIMUDA be carried out under intimation to audit.

10.2 Incorrect classification of receipts in Annual Accounts for the year 2014-15.

From the perusal of the relevant record put up to audit, it has been observed that Total amount of `2,92,457/- was received from Sh. Purshotam Dass, Allottee, Cat-III, F-I, Block-4, Flowerdale, Shimla vide Receipt No. 512359, dated 31.3.2015 (Allottee Ledger Page 113) on account of installment of ₹2,79,083 & watch & ward charges of ₹13,374/-. But while classifying the receipt in annual accounts, watch & ward charges of ₹13,374/- were wrongly credited to current assets head 'Work-in-progress C/O Buildings account' instead of income head 'watch & ward

charges account' (Receipt Voucher No. 2164, dated 31.3.2015, ₹31,37,700/- H.Q. Cash Book Page-78), which resulted into understatement of income/net profit/Reserve & Surplus and current assets in Profit & Loss Account and Balance Sheet as detailed below:-

Head of Account	Amount shown	Amount to be shown	Diff.	Remarks (Effects in Financial Statements)
Watch & Ward Charges	59,18,866.00	59,32,240.00	13,374	Income head under P & L account
Work-in-progress C/O Buildings	42,35,52,041.01	42,35,65,415.01	13,374	Under current assets in Balance sheet
Net Profit	1,44,60,010.73	1,44,73,384.73	13,374	Profit & Loss Account
Profit & Loss Account	1,44,60,010.73	1,44,73,384.73	13,374	Reserve & Surplus (Balance Sheet)

Hence, the financial statements viz. Profit & Loss Account and Balance Sheet are not depicting true & fair position of the HIMUDA, which may either be justified or said statements may be rectified accordingly under intimation to audit.

10.3 Wrong classification of expenditure of ₹50.78 lac as liability in Annual Accounts for the year 2014-15.

From the perusal of the relevant record put up to audit, it has been observed that an amount of ₹2,13,579/- was paid as pension to the fifteen Board employees out of HIMUDA fund vide voucher No. 2008, dated 7.3.2015 (Cash Book Page-40), but the same was wrongly debited to 'Pension to HIMUDA Employees Account' under head current liabilities vide Journal voucher No. 88, dated 1.03.2015, whereas being revenue expenditure, the same should have been debited to 'Pension Payment Account' and charged to Profit & Loss Account. On detailed audit, the irregularity during the whole financial year amounts to ₹50,77,812/- as per [Schedule-II(A)], the detail of which is given below:-

Month	Journal Voucher No.	Date	Amount
4/2014	5	1.4.2014	187163
5/2014	14	1.5.2014	187163
6/2014	18	1.6.2014	187163
7/2014	31	1.7.2014	191930
8/2014	39 & 40	1.8.2014	1441799
9/2014	46	1.9.2014	219525
10/2014	54 & 61	1.10.2014	463874
11/2014	69	1.11.2014	231937
12/2014	74 & 75	1.12.2014	463874

1/2015	81	1.1.2015	231937
2/2015	82	1.2.2015	1029340
3/2015	88	1.3.2015	242107
Total			5077812

The above irregularity resulted in to understatement of current liability and over statement of net profit of ₹50,77,812/- and thus the Balance Sheet as well as Profit & Loss Account is not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancy may be reconciled and concerned financial statements be rectified accordingly under intimation to audit .

10.4 Monthly pension in r/o corporate sector pensioners for the month of 12/2014 adjusted twice in the accounts.

During the course of audit, it has been observed that the transaction of ₹2,31,937/- pertaining to payment of monthly pension in r/o corporate sector pensioners for the month of 12/2014 journalized twice i.e., firstly vide Jr. Vr. No. 74 dated 1.12.2014 and secondly vide Jr. Vr. No. 75 dated 1.12.2014, which resulted into overstatement of pension expenditure as well as liability as per detail given below:-

Head of Account	Nature	Amount	Effects in Financial Statements
Pension to HIMUDA Employees A/C	Expenditure	2,31,937 Dr.	Profit & Loss A/C
Income Tax (TDS) Pensioners A/C	Liability	3,605 Cr.	Balance Sheet
Misc. Recovery A/C	Receipt	3,000 Cr.	Profit & Loss A/C
Pension Payable A/C	Liability	2,25,332 Cr.	Balance Sheet

Therefore, the said discrepancy may be accounted for/reconciled and concerned financial statements be rectified accordingly under intimation to audit.

10.5 Irregularity regarding not giving the effect of Journal Voucher No. 76 of 1/2015 for ₹4,97,376/- in the final accounts of HIMUDA for the year 2014-15.

During the course of audit, it has been observed that a sum of ₹4,97,376/- was recoverable from Late Sh. Rakesh Sharma, S.E. HIMUDA on account of excess salary released to him by Dharamshala Division for the period 13.6.2012 to 27.8.2013. Accordingly, the

concerned S.E. was made debtor vide Jr. Voucher No. 76 of 1/2015 for ₹4,97,376/- (Page-189 of Journal Register H.Q. Office), but its effect in the final accounts of HIMUDA was not given, which resulted into understatement of current assets and over statement of Establishment Expenses A/C. Therefore, the said discrepancy may be accounted for/reconciled and concerned financial statements be rectified accordingly under intimation to audit.

10.6 Excess credit of income pertaining to “Interest on delayed Receipt of Instalment” amounting to ₹15,286 from allottees.

From the perusal of Journal Voucher No. 98, dated 31.3.2015 along with statement attached therewith, it has been observed that interest on receipt of instalment from allottees was ₹3,99,56,251/-, which was wrongly journalized as ₹3,99,71,537/-, i.e., excess by ₹15,286/-. This irregularity resulted into overstatement of income & net profit and overstatement of work in progress (Allottee account) under current asset head as well as Reserve & Surplus Account on the liability side of Balance Sheet. Thus, the Balance Sheet put up to audit is not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancy may be reconciled and concerned financial statements be rectified accordingly under intimation to audit .

10.7 Excess amount of FDRs/interest accrued/TDS accounted for in HIMUDA accounts for the financial year 2014-15 than the actual as per statement/FDR receipts

From the perusal of Journal Voucher No. 95, dated 31.3.2015 along with statement attached therewith besides FDRs receipts/certificates of banks put up to audit, it has been observed that due to error of commission/casting excess amount of FDRs/interest accrued/TDS has been accounted for in HIMUDA accounts for the financial year 2014-15, instead of the actual amount as per statement/FDR receipts as per detail given below:-

Head of Account	Actual Amount	Amount shown/taken	Diff	Effects in Financial Statements
Opening Balance Fixed Deposit (Asset)	44,13,73,796 Dr.	44,16,06,626 Dr.	2,32,830 Dr.	overstatement of Fixed Deposits in the Assets Side of the Balance Sheet
Interest accrued/received on FDRs (Income)	3,80,58,010 Cr.	3,81,43,691 Cr.	85,681 Cr.	overstatement of income/net profit in the P & L Account as well as liability side of Balance Sheet
TDS (Prepaid)	40,76,689 Dr.	43,65,689 Dr.	2,89,000 Dr.	overstatement of current assets in the Balance

				Sheet
Closing Balance Fixed Deposit (Asset)	43,52,11,517 Dr.	43,52,41,028 Dr.	29,511 Dr.	overstatement of Fixed Deposits in the Assets Side of the Balance Sheet

Thus the Balance Sheet as well as Profit & Loss Account put up to audit is not depicting the true & fair position of HIMUDA affairs to the extent. Therefore, the said discrepancies may be reconciled and concerned financial statements got rectified accordingly under intimation to audit.

10.8 Wrong classification of payment of ₹2.65 lac as expenditure instead of Assets in Annual Accounts for the year 2014-15.

From the perusal of the relevant record put up to audit, it has been observed that an amount of ₹2,64,900 was paid in advance to M/s HP State Electronic Dev. Corp. Ltd. –Khalini, Shimla for the purchase of SURVER HP ML350P with Intel E5-2620v2 six core processor Vide Voucher no.851 dated 12.08.14 (Supplied vide bill.no.34177 dated 31.10.14), but the amount was wrongly charged to Profit & Loss Account as Expenditure, whereas being item of non consumable nature, it should have been classified as Current Assets and should have been shown in Assets side of the Balance Sheet besides charging the amount of depreciation to the Profit & Loss Account. The above irregularity resulted in to understatement of net profit, Reserve & surplus, current Assets and over statement of expenditure to the extent stated above and thus the Balance Sheet as well as Profit & Loss Account is not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancy may be reconciled and concerned financial statements be got rectified accordingly under intimation to audit.

10.9 Irregularity regarding double Accounting of payment of transactions of ₹13.35 lac in Cash Book.

During the course of audit, it has been observed that the payment of ₹13,12,000 for the acquisition of land at Theog, were not accounted for previously in the cash book of relevant Financial Year, though the said payment was made vide cheque no. 0412604 dated 13.04.06. This transaction has now been accounted for in the current Financial Year i.e., firstly vide payment Vr. No. 699 dated 17.07.2014 and secondly vide payment Vr. No. 1931 dated 21.02.2015. Further ₹23,179 were also Debited to Head 'Interest on Saving A/c' fictitiously without any actual transaction vide payment Vr. No. 1931 dated 21.02.2015. The above stated irregularities resulted into understatement of Income, Current Assets, Net Profit/ Reserve & Surplus and thus the Balance Sheet as well as Profit & Loss Account is also not depicting the true & fair position of HIMUDA affairs. Therefore, the said discrepancy may be reconciled and

concerned financial statements got rectified accordingly under intimation to audit besides confirming the stated position with facts and figures.

11 Construction Divisions

The serious irregularities noticed during the audit of accounts of all construction divisions for the year 2014-15 are exhibited below for taking further necessary action.

11.1 Excess payment of ₹ 7.55 lac to the various contractors

The detailed checking of construction bills revealed that excess payment of ₹7.55 crore was made to the various contractors due to calculations errors, wrong payment of rates, less recovery of material, non deduction of statutory dues ie. Royalty, sales tax, income tax, labour cess, excess payment of security, non approval of rates from competent authority etc. The division wise detail of excess payment is given below:-

Sr. No.	Name of the Division	Para No	₹(in Lacs)
1	Shimla Division No-I	9,14(क),16,18	0.62
2	Shimla Division No-II	11,12,13,13.1,13.2,14,15,16	1.55
3	Mandi Division	8,10,11,12(क),13(क),16	1.22
4	Parwanoo Division	10,11,12(क)से(ग),13(क),14(ख),15	2.77
5	Dharamshala Division	9.1 से 9.3,10,12,13,14	0.45
6	Electrical Div. D-Shala	8 व 9	0.94
Total			7.55

11.2 Non recovery of secured advances amounting to ₹ 41.69 lac. from various contractors

From the scrutiny of the record of secured advances paid to the various contractors, it is revealed that secured advances of ₹ 41.69 lac as per detail given below were pending for recovery as on 31-03-2014. As per the provisions of contract agreement, the secured advances are sanctioned when the material is required for immediate use in the work. In such a situation, the recovery of secured advances is to be effected from the next running bill of the work, whereas, the secured advances were

pending for recovery for a long period. Thus, non recovery of secured advances in a time bound manner is a serious irregularity. The HIMUDA may take necessary steps to effect the recovery of secured advances unless the delay is justified. The division wise detail of pending recovery of secured advances is given below:-

Sr. No.	Name of the Division	Para No	₹ (in Lacs)
1	Shimla Division No-I	15(क)	1.55
2	Mandi Division	14	6.02
3	Electrical Div. Shimla	5	20.99
4	Electrical Div. D-Shala	5	13.13
Total			41.69

11.3 Non utilization of stock articles of ₹ 18.83 lac.

During the examination of stock account of construction Shimla Division-I and Dharamshala Division, it is noticed that stock articles worth ₹18.83 Lac were lying unutilized since long time as per detail given below. The reasons for non utilization of stock articles may be intimated besides utilizing the same.

Sr. No.	Name of the Division	Para No	₹ (in Lac)
1	Shimla Division No-I	6	10.47
2	Dharamshala Division	21	8.36
Total			18.83

11.4 Irregular/excess payment of Salary and TA of ₹8.91 lac.

While examining the establishment expenditure of various divisions, it is noticed that irregular/excess payment of ₹8.91 lac was made to the employees of divisions/Head Office. The authority may take necessary action for regularization of irregular payments besides effecting the recovery of excess payment of pay and allowances. The division wise detail of the excess/irregular payment is given below.

Sr. No.	Name of the Division	Para No	₹(in lac)
1	Head Office	44,45	8.12
2	Shimla Division No-I	11	0.12
3	Shimla Division No-II	26,27	0.45

4	Parwanoo Division	24,25,26	0.15
5	Dharamshala Division	15	0.03
6	Electrical Div. Shimla	11	0.04
Total			8.91

11.5 Non adjustment of staff/miscellaneous advances of ₹279.86 lac.

A sum of ₹279.86 lacs on account of staff/miscellaneous advances were lying pending for adjustment since long time with the staff members and various contractors. The adjustment of these advances may be ensured. The division wise detail is given below:-

Sr. No.	Name of the Division	Para No	₹(in lac)
1	HIMUDA HQ	16,17	123.26
	Shimla Division No-I	4,4.1,4.2	94.99
2	Shimla Division No-II	4,4.1	19.79
3	Mandi Division	4	1.19
4	Parwanoo Division	4	14.39
5	Dharamshala Division	5.1,5.2	17.10
6	Electrical Div. Shimla	4(क),(ख)	8.31
7	Electrical Div. D-Shala	7	0.83
Total			279.86

12 Pending Audit Reports/ paras

The position of the outstanding audit paras as on 31-03-2015 in respect of Head Office and seven divisions* of HIMUDA are given below. There are 1163 audit paras pending for settlement. The executive Engineer/Chief Accounts Officer are responsible of the settlement of audit paras but it is very strange that inspite of best efforts of this department these paras could not be got settled. Non settlement and increasing para indicates inadequate response to audit findings and observations and thus leads to wearing away of accountability. The CEO cum Secretary HIMUDA may review the compliance/settlement of outstanding audit paras periodically so that the maximum audit paras can be settled.

S. N.	Name of the Division	Audit Period	Outstanding para prior to audit period	Paras added during the current audit	Total	Paras settled during the current audit	Balance
1	Head Office	4/14 to 3/15	249	52	301	21	280
2	Shimla Division No-I	4/14 to 3/15	325	24	349	54	295
3	Shimla Division No-II	4/14 to 3/15	177	25	202	104	98
4	Mandi Division	4/14 to 3/15	103	22	125	6	119
5	Parwanoo Division	4/14 to 3/15	59	24	83	44	39
6	Dharamshala Division	4/14 to 3/15	233	19	252	9	243
7	Electrical Division Dharamshala	4/14 to 3/15	29	10	39	18	21
8	Electrical Division Shimla	4/14 to 3/15	64	11	75	7	68
Total			***1239	187	1426	263	1163

*** Above paras also includes sub paras.

Department,
Shimla-09

Sd/-
Director,
Local Audit
Himachal Pradesh,