

Government of Himachal Pradesh
Local Audit Department
Block No. 38, SDA Complex,
Kasumpti, Shimla-9



Audit and Inspection Report
On
Final Accounts of HIMUDA
For the Period 04/2011 to 03/2012

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 2011-2012 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 04/2011 to 03/ 2012 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 2011-2012.

The idea of this report is to give impression of functioning of HIMUDA and to draw the attention of the State Government for remedial action and improvement where ever necessary.

OVERVIEW

An overview to the audit and inspection report on the final accounts of HIMUDA for the year 2011-12

Sr. No.	Para No.	Brief Description	(in crore)
1	3.2	Unjustified creation of provision on account of interest redemption	3.66
2	5.1	Non settlement of unadjusted accounts	1.50
3	5.3	Non utilization of advance receipts against Deposit Works	109.88
4	6.1(a)	Non adjustment of work in progress account	835.56
5	6.1 (b)	Non settlement of receipt from allottees	766.14
6	6.2	Non adjustment of accumulated deemed profits	98.62
7	6.4	Non settlement of "Cash in Transit" account"	1.00
8	6.5	Non recovery of amount on account of excess expenditure incurred on "Deposit Works"	43.10
9	6.6	Less accountal of Interest on Interest on Receivable on FDRs	2.25
10	6.7	Non adjustment of staff advance	3.34
11	6.8	Non settlement/adjustment of Cash Settlement Suspense Account	0.55
12	6.11	Non recovery of amount on account of Maintenance, Water Charges & Rent Receivable	2.97
13	6.12 (a)	Non adjustment/recovery of Tax Recoverable A/c from IT Deptt	12.77
14	6.13	Clubbing the amount of "Adjustable Amount (JNNURM) in the Accounting Head "Rectification"	3.11
15	6.14	Non settlement of unadjusted accounts of current assets, loans and advances	8.98
16	7.1	Incurring of Establishment Expenditure over and above the administrative charges received	6.88
17	7.2	Revenue loss of on Maintenance of Colonies	2.62
18	10.1	Excess payment to the various contractors	0.31
19	10.2	Non recovery of secured advances	1.03
20	10.5	Non adjustment of misc. advances	2.77

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 principle 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 establishment expenditure and administrative charges receipt.
- 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 deptt., 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 the fair view of the financial statement can be ascertained.

Audit and Inspection Report on the Final Accounts (Balance Sheet, Profit and Loss Account) of Himachal Pradesh Housing and Urban Development Authority, Nigam Vihar, Shimla, for the year 2011-12

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 2011-12 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 01-04-11 to 31.03.2012.

Sr No.	Name of the CEO Cum Secretary	Period
1	Sh.S.C.Sood	29.07.2009 to 31.05.2011
2	Sh.B.D.Joshi	01.06.2011 to 31.12.2011
3	Sh.B.B.Kalra	09.01.2012 to 31.03.2012

- 1.2** The audit of accounts of HP Housing and Urban Development Authority and its divisions were conducted by the audit parties consisting of S/Shri Suresh Gupta, Assistant Controller, Chandresh Handa, Anil Kumar, Ajit Singh, Anil Sharma, Sh.Ravinder, Anil Mehra, Manjeet Section Officers, under the supervision of Sh.Basant Singh Kanwar & Dr.Suneel Angra, Deputy Director, Local Audit Department. **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.** The account for the

month of 03/2012 was mostly selected for detailed check and the results thereof are embodied in the succeeding paragraphs.

1.3 Audit Fee

The Audit fee for the audit of accounts of HIMUDA shall be communicated separately to the Head Office for its remission to the Local Audit Department.

1.4 Non Compliance of observations relating to Balance Sheet

None of the observations on the Balance Sheet were either being complied with or 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 2011-12 was submitted by the HIMUDA Authority to the Director, Local Audit Department vide their letter No. HIMUDA/Accts-319/BSS - 2012 dated 22.03.2013 and thereafter the same was put to examination along with schedules, it was noticed that the self explanatory details/statements in support of items of various schedules, as per detail given below were not attached with the schedules referred to in balance sheet. .

Head of Account	Schedule	item No.	Amount	Dr/ Cr	Remarks
Repayment of excess on account of valuation of Assets& Liabilities(NVP) (Paid to HP Govt.)	A	3(vi)	(-)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 liabilities anticipated work of various colonies.	C	4,5,6,7, 11,12, 13,15, 16,17,	7,88,58,319.57	Cr.	Explanatory details not supplied.

		20,24			
Work in Progress as per % completion Method.	E	2	98,61,80,293.14	Dr.	Explanatory details not supplied.
Works completed in hand.	E	A (4)	4,48,08,972.53	Dr.	Explanatory details not supplied.
Material for works in Stores.	E	A (5)	1,97,64,144.73	Dr.	Explanatory details not supplied.
Material for works in Stores (NVP).	E	A (6)	39,35,946.68	Dr.	Explanatory details not supplied.
Sundry Debtors.	E	A (9)	85,04,270.87	Dr.	Explanatory details not supplied.
Cash in Transit.	E	A (10)(ii)	1,00,36,926.00	Dr.	Explanatory details not supplied.
Gratuity Fund A/C.	E	A (13)	3,87,00,000.00	Dr.	Explanatory details not supplied.
Cost of Sale Receivable.	E	B (11)	4,02,38,317.78	Dr.	Explanatory details not supplied.
Rectification.	E	B (32)	3,16,20,709.74	Dr.	Explanatory details not supplied.

3. SCHEDULE 'A' RESERVE AND SURPLUS

3.1 Repayment to the Government on account of valuation of Assets & Liabilities (NVP) over and over above the Reserves & Surplus (NVP) amounting to ₹ 4.90 crore in NVP accounts

In schedule "A" under the head Reserve and surplus (NVP) {(item No. 1(ii)} & Grant-in-Aid to NVP {(item No. 3(v))}, a total sum of **₹-9.10 Crore (₹4.45 + ₹4.65)** was existing in the accounts, whereas **₹14.00** crore were shown paid to HP Government in earlier years vide Sr. No. 3(vi) of the schedule on account of valuation of Assets & Liabilities(NVP) resulting thereby excess payment of **₹4.90 crore**. The excess payment may be justified as per finalization/adjustment of accounts of Erstwhile Nagar Vikas Pradhikarn. It is further added that after verification above

mentioned amount of ₹9.10 under the head Reserve & Surplus (NVP) may also be adjusted against the amount paid to Government in earlier years.

3.2 Unjustified creation of provision of ₹3.66 crore on account of interest redemption

A sum of **₹3,66,16,025.17** was shown under the head interest redemption account. The account represents the provisions for interest chargeable to the various Housing Colonies completed in the earlier years and final costing of which were also completed accordingly. Since interest paid on all loans taken for Housing Colonies was charged to the relevant Housing Colonies on annual basis. Hence there appears no justification for creating the provision unless such liability is actually exists. The factual position may be investigated and results thereof may be intimated to audit besides settlement of the provision in accordance with accepted accounting principles.

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3.3- Wrong accountal of Provisions for Allocation of interest of - ₹0.25 - crore under the Head “Grant utilized for development/and acquisition” (Schedule “A” item No. 3(iii))

₹1.465 Crore was shown under the Head “Grant utilized for development/land acquisition” since several years. The figure of **₹1.465 crore** includes an amount of **₹24.78 lac** ($₹454010.85 + ₹349038 + ₹1675000 = ₹24,78,048.85$) pertaining to “allocation of interest” in respect of Housing Colonies at Mandi, Dharamshala, Hamirpur & Parwanoo, 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 in this case, correction in final accounts may be carried out.

4. SCHEDULE 'B' SECURED LOANS

4.1 Non Depiction of component wise loan Repayment of HUDCO Loan for ₹17.84 crore in the schedule "B"

The Schedule "B" attached to the balance sheet represent the position of secured loan of **₹8.76 crore**. During the last financial year it was ₹32.96 crore, which included loans from HUDCO **₹24.62 crore** (At Sr.No. 1). Out of said amount **₹12.24 crore** relates to the HIMUDA's own schemes and rest of the loan i.e. **₹12.38** pertains to Government schemes. From the perusal of related loan statement, it was noticed that ₹17.84 crore was repaid to the HUDCO but no information has been given regarding component wise repayment in the absence of which it could not be ascertained /verified whether the HIMUDA's own schemes loan was repaid or the Govt Loan was repaid. Therefore, the reasons for not showing the component wise loan repayment may be intimated besides making necessary correction in the books of accounts.

5. SCHEDULE 'C' (CURRENT LIABILITIES AND PROVISIONS)

5.1 Non settlement of unadjusted accounts worth ₹1.50 crore

A sum of **₹149.58 lac** was shown since so many years in **Schedule "C"** under the head "current liabilities and provisions" as per detail given below. But no efforts were made to settle these accounts from the basic record. Strenuous efforts may be made to find out the basic record pertaining to these items and 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 ascertained.

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 twenty years
2	Sundry Creditors	2.37	5	The amount is pending for final settlement since last twelve years
3	Provision for arbitration/works	6.38	11	The amount is pending for final settlement since so many years
4	Stock Adjustment Account	2.56	12	The stock adjustment account pertains to Shimla division-I and Mandi Division and is pending for final settlement since last Fifteen years
5	I & PH Department for WSS	17.82	13	The amount is pending for final settlement since last twenty years
6	Deposit Works (NVP)	46.06	14	The account is pending for adjustment since last fifteen years
7	"Contractors Deposit" (NVP)	57.58	15	The account pertains to Erstwhile NVP & is pending for final settlement since last Fifteen years
8	Misc Recoveries	1.53	16	The amount is pending for final settlement since so many years
9	R & D Adjustment	3.69	17	The amount is pending for final settlement since so many years
10	Development fund under Apartment Act	10.08	23	The amount is pending for final settlement since so many years
	Total	149.58		

5.2 Incorrect adjustment of minus entry ₹ - 25.30 under the head Initial Deposit/Earnest Money and non submission of detail of Initial Deposit/Earnest Money & Security

In Schedule “C” under the head “Initial Deposit/earnest Money” & Security account, at item No. 1 & 3, a liability of **₹51.70Crore (₹45,06,08,444.00 + ₹6,64,01,260.19)** were shown. From the scrutiny of record relating to the account of initial deposit/earnest money, it is revealed that in the said amount of **₹51.70Crore** minus figure of (- **₹25,30,26,152.28**) has also been adjusted . The said minus figure of initial deposit/earnest money pertains to various colonies of HIMUDA but the self explanatory schedule/details of these figures of initial deposit/earnest money have not been prepared, in the absence of which proper scrutiny of the various accounts of initial deposit/earnest money could not be conducted. Therefore, in addition to giving complete detail of each figure of initial deposit/earnest money under various colonies the detailed verification may be conducted at the level of Himuda authorities and necessary action be taken accordingly..

5.3 Non utilization of advance receipts against Deposit Works worth 109.88 crore

In **Schedule “C”** under the Head “Advance Payment against Deposit Works” at item No. 18, a liability of **₹-1,09,88,71,268.77** were shown. From the scrutiny of record relating to the account of Advance Payment against Deposit works, it is revealed that this was the Advance Receipt which has been received by the HIMUDA from various Deptt./institutions against deposit works. Thus, a huge amount is lying unutilized with HIMUDA, which clearly shows that the HIMUDA authorities are not taking keen interest in completing the deposit works of various departments in a time bound manner. Therefore, the reasons for completing the woks and not utilizing the amount in a time bound manner may be intimated besides this the proper utilization of the

advance in a time manner against deposit works may be ascertained in future.

5.4 Wrong accountal of TDS amounting to ₹-0.55 crore on Interest receivable from FDR's

The schedule of current liabilities and provisions shows a balance of **₹55,30,235.00** under the head "TDS on interest on FDR Adjustable Account" at item No. 20 of **Schedule "C"**. From the perusal of record, it is revealed that this liability has been created by debiting the TDS on interest receivable in the Profit and Loss account and the same was shown under the schedule of current liabilities whereas on assets side the interest receivable on the FDR's account was existing at **(Schedule "E"- item No. 6)**. Thus, in the balance sheet, this account should have been reduced by the amount of TDS deducted by the bank. The omission may be therefore, be justified and necessary rectification be carried after conducted detailed scrutiny at Himuda level. Apart from above, the detail of interest accrued during the year was not supplied to the audit which may be supplied for necessary verification.

5.5 Wrong accountal of ₹ -1.00 crore under the head FDR Adjustable Account and interest amounting to ₹0.12 crore on FDR under the head Interest on FDR Adjustable Account

(a) The schedule of current liabilities and provisions shows a balance of **₹1,00,00,000.00** under the head "FDR Adjustable Account" at item No. 21 of **Schedule "C"**. From the perusal of record, it is revealed that the double accountal has been made for encashing of FDR No. 13151 & 13137 for ₹50,00,000.00 each on dated 02.09.2011 vide Vr. No. 1493A and Vr no.3440 & 3441 dated 31.03.2012 at Cash Book Page No. 193 & 48 respectively. To rectifying this error, a "FDR Account" has been debited and a newly opened accounting head "FDR Adjustable Account" has been credited leaving the "Bank Account No.09810200000049(UCO Bank Nigam Vihar)" unadjusted vide adjustment Voucher 140 dated 2011-12. In this way wrong rectifying

entry has been passed by creating unnecessary Liability of ₹100,00,000.00 leaving thereby “Bank Account No.09810200000049(UCO Bank Nigam Vihar)” unadjusted. Therefore, the reasons for passing wrong rectifying entry without adjusting the “Bank Account ” may be intimated, besides this correct rectifying entry may be passed in the books of accounts.

(b) Further, the schedule of current liabilities and provisions shows a balance of **₹12,30,650.00** under the head “Interest on FDR Adjustable Account” at item No. 22 of **Schedule “C”**. From the perusal of record, it is revealed that like (a) above, the double accountal has also been made for interest received on FDR No. 13151 & 13137 for **₹12,30,650.00** on dated 02.09.2011 vide Vr. No.1493A and Vr No.3440 & 3441 dated 31.03.2012 at Cash Book Page No. 193 & 48 respectively. To rectifying this error “Interest on FDR Account” has been debited and a newly opened accounting head “Interest on FDR Adjustable Account” has been credited leaving the “Bank Account No.09810200000049(UCO Bank Nigam Vihar)” unadjusted vide adjustment Voucher 141 dated 2011-12. In this way wrong rectifying entry has been passed by creating unnecessary Liability of **₹12,30,650.00** leaving thereby “Bank Account No.09810200000049(UCO Bank Nigam Vihar)” unadjusted. Therefore, the reasons for passing wrong rectifying entry without adjusting the Bank Account may be intimated, besides this correct rectifying entry may be passed in the books of accounts.

6 SCHEDULE “E” “CURRENT ASSETS”, LOANS & ADVANCES

6. - Non adjustment of work in progress account worth ₹ - 835.56crore a Non settlement of receipt from allottees worth ₹766.14 crore

(a) From the perusal of schedule “E” “current assets” it is revealed that gross figures of expenditure i.e. **₹668.00 Crore** against item number A1(i) & **₹167.56 crore** against item number A1(ii) totalling **₹835.56 crore** have been shown under the head “work in progress”.

Whereas, the most of the colonies had been completed since long and were sold out. On completion of the colony, the cost of colony should have been debited to works completed in hand and the work in progress should have been credited. Further, on final costing of the colony, the accounts are required to be settled by determining the sale price of the Flat/Plot and thereafter debiting the assets-in-hand and balance amount i.e., difference between sale price and expenditure incurred there-against are required to be carried over to Profit and Loss account. But it is very strange that the whole expenditure of the colonies completed so many years back are still lying in “**Work-in-Progress**” account, which is a serious matter. Therefore, this irregularity is brought to the notice of the Government of Himachal Pradesh for issuing necessary instructions/directions to HIMUDA authorities for the finalization of the housing colonies so that the accounts could be settled accordingly.

(b) - Further, in **schedule “E”** - sum of **₹7,66,14,26,305.78** have been deducted from the gross expenditure incurred on various colonies at item number. A 1(i) and A 1(ii) which is the “Receipt from allottees” against allotment of various colonies, whereas this amount should have been shown in the balance sheet under “current liabilities” because as stated in (a) above, the final costing of these colonies have not been finalized as yet.

6.2 Non adjustment of accumulated deemed profits of ₹98.62 crore

A sum of **₹98,61,80,293.14** has been shown vide item No.A(2) in the **Schedule E** of Current Assets under the head “Work-in-Progress as per percentage completion method. The above figure represents accumulated deemed profits from various colonies as on 31.03.2012. It is pertinent to mention here that most of the colonies against whom the deemed profits were worked out and shown under the above head of accounts were completed and the flats/plots have also been sold but final costing thereof has not carried out by the HIMUDA authorities. Therefore, it is advised that the final costing of the completed colonies

may be carried out immediately and the accumulated deemed profits may be adjusted accordingly.

6.3 Wrong depiction of Own Building in the Current assets instead of fixed assets and non adjustment of book value of Rest House at Strawberry Hill

In **Schedule E** , it is also noticed that the amount of own buildings is being shown in current assets schedule at item number A(3) with an amount of ₹ 1,90,51,937.43 where as it should be shown in the fixed assets schedule. The necessary correction may, therefore, be made, as suggested Further, from the scrutiny of record it is revealed that this amount includes the cost/written down value of Rest House at Strawberry Hill amounting ₹ 103721.44, which was sold by the HIMUDA some time back in the year 2004-2005 but the same is still being shown under the head “Own Buildings”. . 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 from total figure shown under the head “Own Buildings” so that the true and fair view of the balance sheet could be ascertained. It is also advised that physical verification of the “Own Assets” may also be conducted by HIMUDA authorities.

6.4 Non settlement of “Cash in Transit” account” ₹1.00 crore

A sum of ₹1,00,36,926.00 has been shown under the head “Cash in Transit” vide Sr. No. A-10(ii) of **Schedule ‘E’** of the balance sheet under the head Current Assets but no detail in self explanatory form in support of above figure has been prepared & attached with the annual accounts. Therefore, necessary detail may be submitted to audit and it is also advised that the account may be reconciled immediately with the accounts maintained at Divisions level besides intimating the reasons for not getting the account settled even after the finalization of accounts of HIMUDA.

6.5 Non recovery of ₹43.10 crore on account of excess expenditure incurred on “Deposit Works”

A sum of ₹43,10,13,962.78 has been shown as debit balance under the head of account “Recoverable against deposit works” vide Sr. No. B (1 to 4) of **Schedule “E”** (i.e Govt. Rental Housing Scheme, Police Rental Housing Scheme, Other Deptt. Against Deposit Works and Deposits Works for Navodya Vidyalaya). On scrutiny of the record, it is noticed that the amount is pending for recovery from the different departments on account of excess expenditure incurred by the HIMUDA against the amount received for deposits works. Thus, incurring of expenditure over and above the amount received against deposit works is a serious irregularity. Moreover, HIMUDA has also not recovered interest on outstanding amount. It is pertinent to mention here that the HIMUDA authorities are on one hand facilitating the departments without claiming interest on excess expenditure and on the other hand HIMUDA is paying interest @ 12% to 14% on borrowed capital for execution of own Schemes/Colonies. The matter is therefore, brought to the notice of the higher authorities to take necessary action immediately to recover the outstanding amount/interest from concerned department

6.6 Less accountal of Interest amounting to ₹2.25crore on Interest on Receivable on FDRs

While checking the accounting head “Interest Receivable on FDRs” at item No. 6 of **Schedule –E** i.e. Current Assets, Loans & Advances, it has been noticed that interest accrued on FDRs has been calculated & shown in Balance Sheet on yearly basis on simple interest basis, whereas as per rules it should be calculated on Quarterly Compound basis resulting thereby less accountal of interest amounting to ₹2,24,27,938.36 up to 31.03.2012. The said amount has been calculated by audit party during the course of audit and it stands also discussed with HIMUDA authorities. However, it is advised that after doing necessary verification the rectification in respect of interest accrued on FDRs may be carried out immediately.

6.7 Non adjustment of staff advance of ₹3.34 crore

In **Schedule “E”** a sum of **₹3,33,67,597.52** has been shown under the head staff advances and other miscellaneous advances vide Sr.No B (.7&8) of schedule of current assets, loans and advances. The huge amount was lying outstanding for recovery since long but even after the laps of decade, no serious efforts were made to adjust/recover these old advances. Action may be taken against the defaulters after fixing responsibility for non-adjustment of advances in time and recovery may be ensured in time bound manner. Further, detail in self explanatory form in respect of these outstanding advances has not been prepared and supplied to audit, which may also be prepared and submitted to audit.

6.8 Non settlement/adjustment of Cash Settlement Suspense Account worth ₹0.55 crore

In **Schedule “E”** a sum of Rs.**₹55,05,984.47** has been shown in “Current Assets” vide item No.B(10) as debit balance under the head CSS account in respect of the different divisions. This head of account represents non-settlement/ adjustment of CSSA in respect of various Divisions. The CSSA is increasing year by year where as it should have nil balance. The year wise break up of the CSSA is given below. Further, HIMUDA authorities has also not supplied any statement/detail in support of balance figure of CSSA, in the absence of which it could not be ascertained that from which date and year, these figure were brought forward and pending for settlement, which is serious lapse on the part of HIMUDA. Therefore, the irregularity is brought to the notice of the higher authorities, so that early settlement of the account is assured.

Years	Balance	Increase
2002-03	4,68,443.00	
2003-04	15,55,799.83	10,87,356.82
2004-05	10,16,757.73	(-) 5,39,042.10
2005-06	12,16,277.15	1,99,519.42
2006-07	35,96,406.15	23,80,129.00
2007-08	30,07,694.15	6,88,712.00

2008-09	35,48,414.47	5,40,720.32
2009-10	26,67,301.47	(-) 8,81,113.00
2010-11	57,57,769.47	30,90,468.00
2011-12	55,05,984.47	(-) 2,51,785.00

6.9 Non Reconciliation of “Cost of Sale Receivable” account of ₹4.02 crore

Vide Sr. No. ‘B’ (11) of the **Schedule “E”**, a sum of **₹4,02,38,317.78** were shown as debit balance under the head “Cost of Sale Receivable”. The scrutiny of account revealed that no record/details of this account was prepared and this amount was not reconciled. Besides the above, the amount of “Cost Receivable” as shown in the balance sheet does not tally with the balance shown in the ledgers of HIMUDA. The audit has pointed out this irregularity in the previous reports also but no action was taken by the HIMUDA authorities. Therefore, it is again advised that the accounts may be reconciled immediately so that true and fair view of the balance sheet can be ascertained.

6.10 Wrong depiction of ₹0.56 crore “Recoverable from H.P. Govt. on account of GRHS executed by HPPWD” & “Police Rental Housing Scheme ” under current assets

A -sum -of ₹- 55,92,573.00 (₹33,98,200.00 + ₹21,94,373.00) were shown as minus figure under the head “Recoverable from H.P. Govt. on account of” Government Rental Housing Scheme and Police Rental Housing Scheme” vide Sr. No. B (13 and 14) respectively of **Schedule ‘E’** of balance sheet under head Current Assets, whereas this amount should have been shown in current liability in the books of accounts. The liability may be got settled immediately in view of factual position.

6.11 Non recovery of ₹2.97 Crore on account of “Maintenance, Water Charges & Rent Receivable”

A - sum - of - ₹2,97,53,488.25 were shown as Maintenance Charges, Water Charges and Rent receivable in respect of housing colonies of HIMUDA vide Sr. No.16,17 & 18 of the **Schedule “E”**. 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

The comparative year wise view clearly shows that the recoverable amount is increasing sharply and is a matter of serious concern. Therefore, suitable instructions are required to be issued from the Head Office to the divisions for affecting the outstanding recoveries in a time bound manner so that outstanding amount could be recovered at the earliest.

6.12 Non adjustment/recovery of Tax Recoverable A/c from IT Deptt amounting to ₹12.77 Cr- r and wrong depiction of Income Tax Refund amounting to ₹0.09 crore

(a) A sum of ₹12,76,93,313.98 were shown under the accounting head Advance Payment of IncomeTax/ Income Tax Recoverable from IT Deptt in the Current Assets in Schedule-E at B (19,20,21,22,24,25). On scrutiny of these items, it has been observed that advance Income tax had been paid to the Income Tax Deptt but no settlement of Tax has been done by the HIMUDA authorities resulting

thereby a huge amount pending for settlement since 2005-06. Therefore, necessary steps should be taken for the settlement of this huge amount of Advance Payment of IncomeTax/ Income Tax Recoverable from IT Deptt.

(b) Further, in **Schedule “E”** of the balance sheet, “IncomeTax Refund” has been shown as minus figure amounting to (-) ₹9,37,120.00 at Sr.No. B (23) of that schedule under the head Current Assets, Loans and Advances. This amount of income tax refund pertains to the year 2009-10 and this amount of income tax should have been adjusted against the advance tax paid/Income Tax Recoverable From IT Deptt 2009-10 against item No. B (21) of **Schedule “E”** referred to para (a) above, but the same was not done. Instead of that this item was shown as (-) item on assets side of the Balance Sheet. Hence necessary rectification entry may made and the refundable amount of Income Tax may be correctly shown in the balance sheet.

6.13 Clubbing the amount of “Adjustable Amount (JNNURM) ₹ - 3.11crore in the Accounting Head “Rectification” amounting to ₹ 3.16 crore

A sum ₹-3,16,20,709.74 has been shown” under the Accounting head “Rectification” at Sr.No. B(32) of **Schedule “E”** i.e. schedule of Current Assets, Loans and Advances. This amount includes a sum of ₹- 3,10,69,839.74, which was being shown under the separate head i.e. Adjustable Amount(JNNURM) in the previous year balance sheet but during the current year, the Adjustable Amount(JNNURM) has been clubbed with Accounting head “Rectification. The nature of both accounting heads are all together different & clubbing of accounting heads can not be done according to accounting principles. So clubbing of accounting head “Adjustable Amount (JNNURM) with the accounting head “Rectification” may be rectified unless justified.

6.14 Non settlement of unadjusted accounts of current assets, loans and advances worth ₹ 8.98 crore

A sum of ₹ 8.98 Crore was shown since so many years in **Schedule “E”** under the head “current assets, loans & advances” as per detail given below. But no efforts were made to settle these accounts from the basic record. Strenuous efforts may be made to find out the basic record pertaining to these items and settle these accounts in accordance with rules /regulations and accounting principles in a time bound manner so that these outstanding amounts could be adjusted and factual position of accounts is ascertained. .

Sr. No.	Head	Amount(₹) inlac	Remarks
1	Works Completed in Hand	448.09	The amount is pending for final settlement for last so many years
2	Material for works in store (NVP)	39.36	The amount is pending for final settlement for twelve years
3	Sundry Debtors	85.04	The amount is pending for final settlement for twelve years
4	Other miscellaneous advances (NVP)	2.41	The amount is pending for final settlement for twelve years
5	TDS recoverable from IT department	1.51	The amount is pending for final settlement for several years
6	Suspense a/c	5.76	The amount is pending for final settlement for last several years
7	Rectification	316.20	The amount is pending for final settlement for last several years
	Total	898.37	

7. Profit & Loss Account for the year ending 31st March, 2012

The Profit & Loss Account of HIMUDA for the year 2011-12 shows an expenditure of **₹27,02,07,703.89** against income of **₹27,10,03,916.20** resulting excess of income over expenditure by **₹7,96,212.31** before deduction of tax. After deduction of income tax of **₹2,46,030.00**, the net profit of **₹5,50,182.31** was transferred to reserve and surplus account. The following observations may be attended to:-

7.1 Incurring of Establishment Expenditure of ₹6.88 crore over and above the administrative charges received -

An expenditure of **₹18,18,47,465.00** was incurred on Salary of staff against the Receipt of Departmental/administrative charges of **₹11,30,04,355.00**, which clearly indicates that the construction activities are not matched with the administrative expenses i.e. salary etc. There is dire need to increase the construction activities to bridge the huge gap of **₹6.88 crore** **{(₹18,18,47,465.00(-) - ₹11,30,04,355.00= 6,88,43,110.00)}**. Hence the HIMUDA authorities are advised to increase its constructions activities in order to bridge the gap between administrative expenditure and departmental charges received.

7.2 Revenue loss of ₹2.62 crore on Maintenance of Colonies

An expenditure of **₹3,63,73,863.00** was incurred on repair and maintenance of various colonies against the actual receipt of **₹ - 1,01,34,034.00** resulting thereby a revenue loss of **(₹1,01,34,034.00 - ₹3,63,73,863.00= ₹2,62,39,829.00)** 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.

7.3 Excess Debit of construction works by ₹0.06 crore

In the profit & loss account, repair & maintenance of vehicles was shown in minus figure of **(- ₹6,07,455.00)** which clearly shows that

revenue is being earned from this account by charging excess expenditure to various works. Moreover vehicles used for administrative purposes are also being charged to running works irregularly. Overcharging of vehicles expenses on running works may be rectified unless justified.

8 Crediting of ₹1.83 crore to wrong head of account

Surplus on sale of colonies of ₹1,83,16,743.00 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 "Profit on Work in Progress" instead of "Surplus on sale of colonies". It is, therefore, advised that this account may be examined at HIMUDA level and necessary correction in the accounts may be carried out unless justified.

9 Excess credit of Stock & Storage Charges by ₹0.22 crore

In the debit side of Profit & Loss Account, the Stock & Storage Charges has been shown as minus figure of (-₹21,62,226.40) which shows that revenue is being earned from this account and the same should have been shown on the credit side of Profit & Loss Account instead of debit side. Further, the revenue earned on account of Storage & Stock Charges may be justified by giving necessary detail/self explanatory thereof.

10 Construction Divisions

The audit of all construction divisions for the year 2011-12 has been completed. The serious irregularities noticed during the audit are exhibited below for taking further necessary action.

10.1 Excess payment of ₹-0.31 Crore to the various contractors

From the detail checking of construction bills, it is noticed that ₹31.31 lacs were paid excess to the various contractors due to calculations errors, wrong payment of rates, less recovery of material 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	10,11,12,,13	4.19
2	Shimla division NO.II	7,8,9,10,11,12,17,18	9.61
3	Mandi division	7,8,9,10	5.76
4	Parwanoo division	5,6,7,8,9	6.63
5	Dharamsala division	10,11,12,13,14,15,16,17	4.87
6	Electrical division ,Hamirpur	8	0.25
		Total	31.31

10.2 Non recovery of secured advances of ₹ 1.03 Crore

From the scrutiny of the record of secured advances paid to the various contractors, it is revealed that secured advances of ₹ 103.36 lacs were pending for recovery as on 31.03.2012. As per the provision of contract agreement the secured advances are sanctioned when the material is required for immediate use in the work. In such situation, the recovery of secured advances is to be effected in the next running bill of the work, whereas, the secured advances were pending for recovery for a long period. 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 .II	6	16.94
2	Electrical division ,Hamirpur	7	48.50
3	Electrical division ,Shimla	5	37.92
		Total	103.36

10.3 Non utilization of stock articles of ₹ 10.71 lakhs

During the examination of stock account of Shimla construction division –I, it is noticed that stock articles worth ₹-10.71 lacs were lying unutilized since long time as depicted in Para No. 10 in the audit report. The reasons for non utilization of stock articles may be intimated besides utilizing the same.

10.3 Irregular / excess payment of salary and T.A. of ₹ 2.51 lakhs

While examining the salary & T.A. bills of the various divisions, it is noticed that ₹ 2.51 lacs were paid excess to the various employees. HIMUDA may take necessary action to regularize the irregular payment of T.A besides affecting the recovery of excess payment of salary. The division wise detail of the excess payment is given below:-

Sr. No.	Name of the division	Para NO.	₹ (in lacs)	Remarks
1	Shimla division No. I	18	0.28	Irregular payment of T.A.
2	Shimla division NO.II	14	0.32	Irregular payment of T.A.
3	Parwanoo division	13,14	1.69	Irregular payment of T.A. & salary
4	Electrical division, Hamirpur	4	0.22	Irregular payment of T salary
		Total	2.51	

10.4 Non adjustment of misc. advances ₹ 2.77 Crore

A sum of ₹ 277.52 lacs on account of misc. advances were lying pending for adjustment since long time with the various contractors/ firms. The adjustment of these advances may be insured. The division wise detail is given below:-

Sr. No.	Name of the division	Para NO.	₹ (in lacs)
1	Shimla division No. I	4	43.51
2	Shimla division NO.II	4	14.16
3	Mandi division	4	102.22
4	Parwanoo division	4	52.69
5	Dharamsala division	5	60.84
6	Electrical division	4	4.10
		Total	277.52

11 Pending Audit Reports/ paras

_____The position of the outstanding audit paras in respect of Head Office and seven divisions of HIMUDA and are given below. The Executive

Engineers / Chief Accounts Officer are responsible for the settlement of audit paras but it is very strange that they are not taking any keen interest for settlement of outstanding audit paras, particularly no efforts has been made by the Head Office and Division No. 2 Shimla for settlement of old outstanding paras. Non settlement and increasing trend of audit paras indicates inadequate response to audit findings by the auditee organisation and leads to wearing away of accountability. It is, therefore, advised that the C.E.O.-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	Audit Period	Outstanding paras in the beginning	Paras added during the current audit	Total	Paras settled during the current audit	Balance
1	Head Office	4/10 to 3/11	219	31	250	--	250
2	Shimla Division No.1	4/11 to 3/12	288	18	306	38	268
3	Shimla Division No.2	4/11 to 3/12	133	15	148	--	148
4	Mandi Division	4/11 to 3/12	125	12	137	55	82
5	Elec. Division Shimla	4/11 to 3/12	53	11	64	8	56
6	Elec. Division Hamirpur	4/11 to 3/12	20	8	28	10	18
7	Dharamshala Division	4/11 to 3/12	139	16	155	22	133
8	Parwanoo Division	4/11 to 3/12	60	14	74	12	62
		Total	1037	125	1162	145	1017

Sd

Director ,
Local Audit Department, H.P.
Kasumpti, Shimla-171009

r issued by L- tter No:- (LA)H (2)(15)(14)/87

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**HIMACHAL PRADESH HOUSING & URBAN DEVELOPMENT AUTHORITY,
NIGAM VIHAR, SHIMLA-2
BALANCE SHEET AS ON 31.03.2012**


Sr. No.	Liabilities	Schedule	Current Year	Previous Year	Assets	Schedule	Current Year	Previous Year
1	Reserve & Surplus	A	1,27,86,14,897.42	1,27,80,64,715.11	Fixed Assets	D	1,03,95,997.20	89,10,711.16
2	Secured Loan	B	8,76,29,000.00	32,96,41,712.00	Current Assets	E	3,61,45,23,903.29	3,24,74,74,744.65
3	Current Liabilities	C	2,25,86,76,003.07	1,64,86,79,028.70				
	Total		3,62,49,19,900.49	3,25,63,85,455.81			3,62,49,19,900.49	3,25,63,85,455.81


Chief Accounts Officer
HIMUDA, Shimla-2


CEO-Cum-Secretary,
HIMUDA, Shimla-2

Certified that the Final Accounts i.e. Balance Sheet, Profit & Loss Account in respect of HIMUDA for the period 2011-2012 have been checked and verified on the basis of record produced & information/explanation given to us and to the best of our knowledge & belief, the Final Accounts represents true & fair view of the functioning of the H.P. Housing & Urban Development Authority. Certification is subject to observations contained in annual audit & inspection report for the period 2011-12


Deputy Director,
Local Audit Department,
H.P. Shimla-9


Director-Cum-Examiner,
Local Audit Department,
H.P. Shimla-9