

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



**Audit and Inspection Report
on the
Final Accounts of HIMUDA
for the Period 04/2013 to 03/2014**

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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 2013-14 was conducted by the Local Audit Department 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.

The audit and inspection report on the final accounts of HIMUDA for the period 04/2013 to 03/ 2014 has been prepared for the submission to the Government of Himachal Pradesh through the Additional Chief Secretary, Housing.

This report is a summary of serious findings arising out of audit of final accounts of HIMUDA for the period 2013-14

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

OVERVIEW

An overview to the audit and inspection report on the final accounts of HIMUDA for the year 2013-14

Sr. No.	Brief Description	Para No.	(₹) In crore
1	Decrease in Capital Reserve	3	1.14
2	Payment to the Government on account of valuation of Assets & Liabilities (NVP) over and above the Reserves & Surplus (NVP)	3.1	4.90
3	Unjustified creation of provision for interest redemption	3.2	3.66
4	Wrong depiction of Provisions for Allocation of interest under the Head "Grant utilized for development/ land acquisition" under Schedule "I"	3.3	0.08
5	Wrong depiction under the head Secured Loan	4	3.40
6	Non adjustment of Accounts shown under Current Liabilities	5	1.03
7	Depiction of Debit entries under the head Initial Deposit/Earnest Money	5.1	25.53
8	Non utilization of Funds received against Deposit Works.	5.2	61.44
9	Non Settlement/Adjustment	5.3	0.59
10	Non adjustment of Work in Progress	7	909.43
11	Non adjustment of Work Completed in hand	7.1	4.48
12	Non settlement of "Cash in Transit" account	7.2	2.08
13	Non recovery from Other Departments.	7.3	2.37
14	Non adjustment of staff/ miscellaneous advances	7.4	2.27

15	Non Reconciliation of “Cost of Sale Receivable” account	7.5	4.03
16	Payment of Advance Tax	7.6	12.98
17	Non recovery of Maintenance, Water Charges & Rent	7.7	3.37
18	Wrong adjustment of “Rectification (Cash Book)-1”	7.8	3.02
19	Non adjustment of various Accounts	7.9	1.32
20	Loss of interest	8	0.08
21	Huge gap between Establishment Expenditure and Departmental/Administrative charges received	9.1	8.62
22	Revenue loss on Maintenance of Colonies	9.2	4.63
23	Surplus on sale of colonies	9.3	1.64
24	Receipt on account of Outturn of vehicle	9.4	0.95
25	Less debit of Profit and Loss account on account of Depreciation (Own Buildings)	9.5	0.03
26	Excess/Irregular payment to the various contractors	10.1	1.27
27	Non recovery of secured advances	10.2	1.04
28	Non utilization of stock articles	10.3	0.13
29	Irregular/excess payment of Salary	10.4	0.81

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 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 gape 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 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 true and 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 2013-14

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 2013-14 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 functioned as Chief Executive Officer–cum-Secretary of the authority during the period 01.04.13 to 31.03.2014.

Sr No.	Name of the CEO Cum Secretary	Period
1	Er. Arun Gupta	01.04.2013 to 28.07.2013
2	Dr.Sunil Kumar Chaudhary,IAS	29.07.2013 to 09.12.2013
3	Er. Arun Gupta	09.12.2013 to 31.12.2013
4	Sh.Subhasish Panda,IAS	02.12.2014 to 08.01.2014
5	Dr. Sunil Kumar Chaudhary,IAS	08.01.2014 to 31.03.2014

1.2 The audit of accounts of HP Housing and Urban Development Authority and its divisions was conducted by the audit parties consisting of S/Shri Hem Raj Bhardwaj, Assistant Controller, Chambel Singh Parmar, Anil Kumar, Anil Sharma, Ravinder Singh, Mohinder Kumar, Sandeep Kamal, Manjeet Bhatia Section Officers & Sh. Pankaj Bhararia, Junior Auditor under the supervision of Sh.Basant Singh Kanwar 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 accounts for the month of 03/2014 was selected for detailed check, 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 Director, Local Audit Department, Shimla-09.

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 2013-14 was submitted by the HIMUDA Authority to the Director, Local Audit Department vide their letter No. HIMUDA/Acctts-319/BSS –2013/42360-62 dated 31.01.2015 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
Surplus on Valuation of Assets & Liabilities (NVP)	I	3	(-)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.	III,IV,IVA,V,VI,VIII,XVI,XVII	4,5,6,7,8,10,12,18,19	4,13,17,407.33	Cr.	Explanatory details not supplied.
Works completed in hand.	XXXIII	15	4,48,08,972.53	Dr.	Explanatory details not supplied.

Material for works in Stores.	XXXVIII	20	6,10,60,227.33	Dr.	Explanatory details not supplied.
Material for works in Stores (NVP).	XXIV	1	39,35,946.68	Dr.	Explanatory details not supplied.
Other Misc. Advance (NVP)	XXV	2	2,41,644.37	Dr.	Explanatory details not supplied.
Sundry Debtors	XXXXVII	29	84,85,507.87	Dr.	Explanatory details not supplied.(This year
Cash in Transit.	XXXXI	23	2,08,56,999.26	Dr.	Explanatory details not supplied.
Cost of Sale Receivable.	XXIX	10	4,03,47,249.78	Dr.	Explanatory details not supplied.
Suspense Account	XXVII	8	5,76,425.00	Dr.	Explanatory details not supplied.
Rectification (Cash Book-1).	XXXI	13	12,73,840.24	Dr.	Explanatory details not supplied.

3. Schedule “I” (RESERVE AND SURPLUS):

Decrease in Capital Reserve amounting to ₹1.14 crore:-

In Schedule “I” under the head Capital Reserve {item No. 1 of Balance Sheet} opening balance was ₹ 121.10 crore as on 01.04.2013 whereas the Closing Balance was ₹119.95 crore as on 31.03.2014 resulting thereby a decrease of ₹1.14 crore during the financial year. After scrutiny it was found that during the financial year 2013-14 there was a Net Loss amounting to ₹1.14 crore to the Authority. The reasons for such heavy loss may be investigated and remedial measures there to may be initiated to avoid loss in future.

3.1 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 & Reserve & Surplus (NVP)

respectively whereas **₹14.00** crore were paid to HP Government in earlier years (item No. 3 of Balance Sheet) resulting thereby an excess payment of **₹4.90 crore** [**₹14.00crore - (₹4.45 crore + ₹4.65 crore)**] on account of **Valuation Assets & Liabilities** of Erstwhile Nagar Vikas Pradhikarn. The excess payment may be justified with reference to finalization/adjustment of accounts of Erstwhile Nagar Vikas Pradhikarn.

3.2 Unjustified creation of provision ₹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” (item No. 4 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 finalised. Therefore, 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 making settlement of the provision in accordance with accepted principles of accounting.

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

₹1.465 crore were 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**” to the 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 making 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:-

In **Schedule II** , (**Secured Loan**) it was noticed that an amount of **₹3,40,09,411.00** 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 in the Balance Sheet. 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

Non adjustment of Accounts worth ₹1.03 crore shown under Current Liabilities:-

Under the head “**Current Liabilities**” a sum of **₹103.26 lac** was shown 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/adjusted and true and fair view of financial position is ascertained.

Sr. No.	Head	₹ in lac	Item no of balance sheet	Remarks
1	Material Purchase a/c	1.51	C 5	The amount is pending for final settlement since last twenty years
2	Sundry Creditors	2.37	C 19	The amount is pending for final settlement since last twelve years
3	Provision for arbitration/works	6.38	C 12	The amount is pending for final settlement since so many years
4	Stock Adjustment Account	2.56	C 8	The stock adjustment account pertains to Mandi Division and is pending for final settlement since last Fifteen years

5	I & PH Department for WSS	17.82	C 4	The amount is pending for final settlement since last twenty years
6	“Contractors Deposit” (NVP)	57.58	C 6	The account pertains to Erstwhile NVP & is pending for final settlement since last Fifteen years(From this year this item was included under the head Misc. Liabilities at Item No. 6 of Balance Sheet)
7	Misc Recoveries(N VP)	1.27		
8	R & D Adjustment A/c	3.69	C 7	The amount is pending for final settlement since so many years
9	Development fund under Apartment Act	10.08	C 9	The amount is pending for final settlement since so many years
	Total	103.26		

5.1 Depiction of Debit entries worth ₹ 25.53 Crore under the head Initial Deposit/Earnest Money:-

Under the head **“Initial Deposit/Earnest Money” (Schedule “XII”)** an amount of ₹48.75crore was shown as credit balance at the end of the financial year 2013-14. From the perusal of detail transaction under the schedule it is observed that an amount of ₹25.53crore was shown as debit balance against various Schemes. This clearly indicates that ₹25.53 crore was refunded/ paid over and above the amount of initial deposit/earnest money so received for these schemes. Therefore appearance of debit balance the schedule needs to be examined deeply, so that the instances for excess refund/ adjustment of initial deposit/earnest money can be ruled out.

5.2 Non utilization of Funds worth ₹61.44 crore received against Deposit Works.

A liability of ₹61,43,81,755.45 was shown in the Balance Sheet under the head **“Deposit Works A/C” (Schedule “XVIII”)**. From the perusal of Schedule it is

observed that there was credit balance of ₹65.75crore as on 01.04.2013. Funds ₹82.77crore were received during the financial year and against total funds available under the head Deposit Works, only ₹87.08 crore were utilised on the Deposit Works. Therefore Funds worth ₹61.44crore of previous years remained unutilized during the current financial year. Non utilization of available funds under the head “Deposit Works” may result into loss of receipt of administrative charges. Reasons for non utilization of funds received against Deposit Works needs to be explained, besides making strenuous efforts for utilization of funds.

5.3 Non Settlement/Adjustment of ₹0.59 crore :-

A sum of ₹59.07 Lac (₹3,14,762.00+ ₹33,98,200.00 +₹21,94,373.00= 59,07,335.00) had been shown in the “**Current Liabilities**” under the head “ Govt. H.P.- WSS Giri River Project, Recoverable from H.P. Govt. on account of Government Rental Housing Scheme and Police Rental Housing Scheme”. From the perusal of “Current Liabilities” it appeared that ₹59.07 lac were payable to the Creditors. The matter needs to be examined deeply and in case the amount is actually payable the same may be paid/ settled accordingly otherwise the amount is needed to be adjusted against the proper head of accounts in the Final Accounts.

6. Schedule – XXI & XXII

FIXED ASSETS (Own Building).

Non adjustment of book value of Rest House at Strawberry Hill :-

An amount of ₹2.33crore had been shown in **Schedule XXI**, under the head “**Own Building**”. From the scrutiny of relevant record it is revealed that this amount includes written down value of Rest House at Strawberry Hill worth ₹ 84,014.37 as on 31.03.2014. 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. 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 true and fair view of the financial statements could be ascertained.

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

Non adjustment of Work in Progress worth ₹ 909.43 crore:-

An amount of ₹42,99,86,891.13 was shown under the head “**Work in Progress C/O Building**” (**Schedule- XXXXVIII**) of Current Assets in the Balance Sheet. From the perusal of Schedule it is observed that an expenditure of ₹909.43crore was incurred against the colonies as detailed below.

Housing Scheme(NVP)	₹171,97,38,010.92
Housing Scheme	₹735,78,56,759.98
Interest on Over Draft against FDR	₹1,65,27,327.00
Acquisition of Land at Various places	₹2,03,660.06
Total	₹909,43,25,757.96

Whereas, the most of the colonies such as **Housing Scheme(NVP)** had been completed since long and flats/houses were sold out. Perusal of Schedule further revealed that receipt from allottees of the above Colonies worth ₹866.43crore have been credited to the account as detailed below.

Receipt from allottees	₹6,56,12,33,412.96
Receipt from Allottees (NVP)	₹2,10,30,36,372.87
Commercial/Industrial	₹69081.00
Total	₹866,43,38,866.83

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 had been accounted for ₹866,43,38,866.83 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 it an amount of ₹102.24crore was also shown under the head “**Work in Progress as per Percentage Completion Method**” (Schedule XXVIII) 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 finalised during the financial year 2013-14 . Himuda Authority is therefore advised to finalise the costing of Colonies at the earliest and to give its effect in the final accounts.

7.1 Non adjustment of Work Completed in hands of 4.48 Crore

An amount of ₹ 4,48,08,972.53 was shown under the head “**Work Completed in hands**” in **Schedule XXXIII** 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 true and fair view of the balance sheet could be ascertained.

7.2 Non settlement of “Cash in Transit” account” ₹2.08 crore :-

A sum of ₹2,08,56,999.26 was shown under the head “**Cash in Transit**” in **Schedule XXXXI** under Current Assets in the Balance Sheet, from the scrutiny of record it is revealed that in the following case, the amount of Cash in transit was not adjusted even after a lapse of four years. It is therefore, advised that the Cash In transit Account may be reconciled immediately with the accounts maintained at Divisions level, so that true & fair view final account could be ascertained.

Name of Division	Opening Balance as on 01.04.2013		Closing Balance as on 31.03.2014	
Dharamshala 04/2013	150,00,000.00	Dr.	150,00,000.00	Dr.

7.3 Non recovery of ₹2.37 crore 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 “**XXXXIII**”) in Current Assets of the Balance sheet as detail given below

Sr.No.	Name of Scheme	Amount
1	Police Rental Housing Scheme (Net)	8623953.55Dr.
2	Deposit Work for Navodya Vidyalaya	9379963.16Dr.
3	Govt. Rental Housing Scheme(Part-I)	5724622.29Dr.
	Total	2,37,28,539.00Dr.

From the scrutiny of the record, it is noticed that the amount is pending for recovery on account of excess expenditure incurred by the HIMUDA against the amount received for these schemes. 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, 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.

7.4 Non adjustment of staff/ miscellaneous advance of ₹2.27 crore :-

An amount of ₹2,27,09,539.02 was shown under the head “**Loans & Advances(Assets) and Other Miscellaneous Advances**” (Schedule “XXXVII” & “XXXXVI ”) in Current Assets of the Balance Sheet. The huge amount was lying outstanding for recovery/adjustment since long, but no serious efforts were made to adjust/recover these advances. Therefore Authority is advised to take required action for settlement of pending advances.

7.5 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 Sale Receivable**”(Schedule “XXIX”), in 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. The irregularity was also reported in previous reports but no action was taken by the HIMUDA authorities. Therefore, it is again advised that the accounts may be reconciled immediately.

7.6 Payment of Advance Tax of ₹12.98Crore

An amount of ₹12,98,25,745.98 was shown under the head “**Advance Payment of Income Tax/ Income Tax Recoverable from IT Deptt.**” (Schedule-XXIX(A)) in **Current Assets** of Balance Sheet. On scrutiny of records, it was observed that advance Income tax had been paid to the Income Tax Deptt. but no final assessment of Tax was done by the HIMUDA authorities 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 true & fair view of financial statements could be ascertained.

7.7 Non recovery of ₹3.37 Crore on account of “Maintenance, Water Charges & Rent ” :-

An amount of ₹3,36,92,039.00 (₹3,532.00+45,41,727.00+₹2,91,46,780.00) was shown under the head **Maintenance Charges, Water Charges and Rent Receivable** (Schedule- XXVI, XXXVI & XXXIX) 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

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 making the outstanding recoveries in a time bound manner so that outstanding amount could be recovered at the earliest.

7.8 Wrong adjustment of ₹3.02 Crore in the Accounting Head “Rectification (Cash Book)-1” .

An amount of ₹12,73,840.24 was shown under the head **“Rectification(Cash Book)-1”** in Current Assets of the **Balance Sheet**. From the perusal of relevant records it was noticed that a sum of ₹3,02,28,000.00 was adjusted without giving any reason. Therefore satisfactory reasons for adjusting the huge balances may be forwarded so as to justified the adjustment.

7.9 Non adjustment of various Accounts worth ₹ 1.32crore :-

An amount of ₹ 1.32 crore was shown under various heads of accounts (detail given below) “**Current Assets**” of the Balance Sheet. 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 Balance Sheet could be ascertained.

Sr. No.	Head	Schedule No.	Amount in (₹)	Remarks
1	Material for works in store (NVP)	XXIV	39,35,946.68	The amount is pending for final settlement for twelve years
2	Other miscellaneous advances (NVP)	XXV	2,41,644.37	The amount is pending for final settlement for twelve years.
3	Suspense a/c	XXVII	5,76,425.00	The amount is pending for final settlement for last several years
4	Sundry Debtors	XXXXVII	84,85,507.87	
	Total		1,32,39,523.92	

8. Investments “Fixed Deposits”

Loss of interest ₹0.08 crore :-

While checking the FDR **Schedule – “XXIII”**, it was noticed that FDR No. 63539161 (Principal Amount ₹11,91,571.00) of ICICI Bank amounting to ₹ 12,01,671.00 and FDR No. 853118 (Principal Amount ₹13,12,715.00) of State bank of India amounting to ₹13,35,179.00 were encashed on dated 10.04.2006 & 13.04.2006 respectively and the proceeds thereof was deposited in Current bank Account No. 18077 of Union Bank of India & 231 of SBI on the same day/date. Had the proceed been deposited in saving bank account, the authority would have earned interest of **₹8,07,600.00** as detailed below. The reasons for depositing the FDRs proceeds in Current Account may be explained failing which the recovery of loss may be made good.

Name of Bank	Amount of FDR Encashed	Date of encashed	Period for which amount kept in Current Account up to 31.03.2014	Rate of Interest of Saving	Amount of Interest
ICICI Bank FDR No. 6353 9161	₹12,01,671.00	10.04.2006	7 Years 11 months 22 Days	4%	₹3,82,831.00
SBI FDR No. 853118	₹13,35,179.00	13.04.2006	7 Years 11 months 18 Days	4%	₹4,24,769.00
Total	₹25,36,850.00				₹8,07,600.00

9. Profit & Loss Account for the year ending 31st March, 2014

The Profit & Loss Account of HIMUDA for the year 2013-14 showed an expenditure of **₹29,31,26,096.38** against income of **₹28,16,66,330.56** resulting excess of expenditure over income by **₹1,14,59,765.82**. The net loss of **₹1,14,59,765.82** was transferred to Capital Account. The reasons for loss can be seen from the following table. There is huge increase of **₹3,03,65,792.35** in the expenditure during the current year in comparison to previous year and a sharp decrease in the income amounting to **₹3,45,61,045.29** in comparison to previous year, resulting the net loss during the current year.

Comparison Statement							
Expenditure				Income			
Particulars	Current Year	Previous Year	Increase in Expenditure	Particulars	Current Year	Previous Year	Decrease in Income
Printing & Stationery Expenses	696957.50	592532.50	104425.00	Map Approval Fee	462423.00	910971.00	448548.00
Appeal Charges	102000.00		102000.00	HPTA/Layout of Maps	329020.00	334790.00	5770.00
Professional Fee	3723.00		3723.00	Choice Money	637251.00	1998757.00	1361506.00
Rent, Rates and Taxes	721709.00	691911.00	29798.00	Miscellaneous Receipts	1722149.00	2842882.51	1120733.51
Bank Commission Charges	27272.27	19337.02	7935.25	Hire Charges of Vehicles	42137.00	52675.00	10538.00

Legal Expenses	1446097.00	1367104.00	78993.00	Lease Rent		284633.00	284633.00
Advt. Charges	2572631.00	2273736.00	298895.00	Water Connection Fee	193400.00	296500.00	103100.00
Auditor's Fee	723800.00	720900.00	2900.00	Penal Interest	1673461.00	5327780.00	3654319.00
Miscellaneous Expenses	708467.00	349666.00	358801.00	Interest Receipts on loans & Adv.	1110910.00	1169717.00	58807.00
Depreciation (own buildings)	2234376.68	2196817.08	37559.60	Compoundin g Charges	5675.00	37560.00	31885.00
Consultancy Fees	26665.00		26665.00	Surplus on sale of colonies	16450119.00	19810654.00	3360535.00
Computeriza tion of Account Exp.	1300872.00		1300872.00	Departmental /Admn. Charges	98837938.00	115124893.00	16286955.00
				Receipt under RTI Act	10228.00	17188.00	6960.00
Repairs & Maintenance of Typewriters/ Photostate/ Fax Machine and Computer etc.	903910.00	560710.00	343200.00	Rent From Guest Houses/Rest Houses	106235.00	320535.00	214300.00
Repairs & Maintenance of Vehicles	7162972.50	-177384.00	7340356.50	Conversion Charges	1241456.00	1601418.00	359962.00
Repairs & Maintenance of Various colonies	58490192.00	42768178.00	15722014.00	Maintenace Charges	12094649.00	17440347.00	5345698.00
Repairs & Maintenance of Own buildings	2783418.00	4000529.00		Processing Charges	636000.00	817411.00	181411.00
Service Tax Payment (P&L) A/C	1507655.00		1507655.00	Rent Charges	2742769.00	3965037.78	1222268.78
Contribution to C.M. RELIEF FUND	3100000.00		3100000.00	Approval Fee of Building Plan	71633.00	573750.00	502117.00
				Roof Painting Charges	353.00	1352.00	999.00
Total	84512717.95	55364036.60	30365792.35		138367806.00	172928851.29	34561045.29

The following observations relating to profit & loss may be attended to:-

9.1 Huge gap of ₹8.62 crore between Establishment Expenditure and Departmental/Administrative charges received:-

An expenditure of ₹18,50,49,691.00 was incurred on Salary of staff during the year against the Receipt of Departmental/Administrative charges of ₹9,88,37,938.00, 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 gape of ₹8.62crore {(₹18,50,49,691.00 (-) ₹9,88,37,938.00 = ₹ 8,62,11,753.00)}. Hence the HIMUDA authorities are advised to increase its constructions activities in future to bridge the gap between administrative expenditure and departmental charges received.

9.2 Revenue loss of ₹4.63 crore on Maintenance of Colonies:-

An expenditure of ₹5,84,90,192.00 was incurred on repair and maintenance of various colonies against the actual receipt of ₹ 1,20,94,649.00 resulting thereby a revenue loss of (₹1,20,94,649.00 - ₹5,84,90,192.00 = ₹4,63,95,543.00) 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 loss in future.

9.3 Surplus on sale of colonies ₹1.64 crore:-

An amount of ₹1,64,50,119.00 was shown under the head “Surplus on sale of colonies” in the profit and loss account. The 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 from **Work in Progress**” instead of “**Surplus on sale of colonies**”. It is, therefore, advised that the nomenclature of this account head may be examined and necessary correction may be carried out unless justified.

9.4 Receipt on account of Outturn of vehicle ₹0.95 crore

An amount of ₹95,35,058.00 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.

9.5 **Less debit of Profit and Loss account by ₹0.03 crore on account of Depreciation (Own Buildings):-**

The profit and loss account was debited with ₹2234376.68 on account of depreciation (Own Buildings) during the financial year whereas from the perusal of schedule xxi (Own Buildings) attached to balance sheet it was noticed that own building account was credited with ₹2543266.67 on account of depreciation for the year 2013-14. The difference on account of depreciation debited to profit and loss account and credited to own building account amounting to ₹308890.00 needs to be clarified.

10 **Construction Divisions**

The serious irregularities noticed during the audit of accounts of all construction divisions for the year 2013-14 are exhibited below for taking further necessary action.

10.1 **Excess/Irregular payment of ₹ 1.27 Crore to the various contractors**

The detailed checking of construction bills revealed that excess/irregular payment of ₹1.27 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	26(ख),26(घ)(i) व 28(च)(i)	19.55
2	Shimla Division No-II	8,11,12(2),13(1),14(2),15(1)(2),16,17(1) से (4)	47.72
3	Mandi Division	10,12,13,15 व 17	9.18
4	Parwanoo Division	9,10,11,12 व 13	33.65
5	Dharamshala Division	9,11,12, व 14	17.62
Total			127.72

10.2 Non recovery of secured advance of ₹ 1.04 Crore

From the scrutiny of the record of secured advances paid to the various contractors, it is revealed that secured advances of ₹ 1.04 Crore 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 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-I	25 (क)	8.43
2	Electrical Division Shimla	5,7(2)	45.97
3	Electrical Division Dharamshala	6	49.66
Total			104.06

10.3 Non utilization of stock articles of ₹ 0.13 Crore

During the examination of stock account of construction division Mandi and Shimla (Divisions-I) it is noticed that stock articles worth ₹12.60 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	10.97
2	Mandi Division	11	1.63
Total			12.60

10.4 Irregular/excess payment of Salary of ₹ 0.81 Crore

While examining the establishment expenditure of various divisions, it is noticed that irregular/excess payment of ₹81.23 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	14,15,16	2.51
2	Shimla Division No-I	12(क)13(क) व 14	75.91
3	Shimla Division No-II	20	0.22
4	Parwanoo Division	14,15 व 17	2.59
Total			81.23

11 Pending Audit Reports/ paras

The position of the outstanding audit paras as on 31-03-2014 in respect of Head Office and seven divisions* of HIMUDA are given below. **There are 1243 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	04/12 to 03/13	334	19	353	31	322
2	Shimla Division No-I	04/13 to 03/14	292	36	328	20	308
3	Shimla Division No-II	04/13 to 03/14	166	19	185	22	163
4	Mandi Division	04/13 to 03/14	85	27	112	3	109
5	Parwanoo Division	04/13 to 03/14	56	16	72	36	36
6	Dharamshala Division	04/13 to 03/14	210	27	237	21	216
7	Electrical Division Dharamshala	04/13 to 03/14	21	16	37	10	27
8	Electrical Division Shimla	04/13 to 03/14	62	8	70	8	62

		Total	1226**	168	1394	151	1243
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Sd/-
Director,
Local Audit Department,
Himachal Pradesh, Shimla-09

Endst. No. As Above, 6073-6074, dated, the 16-10-2015, Shimla-171009

Copy alongwith Audit Report is forwarded for information and necessary action to:

1. The Additional Chief Secretary (Housing) to the Government of Himachal Pradesh, Shimla-2.
2. Chief Executive officer -cum-Secretary, HIMUDA Nigam Vihar Shimla-02, along with a copy of Audit and Inspection Report and certified balance sheet for information and necessary action.

Sd/-
Director,
Local Audit Department
Himachal Pradesh Shimla-171009

*Shimla-I, Shimla-II, Parwanoo, Mandi, Dharamshala, Electrical Division Shimla and Dharamshala.

**These paras also includes sub paras.