शीघ्र डाक द्वारा

संख्या: ओएडी-4/एस-5/एस.ए.आर./GHB /2016-17/OWNo-191
कार्यालय प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र लेखा परीक्षा)
एनेक्स भवन,रेसकोर्स मार्ग,पोस्ट बैग सं. 27,राजकोट- 360001
दूरभाष: +91 - 281 - 2446836-37,फैक्स: +91 - 281- 2476921
ई-मेल: agauGujarat2@cag.gov.in
दिनांक:- 16/10/2018

सत्यनिष्ठा लोकहितार्थ
Dedicated to Truth in Public Interest

નાણા કે.ચી.ના કચેરી,
ગુ.હા. બોર્ડ, અમદાવાદ.
ઇનવર્ડ નં. 953
તારીખ - 2 NOV 2018
બ્રાંચ FA

સુપ્રી.

सेवा में,
प्रधान सचिव,गुजरात सरकार,
शहरी विकास एवं शहरी आवास विभाग,
नया सचिवालय,
गांधीनगर- 382010

विषय :- गुजरात हाउसिंग बोर्ड, अहमदाबाद के वर्ष 2016-17 के लेखों पर पृथक लेखा परीक्षा प्रतिवेदन ।

महोदय,

उपर्युक्त विषय के संदर्भ में मुझे यह कहना है कि नियंत्रक एवं महालेखापरीक्षक के (कर्तव्यों, शक्तियों एवं सेवा शर्तों) अधिनियम, 1971की धारा 19(3) के अंतर्गत गुजरात हाउसिंग बोर्ड, अहमदाबाद के वर्ष **2016-17** के लेखों की स्थानीय नमूना जाँच दिनांक 16-04-2018 से 02-05-2018 के बीच, इस कार्यालय द्वारा की गयी थी।

आपकी ओर से आवश्यक कार्यवाही हेतु निम्न कागजातों की प्रति इस पत्र के साथ संलग्न की गयी हैं।

FA & CAO
26-10-18

1. वर्ष 2016-17 का पृथक लेखा परीक्षा प्रतिवेदन ।
2. वर्ष 2016-17 के प्रमाणित लेखें ।

कृपया संलग्नक के साथ इस पत्र की प्राप्ति की पावती भेजी जाए।

इस पृथक लेखा परीक्षा प्रतिवेदन को राज्य विधानसभा में प्रस्तुत करने तक, बोर्ड की बैठकों के सिवाय, गोपनीय रखा जाए तथा इस प्रतिवेदन को राज्य विधानसभा में प्रस्तुत करने की तारीख (प्रमाण सहित) इस कार्यालय को शीघ्र सूचित की जाए।

1/11/18

भवदीय,

संलग्न :- यथोपरि

हस्ता/-
उप महालेखाकार
(सामाजिक क्षेत्र-II)

प्रतिलिपि:-
सचिव, गुजरात हाउसिंग बोर्ड,
प्रगति नगर, नवरंगपुरा,
अहमदाबाद - 380013

16/10/18
लेखा परीक्षा अधिकारी/OAD-IV

F.A. & C.A.O.
G.H.B. Ahmedabad
In Ward No. 9034
Date 2/11/18

શ્રી ગૌરવ
Smt J. K. Gor
3.11.18
S.O. A.O.
5/11/18
3/11/18

Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of Gujarat Housing Board, Ahmedabad for the year ended 31st March 2017.

We have audited the attached Balance Sheet of **Gujarat Housing Board (GHB), Ahmedabad** as on 31st March 2017 and the Capital Account and the Revenue Account for the year ended on that date under Section 19 (3) of the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act, 1971 read with Section 66 (1) of the Gujarat Housing Board Act, 1961. The audit has been entrusted under Section 19 (3) for the period up to 2021-22. These financial statements are the responsibility of the GHB's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (C&AG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Laws, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.

3. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit we report that:-

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. The Balance Sheet, Capital Account and Revenue Account dealt with by this Report have been drawn up in the format approved by the State Government under Section 66(1) of the Gujarat Housing Board Act, 1961.

iii. In our opinion, proper books and other relevant records have been maintained by the Gujarat Housing Board (GHB), Ahmedabad as required under Section 66(1) of the Gujarat Housing Board Act, 1961, in so far as it appears from our examination of such books.

iv. We further report that

A. Balance Sheet

1. Assets

1.1. Sundry Debtors

The above includes ₹ 266.70 crore towards arrears of rents/installments from beneficiaries as mentioned below:-

Arrears of Rent/ Hire Purchase Installments from the Beneficiaries as on 31.03.2017 (₹ in crore)	
Rent	**0.99**
H.P. SIHS Installment	**8.20**
H.P. Installment Other than SIHS	**214.21**
Arrears of Penalty	**43.30**

During 2016-17, GHB could recover only ₹ 0.42 crore towards rent, ₹ 9.50 crore towards hire purchase installments Subsidised Industrial Housing Scheme (SIHS) and other than SIHS and ₹ 0.68 crore towards penalty for default in payment of rent and hire purchase installments. In the absence of any yearly assessment of rent and age-wise analysis of the outstanding dues to be recovered from the beneficiaries, the adequacy of provision to be made in the Annual Accounts for the outstanding amounts could not be verified in the Audit.

1.2. Pending recovery of Doubtful Investment (Bad Debtors) ₹ 0.92 crore

The above represents funds deposited in the Current Account (₹ 6.82 lakh), Fixed Deposit (₹ 70.00 lakh) and interest accrued on the FDR (₹ 14.80 lakh) in Mudra Bank which was closed in 1997. Since the chances of recovery of the above amount are very remote, necessary provision in the Annual Accounts should have been made towards such doubtful investment.

Non-provision for the above doubtful investments has resulted in overstatement of Sundry Debtors and 'Revenue Surplus' by ₹ 0.92 crore.

1.3 Capital Accounts

Expenditure on Capital Works ₹ 3,020.60 crore
Board's Own Assets ₹ 28.76 crore

Audit had pointed out in the report on audit of accounts for the year 2015-16, erroneous inclusion of the expenditure on the construction of the new Office Building (of Head Office of GHB) under the sub-head 'Capital Expenditure for Dwelling units' under 'Expenditure on Capital Works' instead of under 'Board's Own Assets'.

While rectifying the error, the cost of land of ₹ 1.27 crore was reduced twice from 'Expenditure on Capital Works' by reducing ₹ 123.84 crore instead of ₹ 122.57 crore.

Thus, Capital Account was understated by ₹ 1.27 crore and the 'Board's own Assets' was overstated to the same extent. Correspondingly, 'Capital Subsidy' under the 'Capital Account' on Income side, was understated and Office Building was overstated by ₹ 1.27 crore.

1.4 Capital Expenditure ₹ 2,766.90 crore

Under statement of loss due to non-recording of sale of housing units

The above includes ₹ 56.15 crore being the cost of construction of 620 housing units constructed under Mukhya Mantri Gruh Yojana (MMGY). As per MMGY, GHB was to receive the pre-determined selling price for the housing unit from the beneficiary under the scheme and subsidy from the State Government towards the cost of construction, which was subject to the maximum of Rupees one lakh per housing unit. The differential cost/loss, if any, was to be borne by GHB. The sale deeds of 620 housing units under the MMGY were completed upto March 2017 against which ₹ 43.19 crore was recovered from the beneficiaries and ₹ 5.38 crore was received as Government subsidy. In the Financial Statements, construction cost of ₹ 56.15 crore in respect of these units has been accounted under 'Expenditure on Capital Works' under Capital Account (Expenditure) while ₹ 43.19 crore and ₹ 5.38 crore received from beneficiaries and Government, respectively, have been accounted under 'Deposits under MMGY' and 'Capital Subsidy' under Capital Account (Receipts). The net loss of ₹ 6.99 crore to GHB in the above transaction has not been recorded in the Financial Statements.

Thus, omission to set-off receipts against the construction cost of sold units led to overstatement of 'Capital Subsidy' by ₹ 5.38 crore and of 'Deposits under MMGY' by ₹ 43.79 crore under Capital Account (Receipts), corresponding overstatement of 'Expenditure on Capital Works' by ₹ 56.15 crore under Capital Account (Expenditure) and consequential understatement of Revenue Deficit transferred to Balance Sheet by ₹ 6.99 crore.

2. Liabilities

2.1 Capital Account ₹ 1803.56 crore (Part III)
Capital Subsidy ₹ 275.48 crore (Part I -III)

This includes advance of ₹ 95.00 crore released by Affordable Housing Mission (AHM) to GHB for use in MMGY project. As per terms of release, this advance should be either refunded by GHB or adjusted against the funds to be released in future by AHM for Pradhan Mantri Awas Yojna (PMAY) housing project to be taken up by GHB.

Therefore, this amount should have been shown separately as Loan/deposit under AHM; instead of 'Capital Subsidy' under the Capital Accounts. Consequent to the misclassification, the Loan/deposit under AHM was understated and Capital Subsidy was overstated by ₹ 95.00 crore.

2.2 Capital Subsidy ₹ 275.48 crore

The above amount includes ₹ 1.50 crore paid back to GHB by Employees Provident Fund Trust. The incorrect booking of the amount as Capital Subsidy resulted in overstatement of 'Recoverables of EPF Trust' and 'Capital Subsidy' by ₹ 1.50 crore.

B. Revenue Accounts

1. Revenue Receipt

1.1. Compensation of Land ₹ 2.77 crore

The above includes ₹ 2.42 crore being the compensation paid by Western Railway for acquiring the land of GHB. GHB accounted for the compensation received as revenue receipts instead of Capital receipts. Resultantly, the Revenue Deficit for the year was reduced, leading to overstatement of Revenue Surplus and understatement of Capital Reserve Fund by ₹ 2.42 crore.

C General

1. **Expenditure on Capital Works ₹ 3,020.60 crore**

GHB had been adding 1.5 *per cent* of capital expenditure as notional interest overhead per annum for arriving at the cost of works till the year 2014-15. However, the notional interest overhead was not included while arriving at the cost of works for the year 2015-16 and 2016-17. GHB has not disclosed the material changes made in the accounting method for calculation of the 'Expenditure on Capital Works' due to non-computation of interest overhead. The same should have been disclosed by way of notes on accounts forming part of the Financial Statements.

2. **Accounting policies and Notes on accounts**

Significant Accounting Policies and Notes on Accounts indicating maintenance of accounts on cash/accrual basis, fixed assets and inventory valuation, capitalization of finance costs including notional interest overhead, exhibition of contingent liabilities, etc. were not disclosed in the accounts.

D. Grant in Aid

GHB received a grant of ₹ 204.96 crore (included a recoverable advance of ₹ 95.00 crore and refund of ₹ 1.50 crore against EPF Trust) from Government of Gujarat and Government of India for Affordable Houses during the year ended 31st March 2017.

v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet, Capital Account and Revenue Account dealt with by this Report are in agreement with the books of accounts.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure to this Audit Report give a 'true and fair' view in conformity with accounting principles generally accepted in India.

a. In so far as it relates to the General Balance Sheet and Capital Account of the state of affairs of the Gujarat Housing Board (GHB), Ahmedabad as on 31st March 2017 and

b. In so far as it relates to Revenue Account of the deficit for the year ended on that date.

For and on behalf of C&AG of India,

Place: Rajkot
Date:

(K. R. SRIRAM)
Principal Accountant General (G&SSA)
Gujarat, Rajkot

ANNEXURE-A

1. **Adequacy of Internal Audit System**

   The Board has four Estate Manager Offices and four Executive Engineer offices at various places in Gujarat, but it has no internal audit wing for scrutiny of records at Headquarter and Branch levels.

2. **Adequacy of internal control system**

   The Board is not having an adequate internal control system. There is no segregation and rotation of duties. The same person is entrusted with all related work viz., cash, accounts and financial transactions since a long time due to shortage of qualified staff. The post of regular Finance & Chief Accounts Officer has also not been filled up since a long time and the charge is presently looked after by an Accounts Officer.

3. **System of Physical verification of fixed Assets**

   The Board had no system of physical verification of assets. The records pertaining to land and other properties were poorly maintained.

4. **System of Physical verification of inventory**

   Physical verification of inventories is not applicable to GHB.

5. **Regularity in payment of statutory dues**

   All statutory dues were paid in time.

Deputy Accountant General /SS-II