Auditor Report

शीघ्र डाक द्वारा

संख्या: ओएडी-4/एस-5/एस.ए.आर./GUDA/2016-17/ O.W. No. - 79
कार्यालय प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र लेखा परीक्षा)
एनेक्स भवन, रेस कोर्स मार्ग, पोस्ट बैग सं. 27,
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दिनांक: 30/05/2018

JS12-4294
2/6/18

सेवा में,

मुख्य कार्यकारी अधिकारी,
गांधीनगर शहरी विकास सत्तामंडल,
ब्लॉक न. 18, 4th तल, उद्योग भवन,
सैक्टर 11, गांधीनगर - 382011

विषय - गांधीनगर शहरी विकास सत्तामंडल, गांधीनगर के वर्ष 2016-17 के लेखों पर मसौदा पृथक लेखा परीक्षा प्रतिवेदन।

महोदय,

उपर्युक्त विषय के संदर्भ में मुझे कहना है कि नियंत्रक एवं महालेखापरीक्षक के (कर्तव्यों, शक्तियों एवं सेवा शर्तों) अधिनियम, 1971 के धारा 20(1) के अंतर्गत **गांधीनगर शहरी विकास सत्तामंडल, गांधीनगर** के वर्ष 2016-17 के लेखों की स्थानीय नमूना जाँच दिनांक 22-11-2017 से 07-12-2017 के बीच इस कार्यालय द्वारा की गई थी। इन लेखों पर मसौदा पृथक लेखा परीक्षा प्रतिवेदन आपके रिमार्क/टिप्पणी के लिए प्रेषित किया जा रहा है। कृपया इसे प्राप्ति के 15 दिनों के अंदर प्रस्तुत करें।

इस संदर्भ में आपसे यह भी आग्रह है कि प्रतिवेदन में वर्णित तथ्यों/आँकड़ों का पुनः सत्यापन करें। यदि आपका उत्तर नियत समय के अंदर मेरे कार्यालय में प्राप्त नहीं होता है, तो यह समझा जाएगा कि इस प्रतिवेदन पर आपको कोई आपत्ति नहीं है और यह लेखा परीक्षा प्रतिवेदन, प्रमाणित लेखों (2016-17) सहित, गुजरात सरकार को जारी किया जाएगा।

भवदीय,

संलग्न:- मसौदा पृथक लेखा परीक्षा प्रतिवेदन

उप महालेखाकार
(सामाजिक क्षेत्र -II)

Draft Separate Audit Report of the Comptroller and Auditor General of India on the Accounts of Gandhinagar Urban Development Authority (GUDA), Gandhinagar for the year ended 31st March 2017

1. Introduction

(i) Establishment and Objective

The Gandhinagar Urban Development Authority (GUDA), Gandhinagar was established on 12th March, 1996 as a corporate body under Section 22(1) of the Gujarat Town Planning and Urban Development Act,1976 (Act).

(ii) Function

Main functions of the Authority *inter alia* includes: -

a) preparations of Development plans under the provisions of the Act for the Urban Development Areas;
b) preparation of Town Planning Schemes under the provisions of the Act;
c) conducting of Survey in the Urban Development Area for preparation of Development Plans and Town Planning Schemes;
d) execution of works relating to providing basic amenities tc public in the areas under development (viz. supply of water, disposal of sewerage and providing of other services)
e) to acquire, hold manage and dispose of movable or immovable property, as it may deem necessary; and
f) to guide, direct and assist local authorities for implementation and execution of its functions.

(iii) Audit Mandate

Audit of the accounts of GUDA has been entrusted under Section 20 (1) of the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act, 1971 for the period up to 2021-22 and under Section 95(2) of the Gujarat Town Planning and Urban Development Act, 1976.

(iv) Grant

Out of the grants of ₹ 1,902 lakh received during the year 2016-17 from Government of Gujarat and from the carryover of earlier year grants of ₹ 14,914.20 lakh, the Authority could utilize a sum of ₹ 1,618.41 lakh, leaving a balance of ₹ 15,197 lakh as unutilized grant as on 31st March 2017.

2. Comments on Accounts

2.1 Balance Sheet

2.1.1. Liabilities

2.1.1.1 Reserves and Surplus – ₹ 80.64 lakh

This above amount represents the capital reserve for the value of the assets purchased out the government grant (Schedule 1). In presenting this item, GUDA adopts 'Income Approach of Indian Accounting Standard (IAS) 20 i.e. the annual deprecation on the assets is charged as expenditure as well as income on the respective side of Income and Expenditure Account and the amount of accumulated depreciation till the end of the year is deducted from the gross value of assets and the balance amount is shown as reserve under the above head. On the assets side also, the value of the Government Grant-Assets (i.e. written down value -WDV) are shown along with assets acquired out of own funds (Schedule 6).

Audit observed that, as against the correct WDV of the Government Grant-Assets of ₹ 79.20 lakh (as shown in Schedule 6) forming part of Fixed Assets in the Assets side of the Balance Sheet, the reserve amount under Reserves and Surplus on the Liability side was mistakenly stated as ₹ 80.64 lakh as per the details given below:

Particulars	**Balance as at 31 March 2017 (amount in ₹)**		**Effect of error (amount in ₹)**
	In Schedule 1	**In schedule 6**	
Fire fighting (snorkel) equipment-Grant Account	96,56,947.00	62,28,368.00	34,28,579.00
Computer Grant Account	1,36,016.00	1,197.00	1,34,819.00
Emergency Rescue Equipment Reserve Account	-28,49,073.61	5,79,506.00	-34,28,579.60
Pay and Use Toilet Grant (GH 0, Sec 24 & Ch 0)	11,20,792.00	11,20,791.00	1.00
TOTAL	**80,64,681.39**	**79,29,862.00**	**1,34,819.39**

The arithmetical errors in arriving at the value of reserve related to Government Grant-Assets led to overstatement of Reserve and Surplus by ₹ 1.34 lakh on the Liability side by not exactly matching with the WDV of the Government Grant-Assets on the Assets side of the Balance Sheet. The reserve to the extent of its over stated value is erroneous as it represents some other form of asset (i.e. cash and bank balance on the assets side) other than WDV of the Government Grant-Assets. But for this, it has no other impact.

In reply to the Audit observation, the Authority accepted the same and assured that necessary rectifying action would be taken in the next year's accounts.

2.2 Income and Expenditure Account

2.2.1. Expenditure

2.2.1.1 Salary and Allowances- Administrative Expenditure- Other Expenditure-Depreciation

Expenses mentioned here under includes the project related expenditure of ₹°510.68 lakh incurred towards the development works of GUDA:

Particulars	Amount (₹in Lakh)
Salary and Allowances	124.75
Administrative Expenditure	113.38
Other Expenditure	231.28
Depreciation	41.27
Total	**510.68**

The accounting of the project related expenditure as revenue expenditure resulted in overstatement of expenditure in the Income and Expenditure Account, consequential understatement of surplus being taken to the 'Reserves and Surplus' on the Liability side and also corresponding understatement of 'Investment-Others (Assets)' by ₹°510.68 lakh on the Assets side of the Balance Sheet.

GUDA replied that necessary action would be taken in consultation with Chartered Accountants.

3. General

3.1 Non-provision of pension and leave salary contributions

The Accounting Standard-IAS 19 requires an entity to recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future.

Audit observed that GUDA has no system of providing for the future liability towards the employees benefits by charging the annual estimated contribution for such benefits in the Income and Expenditure Account. During the year 2016-17, estimated contributions by GUDA under the employees' benefits schemes *viz.*, leave salary and pension was worked out at ₹ 15.48 lakh for the 12 employees serving in GUDA on deputation from their parent departments. Non-provision for such known liabilities is not in agreement with the generally accepted accounting standard also. GUDA should start making provision for such liabilities in future as per IAS 19.

GUDA accepted the audit observation and stated that necessary action would be taken in the next year's accounts.

3.2 Non-Establishment of the Consolidated Infrastructure Fund

Section 91 A was inserted in the GTP & UD Act 1976 in July 2014 which stated that any amount received towards development charges and fees collected under section 7(1)(vii-a), section 12(2)(m) and section 23(1) (vi-a), (ix-a) shall be credited to a fund called the 'Consolidated Infrastructure Fund' which shall be held by the appropriate authority in the trust for the purpose of augmentation, improvement or creation of any infrastructure facility.

Based on the above amendment to the Act *ibid*, Form-Q should have been revised, but the same was not yet done by the State Government. Consequently, development charges and fees amounting to ₹ 1,855 lakh collected (2016-17) by GUDA under the relevant sections of Act *ibid* had not been shown under the head 'Consolidated Infrastructure Fund'.

The Authority assured to establish Consolidated Infrastructure Fund from the next year's Annual Accounts.

3.3 Non-maintenance of Accounts in Prescribed Format (Form-Q)

Rule 48 of The Gujarat Town Planning and Urban Development Rules, 1979 states that the Annual Statement of Accounts including Balance Sheet of any appropriate authority (i.e. GUDA) shall be in Form – Q. Form – Q consists of **(a)** Income and Expenditure statement, **(b)** Balance Sheet and **(c)** Schedules *viz.*, Schedule I - Fixed Assets forming part of Balance Sheet, Schedule II – Capital expenditure towards development of Development Area forming part of Balance Sheet, Schedule III - Capital expenditure for contribution works in Development

Area forming part of Balance Sheet and Schedule IV – Capital Receipts: Premium on lease of plots, recovery of development charges and incremental contribution in the area forming part of Balance Sheet. The Authority, however, did not prepare the Annual Statement of Accounts in the prescribed Form-Q despite of being pointed out by Audit on the previous years' accounts of GUDA.

The authority accepted the audit observation and gave assurance to maintain the prescribed format from the next financial year i.e. 2017-18.

3.4 Accounting Policies and Notes on Accounts

Accounting Policies and Notes on Accounts should form part of the Annual Accounts for proper understanding of the Balance Sheet and Revenue Account and related account heads.

GUDA has neither disclosed the Accounting Policies nor prepared any Notes on Accounts along with the Annual Accounts, indicating significant accounting policies on matters relating to depreciation, exhibition of assets, write off, investments, system of actual/accrual basis adopted in Accounts etc. along with significant developments related to accounts for the year 2016-17.

The above lapse was pointed out in the past years also though GUDA assured to take corrective action, the same was not taken till now.

4. Effect of Audit comments on accounts

The net impact of comments given in the preceding paragraphs is that the Assets was understated by ₹ 510.68 lakh, the Liabilities were understated by ₹ 510.68 lakh as on 31st March 2017.

For and on behalf of C&AG of India,

Place: Rajkot
Date:

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