SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF GUJARAT RURAL HOUSING BOARD, GANDHINAGAR FOR THE YEAR ENDED 31ST MARCH, 2014

We have audited the attached Balence Sheet of Gujarat Rural Housing Board (GRHB), Gandhinagar as at 31st March, 2014 and the Revenue Account for the year ended on that date under section 19(3) of the comptroller & Auditor Generals (Duties, Powers & Conditions of service) Act,1971 read with Section 60(2) of the Gujarat Rural Housing Board Act, 1972. The Audit has been entrusted for the period up to 2017-18. These Financial statements are the responsibility of the GRHB'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 & Auditor General of India (CAG) 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 & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any, are reported through inspection Reports/CAGs 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 and Revenue Account dealt with by this Report have been drawn up in the format approved by the state Government under Section 60(1) of the GRHB Act, 1972.

iii In our opinion, proper books and other relevant records have been maintained except Fixed Assets Register, as required under Section 60(1) of GRHB Act, 1972 in so far as it appears from our examination of such books.

iv We further report that :

A Balance Sheet : Assets & Liabilities :

1. Liabilities :

1.1 Sardar Awas Yojna Scheme Rs. 70.89 lakhs.

The Board is the nodal agency for the construction of houses under Sardar Awa Yojana on behalf of District Panchayats the asset created by the Board for Dist. Panchayats cannot be exhibited as its asset. However, the expenditure incurred should have been adjusted against the Deposit received from the Dist. Panchayats and reduced the liability to the extent. Against the Deposit of Rs. 70.89 lakh, the Board incurred expenditure of Rs. 106.05 lakh and reflected as liability and asset respectively. Thus, expenditure exceeded over deposits by Rs. 35.16 lakh which would become the amount receivable and should be exhibited under the head "Amount Receivable from District Panchayats" on the Asset side of the Balance Sheet.

Non-exhibition of the correct accounting entries in the books of Accounts of the Board resulted in understatement of "Amount receivable" to the extent of Rs. 35.16 lakh and overstatement of liabilities and assets by Rs. 70.89 lakh and Rs. 106.05 lakh respectively.

1.2 Building centre Adalaj Rs. 23.60 lakh.

Hudco sanctioned Rs. 23.60 lakh to Board for construction of four Building centres (Adalaj Rs. 5.60 lakh. Dhrangadhara- Rs. 6.00 lakh, Varasmol Rs. 6.00 lakh, Antarjal Rs. 6.00 lakh) in the year 2000-01 and 2001-02.

Out of the four centres, two centres at Adalaj & Dhrangadhra were completed at the cost of Rs. 11.60 lakh and construction of remaining two centres at Varasmol and Antarjal was stopped after incurring expenditure of Rs. 0.80 and Rs. 0.65 respectively.

Thus total expenditure incurred was Rs. 13.05 lakh and unutilised grant of Rs. 10.55 lakh was refunded by the Board to HUDCO.

The Board exhibited entire grant of Rs. 23.60 lakh under the head "Building Centre-Adalaj" on Liability side and exhibited Rs. 9.55 lakh instead of Rs. 13.05 lakh under "Building Centre" in Assets side without adjusting the grant.

The Board had not adjusted the expenditure of Rs. 13.05 lakh and refund of Rs. 10.55 lakh in the book of accounts against the grant of Rs. 23.60 lakh. This resulted in overstatemet of liabilities and assets by Rs. 23.60 lakh and Rs. 9.55 lakh respectively.

The Board should have shown the assets created out of grant at nominal value as per AS-12 Accounting for Grants.

2. Assets :

2.1 "Material Bank" of Rs. 30.97 lakh

The Board used to procure, centrally, building materials like cement, steel, etc. for supply to contractors for construction of building at various places in Gujarat. Though this practice was discontinued since 1985-86, unusable material valued at Rs. 30.97 lakh was shown in the "Material Bank" column of the Capital Account. Actually, there are no materials available in the store. The value of materials is shown in the capital account as it is pending for reconciliation with sub-division office files. This resulted in overstatement of Capital Account-Assets of the Board by Rs. 30.97 lakhs and understatement of excess of expenditure over income to the same extent.

This issue needs immediate reconciliation being pending since long.

B. General .

1 Non-evaluation of land

Audit scrutiny revealed that the details of the land including their value were not properly indicated In the Assets Register by the Board. In the absence of such details, the correctness of the value of the assets included in the Blance sheet could not be verified in audit.

. The Board owns land admeasuring of 32,69,790 sq.m. which have not been evaluated as per the Jantri. a govt. price system since long. the cost of the above land has been accounted for as Rs. 6.57 crore in the Assets side of Balance Sheet, and required to be rectified after their eveluation.

C. **Grants - in - Aid.**

The Board had a balance of Rs. 0,17 crore during 2012-13 under RURBAN project. It had received grant of Rs. 0.70 lakh and incurred an expenditure of Rs. 0.13 crore. There was a balance of Rs. 0.04 crore as on 31 March 2014.

v. Subject to our observations in the preceding paragraphs, we report that the Balance Sheet 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 Balance sheet , of the state of affairs of the Gujarat Rural Housing Board, Gandhinagar as at 31 March 2014, 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 the CAG of India

Place : Rajkot
Dated :

(B. BASANTIA)
Accountant General, (G&SSA),
Gujarat, Rajkot.