

**D.T.T.D.C.**  
**Engg. Wing**  
**Mayur Bhawan**

**INTERNAL AUDIT REPORT FOR THE PERIOD 1<sup>st</sup> October 2004 TO December 2004**

<b>SINo</b>	<b>Observations</b>	<b>Suggestions</b>	<b>Auditee's comment</b>
<b>1.</b> 1.	<b>Physical Verification of Cash:</b> We have verified the cash balance as on 03.02.05, amounting to Rs.80,608/-and found the same in order		<b>No Comments</b>
<b>2.</b> 2.	<b>Bank:</b> Bank Account has been reconciled up to 31 <sup>st</sup> December 2004		<b>No Comments</b>
<b>3.</b> 1	<b>Security Deposit with Delhi Vidyut Board:</b> Security Deposit provided to Delhi Vidyut Board amounting to Rs.24,30,000/- is pending for recovery since long. As explained by the officials concerned, this amount is of approximately 10 years old. Correspondence have been made but no recovery has been made as yet.	Adequate action required to be taken for recovery and if the recovery in any case is not feasible, then amount should be added to the project cost for which security deposit has been given.	Vigorous efforts were made to recover the unspent amount of Rs.24,30,000/- from the Delhi Vidyut Board by issuing various reminders. Latest reminder was issued to the then Delhi Vidyut Board on 14.5.2002. Thereafter, in July 2002, Delhi Vidyut Board was dis-integrated and the services were taken over by the private firm. As such, it was not known to us with whom we should take up the matter after July 2002. As earlier suggested, the amount was paid by this Corporation to Delhi Vidyut Board for shifting of services regarding Construction of Loni Flyover, the same may kindly be debited to the Infrastructural Utilization Fund by taking approval of the Competent Authority so that the matter is finally settled.

<p>4. 1.</p>	<p>Security Deposit with Forest Department: A Security deposit amounting to Rs.124,900/- was provided in the month of October 2004 is now due for recovery from the Forest Departments, subject to fulfillment of certain conditions.</p>	<p>Proper action should be taken to recover the amount.</p>	<p>An amount of Rs.1,24,900/- was paid to the Forest Department of the Delhi Government in October 2002 as Security Deposit for Cutting of Trees and retransplantation of some of the trees which were in the alignment of Sri-Niwasपुरी Lajpat Nagar Flyover. It was a condition of the Forest Department that said Security Deposit is refundable after two years in case planted trees in lieu of Cut off trees and replanted trees are found to be satisfactorily progressing otherwise the same would be forfeited. The said stipulated two years period has lapsed in September 2004. Some of the trees were retransplanted at the Garden of Five Senses, Said-Ul-Ajaib. But the new trees were to be planted at the site of the said flyover itself after completion of the flyover. Now the flyover is complete and transplantation work is in progress which could not be taken up earlier on account of non completion of the flyover. As such, an amount of Rs.1,24,900/- could not be claimed back on account of non-fulfillment of their condition. Hence, amount in question cannot be claimed back at this stage and the same will be finally debited to the flyover.</p>
<p>5. 1.</p>	<p>Rent agreement with NDMC: Rent agreement of Mayur Bhawan office with NDMC has not been finalized as yet. Rent for the premises is Rs.199416 per month. However, the NDMC has claimed the rent in arrears for the same premises is Rs.64,06,454 and also the interest amounting to Rs.43,70,010 as reported by the Statutory auditor and treated as Contingent Liabilities in financial statement for the financial year 2003-04.</p>	<p>Rent agreement should be finalized and disputes relating to rent should be settled.</p>	<p>Various meetings have been held with the NDMC authorities by Chief Manager(GAD) alongwith Accounts Officer, Mayur Bhawan for settlement of arrears. The matter is still being dealt with in the GAD department which is likely to be sorted out shortly.</p>

6.	Booking of expenses:		
1.	Purchase of software from M/s. Fototupe Sales Corporation for Rs.11,000/- bill dated 20.09.2004 has been wrongly booked under 'Printing & Stationery' (Refer B.V. No.440 dated 06.10.04)	Rectification entry may be passed at the earliest.	Rectification entry has been passed vide JV No. 206 dated 10.3.2005
2.	Payment of taxi for Executive Engineer (Lajpat Nagar) amounting to Rs.15,041/- , to M/s. Omaxe Tours & Travels has been wrongly charged to 'R & M Vehicles'	It is suggested to book the expenses under the suitable heads of	Expenditure has since been transferred to the correct head of account vide JV No. 205 dated 10.3.2005
	instead of the expense head 'Conveyance'. (Refer B.V. No.469 dated 19.10.2004).	expenditure.	

7.	<b>Statutory Compliance:</b>																	
1.	<p>In case of following payments, TDS has been deducted on bill amounts exclusive of service tax charged by the party.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>J.V. No.</th> <th>Party</th> <th>Bill Amount</th> <th>TDS deducted</th> </tr> </thead> <tbody> <tr> <td>22.9.04</td> <td>80</td> <td>M/s. Krim Engineering Services Pvt. Led.</td> <td>30,240/-</td> <td>1,551/-</td> </tr> <tr> <td>30.9.04</td> <td>84</td> <td>M/s.Creators</td> <td>27,000/-</td> <td>1,313/-</td> </tr> </tbody> </table>	Date	J.V. No.	Party	Bill Amount	TDS deducted	22.9.04	80	M/s. Krim Engineering Services Pvt. Led.	30,240/-	1,551/-	30.9.04	84	M/s.Creators	27,000/-	1,313/-	Reference may be made to Circular No.93 dated 26.09.72 issued by the Income Tax Department which states that, TDS is to be deducted with reference to the amount of payment itself and not 'Income comprised in the payment'. It is suggested to deduct TDS on total bill amount inclusive of service tax therein.	Circular No.93, dated 26.9.1972 as referred to by the Internal Auditors is a reference when No Service Tax was recoverable by the Service Providers. Now, Service Tax is required to be collected by the Service Providers from the various departments to whom they provide their services. The amount so collected by them is required to be fully deposited by them with the Government. As such, in case TDS is deducted on the Service Tax Component also it will tantamount to lessor payment of Service Tax to the Service Providers but in return they shall have to deposit the full amount with the government which will create litigations. It is therefore clarified that Circular No. 93 dated 26.9.1972 is not relevant in such cases. However, in case Internal Auditors still feel that we should recover TDS on the Service Tax component also this Corporation has no reservation and the same would be recovered which will however not be justified.
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22.9.04	80	M/s. Krim Engineering Services Pvt. Led.	30,240/-	1,551/-														
30.9.04	84	M/s.Creators	27,000/-	1,313/-														

(SUBHASH CHANDER)  
ACCOUNTS OFFICER