

Copy of Reso. No. 06(0-02)
of
Councils Ordinary Meeting
Dated 25/07/2012

ITEM NO.06 (O-02)

1. Name of the subject/project
Audit Comments on Financial Statements for the year ended March, 2010.

2. Name of the Department/Departments Concerned
Office of the Chief Auditor.

3. Brief history of the subject/project

As per Council Resolution No.3(xii) dated 24.04.2002, NDMC decided to switch over to Accrual Based Double Entry System of accounting with effect from the year 2004-05. Accrual Based Financial Statements for the year ended March, 2010 were received in the office of the Chief Auditor for examination in February, 2012. These were audited and report sent to Financial Advisor in May, 2012 for replies/comments as per provisions laid down under Section 59 of NDMC Act, 1994. The said section also envisages that Chief Auditor shall report to the Chairperson any material impropriety or irregularities observed, in the accounts of the Council. As contemplated in the Act, audit comments on Financial Statements for the year ended March, 2010 prepared on Accrual Basis are submitted for information of the Council.

4. Detailed proposal on the subject/project

Audit comments on the Financial Statements for the year ended March, 2010 are enclosed as a separate booklet. The highlights are detailed below:

- i) In absence of complete physical verification of assets, there were material discrepancies in the number of fixed assets.
- ii) In most of the cases the assets pertaining to the period prior to 2004-05, had been valued at a nominal value of Re.1/- for each asset in contravention of accounting principles. No valuation has been done for any of these assets (i.e. acquired prior to 01.04.2004 and identified afterwards) in the year 2009-10.
- iii) Age-wise analysis of outstanding arrears of revenue due against the revenue earning departments was not done by the Accounts Department. Resultantly, authenticity of sundry debtors reflected in the Balance Sheet could not be vouched for.
- iv) A huge amount of ₹939.63 crore has been shown as provision for Bad and Doubtful Debts without any supporting documents and appropriate disclosures in Accounts.
- v) Depreciation was short charged by ₹1.69 crore resulting in overstatement of both New Delhi Municipal Fund and Fixed Assets.
- vi) Capital-Works-in-Progress was not reflected correctly as certain completed works were still depicted as ongoing.
- vii) Cash and bank balance increased from ₹89.30 crore in 2008-09 to ₹202.00 crore in 2009-10, however these balances need reconciliation.
- viii) Contingent Liabilities have neither been assessed nor any provision made.
- ix) Budget figures have not been disclosed in the accounts submitted for audit.
- x) Adverse balances have been noticed under liabilities and assets.
- xi) There are instances of misclassifications both under income and expenditure Codes of Accounts.
- xii) Instances of incorrect booking of Function Code under the head wise booking of income/ expenditure were also observed.

Financial implications of the proposed project/subject

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Chief Auditor

6. Implementation schedule with timelines for each stage including internal processing
Not Applicable.
7. Comments of the Finance Department on the Subject
Not applicable, since Draft Agenda Item incorporates Comments on the Financial Statements for the year ended March, 2010 prepared on Accrual Basis as part of Statutory Audit Function, envisaged in NDMC Act, 1994.
8. Comments of the Department on comments of Finance Department
Not Applicable.
9. Legal implication of the subject/project
Nil
10. Details of previous Council Resolutions, existing laws of Parliament and Assembly on the subject

Till date five Agenda Items have been laid in the Council on Audit Comments on the Financial Statement/Double Entry Accounts. The detail of previous Council Resolutions is as under:

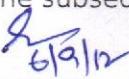
S. No.	Resolution Number and Date	Particulars
1.	Item No.09(01) dated 28.04.08	Audit Comments on Financial Statements (Double Entry) for the year ended March, 2005
2.	Item No.07(D-07) dated 21.01.09	Audit Comments on Financial Statements (Double Entry) for the year ended March, 2006
3.	Item No.11(0-03) dated 15.01.2010	Audit Comments on Financial Statements (Double Entry) for the year ended March, 2007
4.	Item No.12(0-04) dated 15.01.2010	Audit Comments on Financial Statements (Double Entry) for the year ended March, 2008
5.	Item No.08(0-01) dated 25.06.2012	Audit Comments on Financial Statements (Double Entry) for the year ended March, 2009

11. Comments of the Law Department on the subject/project
Not applicable, since Draft Agenda Item incorporates Comments on the Financial Statements for the year ended March, 2010 prepared on Accrual Basis as part of Statutory Audit Function envisaged in NDMC Act, 1994.
12. Comments of the Department on comments of Law Department
Not Applicable.

13. Certification by the Department that all Central Vigilance Commission (CVC) guidelines have been followed while processing the case
Not applicable.
14. Recommendation
The Audit Comments on the Financial Statements for the year ended March, 2010 prepared on Accrual Basis may be presented to the Council.
15. Draft Resolution
Resolved by the Council that information regarding Audit comments on the Financial Statements on accrual basis for the year ended March, 2010 reported by the Chief Auditor is noted. The Department is advised to carry out the necessary rectification in the Accounts for the subsequent years.

COUNCIL'S DECISION

Information noted by the Council and it was advised to carry out the necessary rectification in the Accounts for the subsequent years.


For Secretary
New Delhi Municipal Council
Palika Kendra, New Delhi